

fast forward

framfab™

Annual report 1999



content



1999

annual report

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this is just the
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– Framfab – what makes us special?

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Fredrik Johansson



Framfab—what makes us special?

Framfab is one of the world's leading Internet consulting companies. We create new business opportunities for our customers and ourselves. How? By acknowledging and exploring the unknown.

We operate in a unique time in a unique region. Scandinavia leads the world in Internet and mobile telephony initiatives, and it's also the world's hottest market for broadband. A region in which new ideas are constantly being tested and developed. And a think-tank in which we've created an environment and brand name that attracts and develops the best employees with leading-edge expertise.

Framfab was founded in Sweden and operates on a global market. We build global solutions for the network economy. By constantly working with the best, most challenging customers, we develop business solutions with companies that have decided to be first.

Framfab wants to be first. We know that it would be easier to follow in other's footsteps. It's tougher being a leader. Tougher being a pioneer. We create our own business models, set our own standards, and create our own successes.

Vision, mission, and business concept

Framfab's vision is to be the fastest, most innovative Internet consulting company in the world. But we're more than consultants – we help build the future. Every day, we contribute to shaping tomorrow's network society.

Framfab's mission is to be the cutting edge of the network society. We will search for, find, and develop ideas and visions that move the network society forward. We will acknowledge and challenge the unknown. We achieve this by creating a company that inspires creativity and new thoughts. A place in which employees have opportunities to develop and realize their ideas.

Framfab's business concept is to create new business for the network economy through strategic consulting and digital services. Business development occurs through interactions among our three areas of expertise: business development, communication and design, and technology. Business development primarily occurs within projects with our customers and through our acceptance of new ideas that are generated by our employees, customers, and other progressive thinkers.

The world we operate in

It is technological breakthroughs that drive the rapidly changing trends within the network economy. Markets become more effective. Old intermediaries disappear – to be replaced by new ones. Geographical borders dissolve, and communication becomes faster among people, companies, and organizations worldwide.

Companies that want to be on the front line can develop their businesses and offer new markets totally new services. More and more companies see the potential in developing their businesses on the Internet and that leads to strong demand for Internet-related consulting services.

We've identified three different types of companies in our sphere of operations: respirators, hybrids, and incubators.

The network economy

... is characterized, among others, by increased importance for services, particularly digital services that can be distributed via the Internet.

»Scandinavia is the **world's leading** Internet, mobile telephony, and broadband **laboratory.** «

- Framfab - what makes us special?

Respirators are manufacturing companies. Many exist in a hard, competitive climate. Globalization, standardization, and narrowing margins affect this climate. Thanks to Internet-related technology and business development, many companies can cut costs, create new revenue, and become more competitive. Framfab works with many industrial companies that want to take advantage of new opportunities that the Internet creates.

Hybrids are companies that have one leg in the traditional economy and the other in the network economy, for example, companies that sell books and CDs on the Internet. All sales occur via the Internet, but the products are physical. The challenges for these companies are to quickly create leading market positions, continuously develop their business models, and improve their Internet solutions. Several hybrids chose Framfab as a partner for meeting those challenges.

Incubators are totally adapted to the network economy with Internet-based marketing, services, payments, and deliveries. Framfab has active relationships with these companies. We want to accompany and develop tomorrow's companies. And we know that this puts heavy demands on creativity and innovation. If we have ideas about tomorrow's companies and no client, then we can start our own incubator. This occurs within the framework of Framfab Innovation, which supports Internet entrepreneurs with capital and know-how.

Who we work for

We build strategic, long-term relationships with our customers. Our goal? To work with a leading company in each industry. Framfab wants to be a total supplier to the largest extent possible.

We view our customers more like partners than clients. And we see ourselves more as a customer's guide to the network economy rather than just a supplier of strategy, design, and communication expertise and technical solutions.

Often, our customers are large, international companies within industries such as energy, pharmaceuticals, finance, transportation, telecom, trade, and fast-moving consumer goods, for example: AstraZeneca, AXA, Bredbandsbolaget, Bosch, Den Danske Bank, Electrolux, Ericsson, France Telecom, Ikea, Red Cross International, the SAAB Group, Tele-Danmark, Vattenfall, Volvo Car Corporation and the Volvo Group.

Framfab also strives for experience exchanges among different customers. By only working with one customer in each industry, we can cooperate and run projects that build on ideas we've developed together.

How we develop our offers

Framfab's customers are companies that want to increase their revenues and cut costs by using new digital business solutions. We work with our customers to develop products and services that create benefits for their customers. The benefits include experiences, deeper knowledge, and improved service.

Most large companies use the Internet to inform and communicate externally; they use Intranet to effectively communicate internally. The Internet is also largely used as a marketing channel and advertising medium.

More and more companies use the Internet as a place of business for reaching consumers or other companies.

Strategy

- Create innovative solutions in the zones between business development, communication and design, and technology.
- Develop new business solutions, processes, and technologies for enabling use of broadband and mobile Internet.
- Take advantage of and develop employees' expertise and innovation capabilities.
- Prioritize long-term relations with leading companies in each industry.
- Expand internationally and build a strong trademark.
- Grow with profitability before goodwill depreciation.
- Build an organization with a network of cells - to combine the best of the "small" and "large" company.
- Develop solutions that we can sell to many customers.
- Actively develop new Internet-related business projects within Framfab Innovation.

The Internet, intranets, and extranets have been established as standards for different types of working tools. Many of these put heavy demands on reliability, performance, and usability.

Internet investments are becoming more business critical and thus more advanced – strategically, technically, and communicatively.

Services are distributed from PCs to other terminals such as cell phones and hand-held devices. And the services are further developed to be more individualized.

A wide range of companies (e.g., management, communication, and traditional IT consulting companies) offer services within these areas. Most offer partial solutions within strategy, communication, design, or technology.

Framfab offers total solutions. Development occurs through interaction among our three competence areas: business development, communication/design, and technology. It's an interaction among experienced business developers, creative communicators, and fearless technicians – among persons with widely different backgrounds, experiences, and approaches.

Framfab is a customer- and market-driven organization. By working strategically in partnerships with our customers, we can offer solutions that have never been requested. That way, we drive the market.

How we collect and package our experiences

We want to develop the most innovative solutions for our customers. At the same time, we want to be cost effec-

tive and use what we develop within the company. To create as much room as possible for new ideas, we actively work to build our structural capital. We created added value by reusing strategic, communicative, and technical solutions and by developing concepts that many of our customers can use. Content management and Brikks are two examples of concepts (see also page 17).

Our Web information management team (WIM) is an example of how we package our experiences for implementing new Internet solutions. Through the WIM, we create a virtual organization with the customer. This approach clearly defines roles and responsibilities for those who will work further internally with new solutions. In parallel, we also create updating tools and routines for information management and for checking the trademark on the network for monitoring trademark exposure?

FRAMFAB'S PROCESS

A company that continuously presses the fast-forward button needs simple, effective quality-assurance methods. The Framfab unified process (FUP) is Framfab's method for assuring high-level quality and creativity throughout the entire project phase. The FUP specifies who does what, when, and how.

Three pillars support the FUP: the project foundation, practice, and the toolbox. In the foundation, we develop guidelines, set goals and objectives, and do a basic analysis of the customer's needs. The result? A strategy for continued work in which all-important questions – from project initiation to launch – are answered. In practice, we describe all deliverables and the project team members'

Framfab's process

- Investigate
- Define
- Create
- Produce
- Deliver

» By working strategically in partnerships with our customers, we can provide **solutions that no one has asked for before.** «

- Framfab - what makes us special?

roles and responsibilities. Our toolbox contains all the templates, checklists, and guidelines required.

By working strategically in partnerships with our customers, we can provide solutions that no one has asked for before.

Internationalization - this is just the beginning

We want to follow our customers out into the world and already have operations in Denmark, France, Germany, Italy, Norway, Sweden, and the UK and US. More and more companies coordinate their Internet investments across borders. So our international presence is an enormous strength.

Scandinavia leads the world in the development of mobile Internet and broadband solutions. Here, you'll find the world's most-connected and wireless environment. And here, Framfab has opportunities to test its ideas, develop them, and then offer its customers the most advanced Internet solutions.

What we can offer Scandinavia, we can offer the rest of the world - this is the foundation of our international strategy.

Acquisition strategy

Framfab is growing quickly. We prefer to grow organically. But there are occasions when there are reasons to make acquisitions, for example, to get established on new geographical markets. Acquisitions facilitate and speed up the establishment process, and we obtain good local recognition and management competencies. For example, we established ourselves in Germany through the acquisition of mindfact in Cologne.

We also acquire companies to complement our operations with leading-edge expertise in new areas. Production Media Lab is one example; it is specialized in interactive broadband services for moving images and Web technology. A third reason for acquisitions can be to rapidly increase business volume. That's one reason why Framtidsfabriken and Netsolutions merged.

A newly acquired company must become part of Framfab as quickly as possible. To support this process, we put an international team in place to facilitate knowledge and experience exchanges between companies.

Framfab's values

- We are visionary.
- We are courageous.
- We are effective.
- We are experienced.

Framfab takes its position ...

What happened in 1999?

We just put a very exciting year behind us. The question is: how should we judge just how successful we were? We can look at the numbers. During 1999, Framfab showed hefty growth. Sales increased to MSEK 355, which is equivalent to 255%, of which 150% was organic growth.

But the most critical factors aren't so easy to quantify. What's most important is that we can recruit the right people and build relations with the right customers and partners to create a strong position for the future. The deciding factor is being able to be in the right place at the right time. That way, we can build a "time monopoly" and create a competence advantage.

Where are we at?

Is it true that the Internet and the network economy reached their high points during 1999?

Most of the world's Internet users still pay a per-minute rate to use old telephone lines. (Think about if it cost per minute to visit an ordinary store.) Besides high per-minute rates, telephone lines can't handle the transmission speeds, the bandwidth, that is needed to enable effective audio-visual effects. This means that creators are limited to small images and text to communicate - when they should be able to work with moving images and speech.

Computers still dominate as terminals - another bottleneck. Computers are expensive and hard to use. A breakthrough in the terminal area is close at hand. Computers will be complemented by WAP phones, hand-held devices, and other newly developed terminals.

New terminals - together with "transparent" bandwidth at low, fixed rates - will create totally new opportunities. A new society that we call the network society.

With this background, it's easy to understand our goals. What's happening on the market today is primarily a positioning game. We're still maneuvering for the best initial position.

Framfab's advantage

We chose to primarily position ourselves in four areas: mobile Internet (MIP), broadband Internet (BIP), vehicle-based Internet (VIP), and home-based Internet (HIP). Within these areas, we intend to work with the most successful, challenging companies. A glance at our customer list reveals that we did not select customers at random. The largest customers fit well into our four focus areas.

During 1999, we took two important steps to complement our operations within the consulting area. Framfab Innovation is a subsidiary that offers capital and strong, long-term commitment to innovators. Framfab Innovation is a strategic initiative for creating winners on the market; it focuses heavily on the network economy. Requirements from companies that Framfab Innovation supports will drive competence development within Framfab.

We also invest in software. We think the time is right for thorough investments in new areas. Two of them have already been introduced. One area is Content Management in which we continue to develop a monitoring and publishing system for advanced Web sites - a system that is specially adapted for large global companies. We are also investing in the hot metasoftware area. Our system has been developed in cooperation with Ericsson. We call it Brikks.

Many more exciting things will happen during the coming year. But remember that so far, it's just about positioning. The battle hasn't started.

Jonas Birgersson

Jonas Birgersson

- Chief executive officer
- Framfab's founder and Bredbandsbolaget's concept formulator
- Military historian
- At age 23, president of SVEROK - Sweden's role and conflict game association (25,000 members)
- Arranged Sweden's first Internet fair in 1995
- Named 1999's Future Leader

» What's happening on the market today is **primarily a positioning game.** We're still maneuvering for the best initial position. «



... to deal with a new era

Framfab is expanding

During 1999, Framfab demonstrated very strong growth. We expanded organically, hired many brilliant people in all our areas of expertise, and opened several new offices. Framfab also grew through acquisitions in order to complement its expertise and to get access to new markets.

Now, Framfab has about 1700 employees in eight countries – an international company with capacity to run large, cross-border multinational projects. Competence and experience from different markets benefit our customers in all projects, which are becoming even more significant – thanks to continued, active international expansion.

The company received capital injections for continued acquisitions and financial reserves for future growth through its stock exchange listing in June 1999 and a new issue in February 2000.

Our capital: customers, employees, and structure

Framfab is a customer-driven company. We create value for our customers in the projects that we run together, and our employees form the core of our offers to the market.

We have both breadth and depth in three areas of expertise: business development, communication/design, and technology – a unique blend of experiences, expertise, age, sex, and backgrounds that creates a positive, dynamic working milieu.

Recruiting and developing employees is a high priority and an essential part of the daily operation. Competence development within the projects means a lot – that's where development occurs. We also have the Framfab Academy, a university with its own dean. The academy offers training and development programs for all our competence areas.

In 1999, we were also able to see large successes in the implementation of a thorough methodology within all project work. The method is called the Framfab unified process (FUP), which gives our employees opportunities to cooperate effectively across office, region, and country borders.

Our strengths: competence, creativity, and energy

Three concepts summarize Framfab: competence for implementing projects, creativity for helping customers understand and use the network economy's opportunities, and energy for actively driving development. Framfab believes in the network economy's opportunities and is well-equipped to help its customers enter a new era – thanks to its competence, creativity, and energy.

Johan Wall

Johan Wall

- Executive vice president, International Operations
- Started Netsolutions, which merged with Framfab in 1999
- Conducted Internet research for four years at Bell Atlantic in Boston, MA
- Named Manager of the Year in 1998

» With **competence, creativity,**
and energy,

Framfab is well-equipped to help its customers enter a new era. «



Fast Forward
– How far we can go

Framfab Innovation
– the idea lab

Driftbolaget

Concept – how we
reuse competence

Framfab's focus areas

Jesper Andersson

Helena Mellhammar

Ana Luisa Ribeiro

Jonas Söderström

Jakob Ericsson



How far we can go

Framfab acknowledges and explores the unknown. We do this within the Framfab Innovation idea lab, by conceptualizing successful methods and by building expertise in selected focus areas.

Framfab Innovation—the idea lab

One of Framfab's most important strategies is to actively influence development of new Internet-related business projects. An idea was born after the successful launch of Bredbandsbolaget, which started as a project within Framfab. The idea? A company that can nail down, absorb, and develop innovations and good business concepts. Consequently, Framfab Innovation was founded during the autumn of 1999 and is a wholly owned subsidiary of Framfab.

Projects within Framfab Innovation are called incubators. We have two goals when initiating incubators. The first is to commercialize good ideas through a company. The second is to capture and support the entrepreneurial spirit that exists within Framfab and the world around us – our most important goal. In other words, we target innovators inside and outside Framfab.

We call Framfab Innovation Sweden's first Venture Know-cap company (a combination of knowledge and capital). Framfab Innovation offers innovators strong, long-term commitment, which includes capital and contacts and one of the Nordic region's strongest trademarks.

Incubators also have access to Framfab's resources, such as employees, networks, business expertise, Web technology, and facilities in a creative milieu. Innovators who have already applied for capital can also contact Framfab Innovation.

Framfab Innovation's involvement with incubators is long term. We enter a project because we believe that it will have positive development down the road. There are no limitations for how long an incubator can develop. Commercial strength is the determining factor. The number of incubators within Framfab Innovation isn't so important. What's more important is that the companies we launch have potential to become winners on their markets.

Framfab Innovation has several incubators that differ in how far they have been developed. Two incubators that have been launched are Wezapp and Docco.

www.framfabinnovation.com

WEZAPP

Wezapp started as an incubator within Framfab Innovation; it was launched in December 1999. Wezapp builds its services around a mobile e-commerce portal. So Wezapp's portal and services can be reached via mobile technologies that are built into WAP phones and hand-held devices.

Wezapp's concept is to make it simple and easy for consumers to directly act on information from different suppliers. We call this intuitive commerce. One example is Wezapp's first service that enables consumers to directly purchase music played on the radio – via WAP phones.

Consumers will also be able to act on other impressions, such as products in ads – regardless of whether they appear in magazines, on the radio, or on TV. Wezapp will develop its services within a partner network of media and e-commerce companies. The next step will be an international launch.

www.wezapp.com | info@wezapp.com

»Innovation is an important word for us. It means **implementation of change and renewal.** It also means that an idea isn't innovative until it's implemented. «

- How far we can go

DOCCO

During March 2000, Framfab Innovation is launching www.docco.com, a health portal. Docco is a meeting place for the public and participants in health and medical care. The portal will convey knowledge and digital tools to make health care more accessible for everyone.

Within all health and medical care areas, huge potential exists for improving and making health- and medical-care processes more effective. How? Through the use of Internet, broadband, and other technologies.

Docco's first initiative is an Internet-based stress center, which is a cooperation with Karolinska Institutet's Stress Clinic, among others. After that, Docco will continuously launch new services for new target groups.

www.docco.com | info@docco.com

Driftbolaget

Driftbolaget is a newly started, wholly owned subsidiary of Framfab. Driftbolaget's business concept is to offer startup and operation of customers' business-critical Web sites.

We've developed specialist expertise in hosting, co-location, monitoring, database administration, and Internet and intranet solutions.

Driftbolaget offers innovative, effective processes that ensure the site's accessibility, security, and performance.

www.driftbolaget.com

Concept – how we reuse competence

To be able to better reuse developed methods and components, Framfab has created an internal organization for concepts and products. Through this organization, we conceptualize successful methods and turn prototypes into successful software products. Two examples of products are Framfab's system platform for Content Management and Brikks, a portal platform.

CONTENT MANAGEMENT

Large, multinational companies often have many Web sites that contain huge volumes of information in many languages. Based on the Content Management concept, we've developed simple, effective monitoring and publishing tools for complex sites. From a central location, companies can use the tools for monitoring and controlling; they can also use them locally within established frameworks. Companies can do everything from changing content (text and images) to simultaneously launching new services on all their local sites.

BRIKKS

Brikks is a new portal solution that Framfab developed in cooperation with Ericsson. It's an innovative portal platform for the Internet, WAP, and broadband.

The interface consists of panels that contain different programs and services. On the start page for a computer, phone, or TV, users select the panel they want to display. That way, they create their own personal portals, based on their own preferences.

In cooperation with Bredbandsbolaget, Framfab developed Brikks for broadband services. Brikks has also been licensed to BLU, an Italian mobile telephone consortium.

» Brikks is an important step in the development of **the next generation's software.** «

Framfab's focus areas

Framfab offers strategic consultation and develops digital services, currently and primarily for permanent narrow-band networks. The Internet, on the narrow-band network, has enjoyed fantastic development. But it has limitations. As the Internet becomes more developed, users will want mobile access to it and faster transmission speeds. To be a leading player in the future, Framfab is gathering competencies and experiences in new technologies and the opportunities that they create.

We acknowledge and explore the unknown – mainly within our focus areas. We're convinced that future business opportunities lie within these areas and that Framfab can be a world leader within them. Right now, the Internet, mobile Internet, and broadband make up the infrastructure that these areas build on. We call the opportunities that these areas create MIP, BIP, VIP, and HIP – mobile Internet, broadband Internet, vehicle-based Internet, and home-based Internet.

MIP enables new functions for mobile communication, for example, Internet services that can be used via cell phones. BIP leads to new communication solutions for broadband. VIP generates intelligent applications for vehicles, such as security systems or digital maps. And HIP promises solutions for smart homes, for example, refrigerators that order groceries when they are empty. Developments within our focus areas occur in close cooperation with customers such as Volvo, Ericsson, Electrolux, and Vattenfall.

A VIRTUAL ORGANIZATION

Our focus areas cut through the company; they are organized virtually so that many people within Framfab can build a virtual team, regardless of geographical location.

The teams function in a way that puts Framfab on the leading edge within each focus area. They also guarantee that all Framfab's competencies are used within each area.

Framfab works in many different projects in many different countries. Our focus areas ensure structured development throughout the entire company. We repeatedly avoid reinvention of the wheel. How? By assembling collective knowledge and linking projects that can benefit from each other.

MOBILE INTERNET – MIP

Within MIP, we develop strategies, platforms, applications, and Internet services for mobile communication.

The speed of telephone connections and interface design determine the complexity of Internet services that can be used in WAP phones and hand-held devices, such as Palm Pilots. We now have the 9000 modem that enables users to display stock prices or a number in the yellow pages. Soon, GPRS, a new technology, will considerably increase speed. Then, users can make banking transactions or read the CNN news in real time, via their phones. After that, the UMTS in the third generation of telephones will enable conversations with images, in real time, via video cameras in the telephones. Third-generation phones, for example, will make it possible to play online games with users throughout the world, and this will influence hardware and software development, interfaces, and screens.

Development of mobile Internet services occurs in two ways – by translating existing Internet services to mobile Internet and by developing totally new Internet services that are adapted to the mobile environment. Wezapp is one example of a mobile Internet service and one of Framfab Innovation's incubators (see "www.wezapp.com" on page 16).

» **Future business opportunities** exist within MIP, BIP,

- How far we can go

BROADBAND INTERNET – BIP

The BIP focus area develops broadband-based products and services. Broadband creates opportunities to quickly receive and transmit different types of information. It can handle huge transmissions of sound and moving images. Service development mainly occurs within the entertainment sector: TV, radio, film, music, and games.

When connected to a broadband network, consumers are always online and at the same time have access to the Internet, image telephony, and cable TV. With broadband, consumers are in control. For example, TV viewers can put together their own TV schedules. If they wish, they can watch the news at 11:46 p.m., switch a soap for a documentary, or monitor the stock exchange.

Broadband leads to an entirely new industry for production, distribution, and consumption of digital media. We have top-level expertise for fulfilling future requirements in the BIP area.

Our strategic cooperation with Bredbandsbolaget quickly pushes BIP development forward.

VEHICLE-BASED INTERNET – VIP

In the VIP area, we focus on vehicle-based Internet services that make cars, trucks, and boats better, safer, and smarter. VIP services have initially been developed for professional transport.

Vehicles are becoming smarter; they come with mobile data communication capabilities to be able to participate in a network. Many exciting, useful services can be built around the vehicle, aided by sensors and GPS technologies. It's about everything from digital road maps to logistics and alarm systems.

Framfab's long-term cooperation with companies in the vehicle industry has led to a gold mine of solid know-how within the area. Those involved with VIP also cooperate with Viktoria Institutet, which primarily positions itself among Europe's foremost participants in applicable research on vehicle-based Internet.

HOME-BASED INTERNET – HIP

Within HIP, we gather knowledge about solutions for smart homes. We think that tomorrow's home will be equipped with a central computing system that links all home electronics.

The computing system controls the electronics, based on each home's individual settings. The system regulates the heat, checks energy consumption, and sends alarms when something doesn't work the way it should.

Acronyms

- BIP – broadband Internet for broadening information paths
- HIP – home-based Internet for smart homes
- MIP – mobile Internet for wireless communication
- NIP – narrow-band Internet
- VIP – vehicle-based Internet for smart vehicles

Volume

- Knowledge for the network society

Framfab's
competence areas

How we develop our
most important asset

Cells - Framfab's
office

Pernilla Borg

Anders Carp

Viveka Bengtsson

Charlotte Karlsson



Knowledge for the network society

Framfab's goal is to create a dynamic workplace in which winning employees develop and feel comfortable. It must be challenging to follow along on our trip.

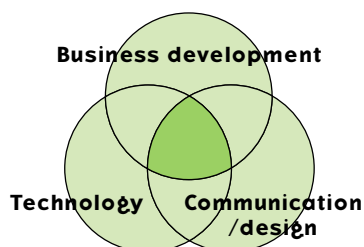
Those of us who work at Framfab want to be a part of creating something new. A new network society, with new life styles, new relationships, new ideas, and new understanding. It means that many of us want to move forward all the time. And this puts big demands on the workplace that we create. We must find formats and conditions that enable all employees to feel that they're always progressing within Framfab.

Framfab's competence areas

At Framfab, a blend creates the totality. Here, you'll find many professional roles. What do we have in common? We're hot after the same thing - to create new opportunities. Framfab employees mainly work in one of these areas: business development, communication and design, and technology.

All three areas depend on each other and are represented in our projects. As we strive to challenge the unknown, we've also gathered leading-edge expertise in many other areas - to be able to identify and further develop new ideas.

Our work includes everything from creating user-friendly interfaces to coming up with ingenious concepts for developing innovative business solutions that are built on advanced technologies.



BUSINESS DEVELOPMENT

- ENSURING THAT WE DO THE RIGHT THINGS

Those who work with business development at Framfab ensure that customers are offered new Internet solutions so that they are one step ahead of their competitors. To succeed, we have to understand our customers' business processes.

Many Framfab employees have worked in management consulting, IT, and other consulting companies. They are visionaries with strategy and business development experience in our customers' operations areas. Before joining Framfab, many had been accustomed to working in large, complex projects.

COMMUNICATION AND DESIGN

- ENSURING THAT SERVICES ARE USED

Our communication and design area is responsible for content and design. Much of the work is based on understanding customers' industries - work that requires thinking creatively and developing new concepts.

Employees who work in this area are interested in finding new concepts for adapting the message and content to the media and its users. They use format and color to create attractive, functional, user-friendly interfaces. Many came to Framfab from ad and design agencies; others came from media companies or directly from the university.

TECHNOLOGY

- ENSURING THAT SERVICES FUNCTION

In this area, we develop platforms required by all creative concepts and business solutions. Innovative ideas spring from this area just as much as they do from the other areas.

Facts [March 2000]

Employees

Framfab has 1 700 employees of which 28 percent are female

» Business development is an interaction among

- Knowledge for the network society

Employees with broad and in-depth expertise work in this area - system architects and designers, information architects, and programmers who understand all Internet-related technologies. Many came from the IT and technology industries or directly from technical universities.

How we develop our most important asset

We launched Framfab Academy to satisfy our own, our company's, and our customers' competence requirements. The academy offers training and development programs within all our competence areas. Training is designed in collaboration with leading training companies within these areas: business development, project management, communication, design, layout, client programming, and technology.

Framfab Academy also develops its own training programs in which we share with each other the leading-edge competence within the company. We offer broad programs and specially designed courses that are tailored to employees' specific needs. The academy has its own dean, whose goal is to offer course content that always changes as we change.

Framfab also offers Boot Camp - an orientation program for new employees. Its purpose? To ensure that all who join Framfab feel at home in their new workplace as quickly as possible. The program covers everything from new concepts and working processes to introducing new faces.

COMPETENCE FUNDING

All Framfab employees are allocated competence funding, which is the same for everyone in the company. Many use

the money to travel abroad and acquire knowledge and inspiration - either through training or practical experience. Others use the time to deepen their knowledge of literature, produce their own literature, or attend short courses and seminars.

To further encourage participation, we have a bonus scheme for all employees. Everyone also has the opportunity to acquire subscription options and thus take part in Framfab's fiscal growth.

HEIGHT AND DEPTH WITHIN OUR FOCUS AREAS

Providing all employees with good development opportunities is a critical success factor. We gather, develop, and share competence within our focus areas: mobile Internet (MIP), broadband Internet (BIP), vehicle-based Internet (VIP), and home-based Internet (HIP).

Our employees have opportunities to deepen their knowledge in these areas and to come up with new ideas. In doing so, they develop new business solutions on the market's outermost front edge.

Framfab Innovation supports Internet entrepreneurs with capital and competence. Our employees have opportunities to commercialize their ideas that come up within focus areas or customer projects.

We want more people

Framfab forges full-speed ahead. So we constantly need to strengthen our competence areas. We always seek clever folks who have worked for several years and have acquired experiences in our industry or closely related industries, or folks who just left colleges and universities.

Want to work in an action-packed milieu with some of the world's best Internet entrepreneurs? Contact us!

www.framfab.com

experienced business developers,
creative communicators, and fearless technicians. ‹‹

» As an information architect,

Cells - Framfab's office

To create an innovative working milieu, Framfab developed its own organization model. We build a big, powerful company with many small offices that we call cells. To think globally and act locally, it's necessary for a leading company like Framfab to retain the speed and flexibility of a small company.

Each cell is a complete Framfab in which all competence areas are represented. One cell has no more than 50 employees. But there can be several cells within the same city. The limited number of employees in each office facilitates communication and shortens decision paths. We limit the cell's size so that we can get to know each other and find out what each person has to offer in the way of competence. So the cells are small, dynamic, and innovative workplaces.

Through the network of cells, we are close to customer, both geographically and emotionally. At the same time, Framfab's strong trademark and large organization enable deep, long-term customer relations with international companies. With the cell concept, we can grow quickly, without losing focus and quality in our projects, because fast growth has very little effect on individual cells.

Continuous knowledge and idea exchanges occur among the cells, for example, through our intranet. Several cells often work together in the same customer project. When Volvo launched its V70 on the Internet during early 2000, eight persons from six cells worked with the project.

Celles - The best of both worlds

The large company

- Customer base
- Geographic coverage
- Economies of scale
- The trademark
- Financial strength
- International expansion

The small company

- Flexibility
- Innovation
- Close to the individual
- Close to the customer
- Quick decisions

» For me, the challenge is to ensure that we're always **a step ahead of everyone** when it comes to technology and content.«

Gregor Fritzen, senior project manager, mindfact, Framfab Germany

» A good idea is something that creates **advantage for customers and of course for customers' customers.** At the same time, a good idea surprises.«

Mats Lagerqvist, systems architect, Framfab Sweden

» I'm fascinated with interactivity. It **gives information a new dimension.** But designers still have the same goal - it must support content and information.«

Sandrine Palka, webb designer, wcube, Framfab France

- Knowledge for the network society

I'm the users' advocate.

I test their opinions on technical solutions that I also help develop. «

Mads Kristensen, information architect, Framfab, Denmark

» As an interface programmer,

I work with system developers and designers.

I see to it that their creations look and **function the way they should for users.** «

Kristina Ernberg, Interface Programmer, Framfab England

» As an Internet-industry copywriter,

I'll always find **new concepts and adapt messages** for users. «

Katarina Bonde, Copywriter, Framfab Sverige

Framfab – 2nd most popular employer

- 1 Ericsson
- 2 Framfab
- 3 Razorfish
- 4 Andersen Consulting
- 5 Ikea
- 6 Hennes & Mauritz
- 7 Nokia
- 8 SAS
- 9 Icon Medialab
- 10 McKinsey & Company

The Shortcut Barometer is an attitude survey among young academics. The survey was carried out in October 1999 involving 1,829 people. The question asked was: "Choose three companies you would most like to work for".

Electrolux strengthens customer relations on the Internet

Expressen on the Web and WAP

Bredbandsbolaget
- all in the same cable

Technical fast path save resources for Vattenfall

AXA Colonia
- Germany's first insurance company with online sales

Record

- What we do and for whom

Fredrik Stjernlöf

Daniel Ringström

Maja Norrman

Daniel Jonason



What we do and for whom

We're not satisfied that more and more interesting companies select us as strategic partners. Nor are we satisfied that we resolve the most obvious issues and problems a company faces. After having engaged Framfab, a company must have totally new competitive advantages. Here are some customers that we work with.

Electrolux strengthens customer relations on the Internet

Framfab has been Electrolux's global partner since 1998. Electrolux is a world-leading manufacturer of household products for indoor and outdoor use. Together, we develop many new digital services to strengthen the company's customer relations on the Internet.

Electrolux's presence on the Internet is primarily intended for strengthening relations with those who use the Group's products. On the Web sites, consumers get access to project information and opportunities for viewing new products. They can also do intelligent searches in databases, for example, to find a certain product in a certain color, or to download user instructions.

It all started during the autumn of 1998 when Electrolux challenged Framfab: develop and enable effective management of the Group's customer relations on the Internet.

The goal was to allow Electrolux to centrally coordinate all its Web sites worldwide for the Electrolux trademark.

All sites had to offer the same functionality. At the same time, each site had to be able to display tailored content, such as marketing information for products on local markets. Each site should exist in many local versions of each country's language.

A total-coverage tool for administration and translation of information was needed to meet Electrolux's comprehensive requirements. Framfab built a technical platform called the Global Web Site (GWS), which is suitable for easily enabling the administration of many Web sites that contain huge volumes of information in many different languages.

With the GWS, Electrolux publishes all information on all its sites in a unified format. This contributes to creating a clear, uniform picture of Electrolux throughout the world. Because costs would be much higher if the company had to start Web projects in each country, the GWS is also a cost-effective solution.

Electrolux has many other trademarks within the Group. So it decided to use the GWS for its Web sites for Husqvarna, AEG, Zanussi, Flymo, and McCulloch.

Electrolux is in the midst of the Internet explosion. Now that the foundation is built for a solid technical platform, it's time to take the next step, which is to create attractive, effective services that further strengthen customer relations and thus generate value for the Group.

www.electrolux.com

» We use the Internet to create **better relations** with consumers who buy our products. Our goal is to have consumers select Electrolux's products. By being **highly visible on the Internet,** we can offer the industry's best product information and sell accessories and spare parts via our site. « Anders Edholm, Electrolux.

- What we do and for whom

Expressen on the Web and WAP

Expressen wanted to create the best daily newspaper on the Internet. With Framfab, the company's Web editor created a unique publishing system that enables lightning-fast newscasts on the Web, WAP phones, and held-held devices.

Expressen is one of Sweden's leading evening papers. It's been on the Web since 1995 and was the world's first newspaper to distribute news via WAP phones.

Framfab's task was to build a fast, flexible publishing system that enabled Expressen's Web editorial department to easily distribute news on the Internet. Another requirement was to make it easy to create links to other types of material to be able to offer readers a deeper reading experience.

Framfab developed a platform that resembles a funnel. Expressen's Web editorial department pours finished articles into an e-publishing tool, which converts them into different e-templates that are then directly published on www.expressen.se. The articles are also automatically available for WAP phones and downloading into hand-held devices.

No additional processing or coding is needed to simultaneously distribute the articles to several different e-media. The templates make it easy to link the articles with other related articles and Web pages.

The functions and content at expressen.se create a digital

newspaper that is totally adapted for the Internet. The goal is that the digital newspaper complements the printed newspaper and not to duplicate Expressen in print. The technical platform for achieving this is now in place.

www.expressen.se

Bredbandsbolaget - all in the same cable

The idea for Bredbandsbolaget was born within Framfab's walls. Since 1999, Bredbandsbolaget has been an independent company and an important customer for Framfab. This common history provides excellent grounds for cooperation, which is incredibly challenging and equally as subject to competition as Framfab's other projects.

Bredbandsbolaget's goal is to create the world's first total-coverage infrastructure in the broadband area and to be a leading online supplier of broadband services. Rather than having many different networks, one broadband network is all it takes to handle everything from Internet to image telephony and cable TV. With broadband, it's possible receive and transmit different types of information - without long waiting times and hefty telephone bills. It also enables extremely heavy transmissions that contain sound and moving images.

Bredbandsbolaget operates from totally different perspective than many other market participants that build technology for similar services. Bredbandsbolaget doesn't have its own telecom operations to protect or its own films to transmit. The company is driven by the

» We have a clear vision and have created the platform for fulfilling it. I'm convinced that we will bypass the competition and create **the best newspaper on the Internet.** «

Thomas Carlsson, Expressen.

idea of providing consumers with unlimited Internet access, for example, to offer consumers a flat fee for telephony services and access to all cable TV channels worldwide.

Together, Framfab and Bredbandsbolaget work with about 30 projects. New projects constantly evolve from existing projects. The projects have enormous breadth and cover everything - from portal system development, external Web sites, and campaign support - to technology and business development. To provide the required support, Framfab's consultants have very active relations with and deep understanding for Bredbandsbolaget's business.

Bredbandsbolaget's technical solutions are future secure. The local area networks that are installed in buildings can be upgraded and built on for a long time into the future. Ethernet switching technology makes this possible - a technology that is standard in almost all computerized organizations worldwide. When Bredbandsbolaget connects an apartment into the broadband network, the apartment gets its own Ethernet outlet and its own connection to the building's computer switch. With fiber-optic cables, the building's network is connected to the city's network and further to the backbone network. Bredbandsbolaget offers 10 megabits in both directions, which provides unique capacity. If all other lines from a building were removed, Bredbandsbolaget's solutions could maintain all functions by threading the technology through the broadband network.

www.bredbandsbolaget.se

Technical fast path save resources for Vattenfall

Just one PC in a network costs an average of about SEK 125,000 annually. Administration eats up most of the cost. With Shortcut, Framfab's solution, a company can cut its IT costs by up to 50 percent.

Vattenfall wanted to standardized and enable more effective management within its PC milieu. In cooperation with Framfab, Guide developed a Shortcut solution adapted to Vattenfall's needs.

Shortcut simplifies PC and software administration in the network. Upgrades, maintenance, and new installations are standardized and can be managed from one place within Vattenfall. Shortcut is a combination of technology, guidelines, and routines. Shortcut enables one user to log in from any computer and get access to the entire user environment.

Vattenfall now avoids expensive consultants for managing routine but expensive maintenance within the PC milieu. Qualified IT personnel need not bother with the simplest tasks, such as local installations. The IT department can centrally manage the administration; it need not concern itself with solving problems in each PC.

With Shortcut, Vattenfall can also expand its PC milieu and at the same time, continue to be cost effective; this is extremely important for an expansive company with a large IT infrastructure.

www.vattenfall.se

» We've become a **forerunner among**

- What we do and for whom

AXA Colonia – Germany’s first insurance company with online sales

With AXA Colonia, Framfab mindfact created one of Germany’s most advanced, comprehensive Web sites for insurance. It provides customers with better service and totally new opportunities to communicate with their insurance company.

AXA Colonia is one of Europe’s largest insurance and finance companies and the fourth largest in Germany. AXA offers a wide range of services and products for organizations and private households. With many local offices and varying product lines and prices, it needed to quickly provide uniform information.

Framfab mindfact was charged with launching AXA Colonia on the Internet. The assignment included three important phases: strategic development, design, and construction of an online sales site. The site’s purposes were to be able to offer customers better service and more detailed information, which stored in one place and to create a new marketing channel for the company’s products.

The result? www.axa-colonia.de – one of Germany’s most advanced, comprehensive sites for insurance. The site contains more than 1500 pages with information, services, and interactive advice. It has a decentralized publishing tool that enables local adaptations and a central database within a content management system.

From the site, AXA Colonia’s customers can compare and calculate different insurance options, get help via an interactive advisory service, and purchase desired services.

www.axa-colonia.de

Some of our customers

- AstraZeneca
- AXA
- Bosch
- Bredbandsbolaget
- Den Danske Bank
- Electrolux
- Ericsson
- Expressen
- France Telecom
- Ikea
- The International Red Cross
- Saab Group
- Tele Danmark
- Vattenfall
- Volvo Car Corporation
- Volvo Group

German

insurance companies with AXA Colonia Online. Our successful investment wouldn’t have been possible without Framfab’s help. «

Jan Vorwerk, Marketing, AXA Colonia Konzern AG.

Power

- Framfab and Guide

Marie Svensk

Michael Qvist



Framfab and Guide

A perfect combination

At the start of 2000, Framfab and Guide merged to build one of the leading Internet consulting companies in the world. We're now in a totally new situation for following our customers internationally and at the same time, for meeting the growing market demands. Through the merger, we also free up resources for new businesses.

Framfab and Guide are a perfect combination. Besides immense total involvement, we can offer existing and new customers leading-edge expertise in specific parts of projects. Guide is integrated into Framfab's organization and cell concept so that employees from both companies can work together and complement each other in customer projects. We've already cooperated on several occasions, for example, in projects with the Volvo Car Corporation; other customers in common include AstraZeneca, Electrolux, and Ericsson.

Leading-edge technical expertise

Guide's leading-edge expertise is well known and in demand within several different areas - not least in mobile data communication (Bluetooth and WAP) and in the IT infrastructure area.

Bluetooth is a solution for mobile data communication; it enables electronic products to communicate with each

other. That way, conditions are created for totally new types of services for these products. Guide can handle both service development as well as design and technology developing services. Ericsson was behind Bluetooth. Within the Ericsson Group, Ericsson Microelectronics named Guide a partner within Bluetooth, for example, with assignments for assisting the company's Bluetooth customers with technical expertise.

Guide also has a very strong position when it comes to design and construction of technical infrastructures in large organizations. ShortCut 2000 is one example. The concept was developed to facilitate the introduction of Windows 2000, among other things. ShortCut 2000 makes it easier to build customers' internal competencies around the use of Windows 2000, and at the same time, facilitates the operation of Windows 2000.

Experience from large, complex projects

Besides strong technical expertise, Guide also has solid knowledge in the strategy and project management areas and extensive experience in integrating business systems with new technology. Guide has many project managers with extensive experience in managing complex, comprehensive customer projects. Their knowledge will further strengthen Framfab's ability to deliver solutions at the right time, with the right quality, and for the right price. In combination with solid expertise in system integration, this guarantees that Framfab can assume responsibility for complex, business-critical Internet projects.

» When we merge expertise from Framfab and Guide,

- Framfab and Guide

Guide's management consultants work to strengthen customers market positions using IT solutions. They also work with large change processes together with customers' executive management teams.

The consultants ensure that each IT initiative supports and contributes to a company's overall business goal and that the organization successfully tackles the initiated changes.

What this means for the future

Through the Framfab-Guide merger, we've created a platform for international expansion. The experiences and knowledge that were developed on the more mature Scandinavian market will now be offered internationally.

We've combined Framfab's strong market position and expertise in the Internet's new business opportunities with Guide's capacity for offering long-term, total commitment with top competence in new and existing technologies.

Together, Framfab and Guide have all the conditions for increasing the scope of the total commitment to strategic customers. Together, we create an organization in which common innovation strength and competence drive customers' businesses forward.

only our imagination

limits what we can do together. «

Johan de Verdier, Operations manager for Sweden,
former CEO at Guide Konsult

Tuning
– Financial statement

Directors' report

Auditors' report

Framfab's shares

Bogdan Bunea

Maria Karlsson

Lawrence Lindblom



Directors' report

The board of directors and CEO of Framtidsfabriken AB (publ.), company registration number 556528-6886, herewith submit their report on the operations of the Group and parent company for the 1999 fiscal year.

Operations in general

Framfab's business concept is to supply strategic consulting and digital services to strengthen customers' competitiveness, and thereby contribute to the development of the network economy.

In March 2000, Framfab consisted of 1,700 employees divided between 41 offices in Borås, Gothenburg, Halden, Hamburg, Helsingborg, Cologne, Copenhagen, Linköping, London, Lund, Malmö, Oslo, Palo Alto, Paris, Rome, Skövde, Sundsvall, Stockholm, Uppsala and Västerås.

Financial development and position

Framfab reported very high growth in 1999. Sales climbed to SEK 355 million (104.4), equivalent to a 240 percent increase, of which 150 percent was organic growth. Of the Group's net sales, 23 percent are in foreign currencies. The largest single foreign currency is DKK, which accounts for 9.4 percent of net sales. Correspondingly, the major part of the Group's costs in foreign currencies is in DKK. The operating profit after depreciation of tangible fixed assets rose in 1999 to SEK 53.7 million (16.2), which corresponds to a margin of 15.1 percent (15.5). The profit after financial items for 1999 was SEK 39.7 million (14.7), giving a profit margin of 11.2 percent (14.0). As a result of high growth, cash flow from operations was somewhat negative at SEK -17.5 million (-12.9).

The Group's unrestricted equity on December 31, 1999 was SEK -120.7 million (8.1). The Group's liquid funds amounted to SEK 223.7 million (38.0). A new share issue in connection with the flotation on the OM Stockholm Exchange's 'O' list on June 23, 1999 (ticker FTID) provided Framfab with SEK 231.6 million after issue-related costs.

The company was also provided with funds totaling SEK 61.8 million in 1999 through the payment of warrant premiums and exercising of warrants. In February 2000, a new share issue was implemented aimed at institutional investors, which provided the company with SEK 1,112 million after issue-related costs. The issue was carried out in line with the authorization pursuant to the general meeting's decision on December 22, 1999. On March 6, an 8:1 share split was implemented. Companies that were a part of Framtidsfabriken at year-end 1999 are not expected to be largely affected by the payment of surplus funds from SPP.

In December 1999, Framfab participated in a new share issue in Bredbandsbolaget providing a capital injection of SEK 34 million. In March 2000, Framfab took part in a new stock issue that produced a capital infusion of around SEK 36 million. Investments in tangible fixed assets amounted to SEK 27.1 million (4.2) in 1999. The relatively low investment level is due to Framfab's running write-offs of computer purchases. Over the year, written-off computer equipment was purchased for SEK 20 million.

The parent company

In 1999, the parent company's net sales amounted to SEK 236.9 million (56.6). The loss after financial items was SEK 106.5 million (6.8). This considerable loss is due to the parent company taking over the operations of the subsidiary, Netsolutions Sweden AB. As a result of this, the value of shares in Netsolutions was written down by SEK 125.1 million. This is also the principal reason why the Group reports negative unrestricted equity. Investment in tangible fixed assets amounted to SEK 27.2 million (4.5). On December 31, 1999 the parent company had liquid funds amounting to SEK 201.7 million (25.2).

The above amounts in brackets refer to the pro-forma full year 1998, that is, the sum of the fiscal year July 1, 1997 to June 30, 1998 (the Group was formed January 1, 1998) and July 1, 1998 to December 31, 1998.

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Acquisitions in 1999

Acquisitions in April and May 1999 were: all shares in the Swedish Internet consulting firm Netsolutions and Denmark's leading Internet consulting firm Networkers The Interactive Partnership AS, as well as 70 percent of the shares in the advertising agency, M.O.R. Förvaltning AB. These acquisitions are included in the consolidated financial statements from May 1, 1999 and were paid for with non-cash issues in Framfab of 2,536,687; 900,000 and 109,958 shares, respectively. For Netsolutions, there was also a cash payment of SEK 1.6 million.

In August 1999, an agreement was finalized on the acquisition of 51 percent of the London-based Internet consulting firm, Vivid Edge Ltd. The acquisition was executed through subscription for new shares in Vivid Edge for GBP 250,000. Framfab has option rights to acquire a further 40 percent of the shares in Q3, 2000. Vivid Edge became a part of the consolidated financial statements from September 1, 1999.

In September 1999, agreement was reached on the acquisition of 95 percent of the French Internet consulting firm Wcube SA. The purchase price was paid through a non-cash issue of 98,541 shares in Framfab and a cash payment of SEK 33.8 million. Framfab will acquire the outstanding shares in the first half of 2001 at a price based on Wcube's performance in 2000. Wcube has been included in the consolidated financial statements from October 1, 1999.

In November 1999, agreement was reached on the acquisition of all shares in Production Media Lab Svenska AB in Gothenburg. The purchase price consisted of 109,431 newly issued shares in Framfab as well as a performance-related additional purchase price based on targets in 2000. The acquisition of Production Media Lab provides increased competence in new interactive broadband services based on moving images and Web technology. Production Media Lab has been included in the consolidated financial statements from November 1999. In the same month, agreement was also finalized on the acquisition of

operations in the consulting firm, Avrita. The purchase price was paid in cash. Avrita will contribute sector-leading competence in 3-D, real-time simulations.

In December 1999, Framfab acquired all shares in the Internet consulting firm Springway AB. The purchase price comprised 25,000 shares in Framfab. As well as this, there is a performance-related additional purchase price based on targets in 2000. Springway has been included in consolidated financial statements from December 1, 1999.

Acquisitions in 2000

In December 1999, Framfab made an offer for shares in Guide Konsult AB. For every 10 shares in Guide Konsult AB, three newly issued shares in Framfab were offered. At the end of the extended offer period on February 10, 2000, shareholders and warrant holders representing 98.7 percent of capital stock and 99.1 percent of votes in Guide Konsult AB had accepted the offer. As a result, Framfab claimed compulsory purchase of the remaining shares. This acquisition is estimated to produce SEK 1.4 billion in goodwill. The outstanding 51 percent of Guide Konsult AS was acquired in March 2000. A total of 2,206,747 new Framfab shares have been issued.

In February Framfab acquired the Silicon Valley-based Internet consultants eBizApps.com. The purchase price consisted of 325,840 (after split) newly issued shares in Framfab. There is also an additional purchase price based on outcomes in 2000.

In March 2000 Framfab acquired a 90 percent holding in the German Internet consultants, mindfact Interaktive Medien AG, using 6,289,470 (after split) newly issued shares in Framfab. The remaining 10 percent will be acquired in 2001. The purchase price of the remaining shares will be based on fulfilled targets in 2000. In February, an agreement of intent was reached on the acquisition of makeIT in Halden, Norway. MakeIT has expanded rapidly after its formation in August 1999. The company is a complete supplier of Internet services and in February had 25 employees.

New offices

In addition to the previously mentioned acquisitions, Framfab established 12 new offices in 1999 and 2000, making a total of 41 offices in eight countries. The number of employees at Framfab was 727 at year-end 1999, compared with 145 on the same date in 1998.

Framfab Innovation

Framfab founded Framfab Innovation to utilize business ideas from Framfab's employees, customers, or the marketplace in order to develop them into various incubator projects. Framfab owns 100 percent of shares in Framfab Innovation and decided in 1999 to inject SEK 40 million into the company.

Bredbandsbolaget

Svenska Bredbandsbolaget AB was the first company to be developed as an internal incubator project at Framfab. Prior to Framfab's stock market listing, it was important to create a focused consulting business, which is why ownership in Bredbandsbolaget diminished. In the agreement between Framfab and Bredbandsbolaget was a sales-related additional purchase price. In March, 2000, the additional purchase price had been converted into shares in Bredbandsbolaget, according to the shareholders' agreement, corresponding to a 5.25 percent participating interest before the new issue that Bredbandsbolaget carried out in March, 2000. The conversion will have a positive effect upon Framfab's results of around SEK 100 million in Q1.

In December 1999, Framfab took part in a new share issue in Bredbandsbolaget which produced a capital injection of about SEK 34 million. In March, 2000, Framfab took part in another share issue in Bredbandsbolaget which produced a capital injection of about SEK 34 million, and meant that following this Framfab's holding was around 11.3 percent.

Customers

In Sweden, Framfab has maintained its focus on existing customers. The Volvo Car Corporation's European launch of Buying Service and the Volvo V70 have been among the major projects. In parallel, the company has increased its activities in the area of integrated product and services development – a prime example is collaboration with Ericsson on mobile Internet.

Over the past year, sales have increased considerably, not only through new business with: A-lotterierna, Bosch, Bredbandsbolaget, Goodyear, Kelloggs (Scandinavia), Magasin Universal, McDonald's Denmark, Volvo Construction Equipment and others, but also through continued efforts with existing customers such as Electrolux, Ericsson, Ikea, Volvo AB, and the Volvo Car Corporation.

The five largest customers accounted for 46 percent of the Group's sales in 1999.

Framtidsfabriken became Framfab

In October, Framtidsfabriken began to market itself under the brand name, Framfab. The background to this was primarily to create a brand that had impact not only in Sweden, but internationally. During a transitional period, acquired companies will be run under the Framfab brand name alongside their respective original names. The parent company will continue to be called Framtidsfabriken AB.

Incentive scheme

Framfab created an options scheme in 1998 to subscribe for 6.4 million shares (after split) in the company; the scheme was open to employees at Framfab and others specified by the board of directors. Subscription for new shares is at a rate of SEK 10 per share during the period September 1, 1999 to August 31, 2001. On March 6, 2000, outstanding options had the right to subscribe for 2.4 million shares.

A similar scheme was issued in 1999 with the right to subscribe for 8 million shares (after split) in the company. Sub-

- Financial report

scription for new shares is at a rate of SEK 154 per share during the period December 1, 2000 to November 30, 2002. The company intends to implement another options scheme in the autumn of 2000 to recruit, keep and motivate employees.

The work of the board

The Framtidsfabriken AB board had 25 minuted meetings of which 8 were per capsulum. The board consists of seven members. At the board meeting on August 25, 1999, the board's working arrangements were reviewed, as were working arrangements of the CEO and instructions for reporting to the board in accordance with the Companies Act.

The board's work in 1999 has focused on the continued profitable expansion of the business, including acquisitions and work linked to listing the company.

The company's auditors report to the board annually and deal with, amongst other things, observations regarding internal controls and accounting procedures.

Y2K

The turn of the century proceeded without incident for the Group, both in terms of Framfab's own systems and, as far as Framfab is aware, the customer systems Framfab works on.

Expected future development

The market for Internet services is expected to show continued high growth both in volume and complexity. Companies' Internet investments will become increasingly business-critical and therefore more advanced: strategically, technically, and communicatively. International customers will, to an increasing extent, coordinate their Internet efforts across national borders.

Framfab is well positioned as a strategic complete supplier. The company possesses technical, strategic, and communicative competence as well as experience from major international Internet projects. Today, Framfab is one of the world's leading Internet consulting firms.

Through the acquisition of Guide Konsult AB, Framfab has considerably increased its capacity and access to competent, experienced staff. This, combined with an excellent market position, means that Framfab's estimated sales will continue to rise in the full-year 2000. The share of product-related (Content Management and Brikks) revenue is expected to rise, and international expansion will be intensified. The aim of being a leader within mobile and broadband Internet remains. Activities relating to services for intelligent vehicles and homes will be increased.

One of the year's challenges will be to rapidly integrate the acquired companies in order to use the various competencies with an aim to raise the Group's profitability and improve cash flow. The merger with Guide Konsult is expected to entail certain integration costs in the first half of the year. In addition, the startup of Framfab Innovation will also cause a negative impact on profit.

Framfab expects a continued increase in sales under profitability before goodwill depreciation for the full year.

Financial objectives and dividend policy

Framfab's objective is continued high growth with profitability before goodwill depreciation. The company is also striving to create a strong financial position in order to pursue a credible, aggressive growth strategy.

Framfab is in a phase of considerable growth that is expected to go on for the next few years. Growth is expected to be through organic expansion and acquisitions. To pursue the company's aggressive growth strategy, it is the board's assessment that the dividend policy should continue to be restrictive for the next few years.

Proposed treatment of accumulated loss

The board of directors and CEO propose to the AGM that the accumulated loss of SEK 108,633,304 is paid off against the premium fund.

Consolidated Income Statements		The Group			Parent company		
		Jan.1,99 Dec.31,99	Jan.1,98 ¹⁾ Dec.31,98	Jul.1,98 Dec.31,98	Jan.1,99 Dec.31,99	Jan.1,98 ¹⁾ Dec.31,98	Jul.1,98 Dec.31,98
Amounts in SEK 000s	Note						
Net sales	2	350,808	104,112	60,416	236,923	56,632	56,295
Profit from shares in Group companies	6	3,822	-	-	-	-	-
Other operating income		386	254	70	301	16	17
		355,016	104,366	60,486	237,224	56,648	56,312
Operating expenses							
Other external expenses	3,4	-112,397	-36,336	-21,003	-98,467	-21,073	-20,728
Personnel costs	1	-182,560	-51,010	-28,607	-123,701	-28,665	-28,665
Depreciation of tangible fixed assets	5	-6,349	-804	-545	-3,584	-428	-428
Loss from shares in Group companies	6	-	-18	-18	-	-	-
Operating profit after depreciation of tangible fixed assets		53,710	16,198	10,313	11,472	6,482	6,491
Amortization of goodwill	5	-16,866	-1,678	-847	-23	-	-
Amortization of other intangible fixed assets	5	-678	-	-	-7	-	-
Operating profit		36,166	14,520	9,466	11,442	6,482	6,491
Profit/loss from financial items							
Loss from shares in Group companies	6	-	-	-	-121,582	-	-
Interest income and similar profit/loss items	7	4,232	503	437	3,861	405	405
Interest expense and similar profit/loss items	8	-679	-365	-115	-216	-97	-97
Profit/loss after financial items		39,719	14,658	9,788	-106,495	6,790	6,799
Appropriations							
Appropriations	9	-	-	-	-3,954	-2,462	-2,462
Profit/loss before tax		39,719	14,658	9,788	-110,449	4,328	4,337
Tax on profit for the year	10	-15,026	-4,797	-3,021	-1,260	-1,252	-1,252
Minority shares in profit for the year		-429	-	-	-	-	-
Profit/loss for the year		24,264	9,861	6,767	-111,709	3,076	3,085

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Consolidated Balance Sheets		The Group			Parent company		
		Dec.31,99	Dec.31,98^{*)}	Dec.31,98	Dec.31,99	Dec.31,98^{*)}	Dec.31,98
Amounts in SEK 000s							
ASSETS							
Fixed assets							
Intangible fixed assets							
Capitalized expenditure for development work	11	4,935	-	-	1,624	-	-
Licenses, trademarks and similar rights	12	392	-	-	74	-	-
Goodwill	13	296,056	15,207	15,207	1,668	-	-
		301,383	15,207	15,207	3,366	-	-
Tangible fixed assets							
Inventories	14	35,340	4,155	4,155	27,661	4,053	4,053
		35,340	4,155	4,155	27,661	4,053	4,053
Financial fixed assets							
Shares in Group companies	15	-	-	-	202,803	6,771	6,771
Other securities held as fixed assets	16	39,207	12	12	39,037	-	-
Other receivables	17	422	-	-	-	-	-
		39,629	12	12	241,840	6,771	6,771
Total fixed assets		376,352	19,374	19,374	272,867	10,824	10,824
Current assets							
Current receivables							
Accounts receivable trade		114,407	41,403	41,403	88,202	40,916	40,916
Receivables from Group companies		-	-	-	53,359	264	264
Other receivables		7,640	1,011	1,011	3,296	985	985
Prepaid expenses and accrued income	18	61,982	8,793	8,793	20,561	4,208	4,208
		184,029	51,207	51,207	165,418	46,373	46,373
Current investments		10,531	-	-	10,531	-	-
Cash and bank balances		213,133	38,038	38,038	191,191	25,229	25,229
Total current assets		407,693	89,245	89,245	367,140	71,602	71,602
TOTAL ASSETS		784,045	108,619	108,619	640,007	82,426	82,426

^{*)}The sum of the fiscal years Jul. 1, 97 – Jun. 30, 98 (The Group was first set up on Jan. 1, 1998) and Jul. 1, 98–Dec.31, 98.

Consolidated Balance Sheets

Amounts in SEK 000s	Note	The Group			Parent company		
		Dec.31,99	Dec.31,98 ⁹⁾	Dec.31,98	Dec.31,99	Dec.31,98 ⁹⁾	Dec.31,98
STOCKHOLDERS' EQUITY AND LIABILITIES							
Stockholders' equity	19						
Restricted equity							
Capital stock		10,482	140	140	10,482	140	140
Non-registered stock issue		36	5,465	5,465	36	5,465	5,465
Restricted reserves		781,938	68,816	68,816	-	-	-
Share premium reserve		-	-	-	643,217	49,233	49,233
Revaluation reserve		-	-	-	419	419	419
		792,456	74,421	74,421	654,154	55,257	55,257
Non-restricted equity							
Non-restricted reserves/ Profit/loss brought forward		-144,985	-1,775	1,319	3,076	-	-9
Profit/loss for the year		24,264	9,861	6,767	-111,709	3,076	3,085
		-120,721	8,086	8,086	-108,633	3,076	3,076
		671,735	82,507	82,507	545,521	58,333	58,333
Minority interests		1,864	-	-	-	-	-
Untaxed reserves	20	-	-	-	6,416	2,462	2,462
		-	-	-	6,416	2,462	2,462
Provisions							
Provisions for deferred taxes	21	8,956	1,405	1,405	-	-	-
		8,956	1,405	1,405	-	-	-
Long-term liabilities							
Bank overdraft facilities	22,24	805	-	-	-	-	-
Other liabilities to credit institutions	23,24	874	153	153	123	153	153
Other liabilities		4,655	13	13	-	-	-
		6,334	166	166	123	153	153
Current liabilities							
Liabilities to credit institutions	24	95	30	30	30	30	30
Advance payments from clients		4,265	2,191	2,191	3,588	2,191	2,191
Accounts payable		40,070	4,325	4,325	29,568	4,269	4,269
Liabilities to Group companies		-	-	-	28,146	2,404	2,404
Tax liabilities		4,130	5,992	5,992	-	1,252	1,252
Other liabilities		21,838	5,659	5,659	13,902	5,441	5,441
Accrued expenses and deferred income	25	24,758	6,344	6,344	12,713	5,891	5,891
		95,156	24,541	24,541	87,947	21,478	21,478
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		784,045	108,619	108,619	640,007	82,426	82,426
Pledged assets and contingent liabilities							
Pledged assets							
For own liabilities and provisions							
Floating charges		7,400	5,000	5,000	5,000	5,000	5,000
Assets with ownership reservations		92	154	154	92	154	154
		7,492	5,154	5,154	5,092	5,154	5,154
Other pledges and guarantees		124	Nil	Nil	Nil	Nil	Nil
Total pledged assets and guarantees		7,616					
Contingent liabilities							
Surety given		3,156	Nil	Nil	3,156	Nil	Nil
Total contingent liabilities		3,156			3,156		

In the acquisition agreements of the subsidiaries Production Media Lab Sweden AB and Springway AB, the additional purchase prices has been agreed. The additional purchase prices for both subsidiaries are based on terms that will be met during fiscal 2000.

The capital cover guarantee applies to the capital stock in the subsidiary Svenska Bredbandsbolaget AB which was issued by Framtidsfabriken AB on December 31, 1998. The guarantee was cancelled on May 11, 1999 in connection with 80% of the holding in Svenska Bredbandsbolaget being disposed of.

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Cash flow statement

Amounts in SEK	The Group			Parent company		
	Jan.1, 99 Dec.31, 99	Jan.1, 98 ^{*)} Dec.31, 98	Jul.1, 98 Dec.31, 98	Jan.1, 99 Dec.31, 99	Jan.1, 98 ^{*)} Dec.31, 98	Jul.1, 98 Dec.31, 98
Current activities						
Profit after financial items	39,719	14,658	9,788	-106,495	6,790	6,799
Adjustment for items not included in cash flow etc.	23,984	2,465	1,375	128,708	428	428
	63,703	17,123	11,163	22,213	7,218	7,227
Tax paid	-7,024	-3,392	-2,524	-2,512	-2,512	-2,512
Cash flow from current activities before changes in working capital	56,679	13,731	8,639	19,701	4,706	4,715
Cash flow from changes in working capital						
Increase(-)/Decrease(+) in current receivables	-146,665	-51,207	-26,588	-119,045	-46,272	-37,277
Increase(+)/Decrease(-) in current liabilities	72,442	24,540	4,332	67,721	22,738	10,563
Cash flow from current activities	-17,544	-12,936	-13,617	-31,623	-18,828	-21,999
Investment activities						
Investments in subsidiaries	-22,561	-	-	-47,291	-887	-
Investments in intangible fixed assets	-5,399	-16,885	-	-3,192	-	-
Investments in tangible fixed assets	-27,058	-4,960	-2,156	-27,194	-4,482	-2,102
Investments in financial assets	-38,835	-	-	-39,037	-	-
Cash flow from investment activities	-93,853	-21,845	-2,156	-116,714	-5,369	-2,102
Financing activities						
New stock issues	294,187	72,553	49,263	324,860	49,273	49,254
Increase(+)/Decrease(-) in long-term liabilities	2,853	166	-426	-30	153	-15
Cash flow from financing activities	297,040	72,719	48,837	324,830	49,426	49,239
Cash flow for the year	185,643	37,938	33,064	176,493	25,229	25,138
Liquid funds at start of year	38,038	100	4,974	25,229	-	91
Exchange rate difference in liquid funds	-17	-	-	-	-	-
Liquid funds at end of year	223,664	38,038	38,038	201,722	25,229	25,229
Supplementary disclosures to cash flow statement						
Interest paid						
Interest received	4,232	503	437	3,759	405	405
Interest paid	-679	-365	-405	-216	-95	-95
Adjustment for items not included in the cash flow etc.						
Depreciation and write-down of assets	23,894	2,483	1,393	128,750	428	428
Unrealized exchange rate differences	132	-	-	-	-	-
Capital gain/loss from sale of fixed assets	-42	-	-	-42	-	-
Capital gain/loss from sale of business/subsidiary	-	-18	-18	-	-	-
	23,984	2,465	1,375	128,708	428	428
Acquisition of subsidiaries and other business units						
Purchase price	-320,501	-	-	-321,729	-	-
Deducted: cash issue	273,835	-	-	274,438	-	-
Purchase price paid	-46,666	-	-	-47,291	-	-
Deducted: liquid funds in the acquired businesses	24,105	-	-	-	-	-
Affect on liquid funds	-22,561	-	-	-47,291	-	-
Liquid funds						
Following sub-components included in liquid funds:						
Cash and bank balances	213,133	38,038	38,038	191,191	25,229	25,229
Current investments, in the same category as liquid funds.	10,531	-	-	10,531	-	-
	223,664	38,038	38,038	201,722	25,229	25,229

^{*)}The sum of the fiscal years Jul. 1, 97 – Jun. 30, 98 (The Group was first set up on Jan. 1, 1998) and Jul. 1, 98–Dec.31, 98.

The above items have been classified as liquid funds on the basis that they are not significantly exposed to the risk of currency fluctuations, can easily be converted to cash and have a maximum duration of 3 months from the acquisition date.

Notes to the accounting principles and financial statements

Amounts in KSEK unless otherwise stated

General accounting principles

The company follows the recommendations of the Swedish Financial Accounting Standards Council and applies the established recommendations at the rate that they come into force. The same accounting principles are applied for the accounts of the Group and parent company, unless otherwise specified below.

Comparison figures are reported for both the official fiscal year July 1, 1998-December 31, 1998 and pro-forma for the full-year 1998.

The accounting principle for costs on customer projects has changed compared with previous fiscal years. In previous fiscal years, all costs from customer projects have reduced net sales instead of being accounted for as operating costs. From the current fiscal year onward, the company will use the following principle for the definition of costs that will reduce net sales and be accounted for as operating costs.

The main rule is that direct costs on customer projects, such as subcontractors, travel expenses or purchase of software, will be reported as operating costs. If it can be confirmed that a certain cost that relates to a customer project does not contribute to value-added services or products that are supplied by the company and therefore could have been bought in by the customer without an effect on the company's services or products, such a cost will instead be accounted for as a reduction of net sales.

Comparison figures have been adjusted according to this new principle. The effect in the form of increased net sales and increased operating costs for the Group amounts to KSEK 2,642 for the fiscal year July 1, 1998-December 31, 1998 and KSEK 4,660 for the full-year 1998. For the parent company, the corresponding effect is KSEK 2,642 both for the fiscal year July 1, 1998-December 31, 1998 and for the full-year 1998.

Valuation principles and such

Assets, allocations, and payables are reported at their acquisition value, unless otherwise stated below.

BALANCED EXPENDITURE FOR DEVELOPMENT WORK

Expenditure on development of software products and processes is activated and reported as fixed assets in the balance sheet if the product or processes are considered to be of significant value for the company in the future.

TAXES

The Group's total taxes consist of paid tax and deferred tax. Deferred tax is calculated as 28% of non-taxed reserves. For overseas subsidiaries, the actual tax rate of the respective country is used. Deferred tax effects attributable to deductible deficiency in acquired companies have been reported as receivables in the Group. See note 2.1.

HEDGING OF COMMERCIAL FLOWS

Hedging of commercial flows is applied in those cases in which the currency rate risks to the future contracted currency flow is assessed as considerable in relation to the Group's sales and profit.

For hedging of contracted future currency flows, exchange-rate differences of hedged transactions are reported in the same period as the underlying flow.

REVENUES

Remuneration for fulfilled services is taken up as revenue at the time they are executed.

For fixed-price work, revenue is taken up under the respective period to the extent that the estimated remuneration for the work corresponds to the accrued costs' share of the estimated total costs at the end of the period. Successive revenue recognition is carried out as a precaution if the degree of completion amounts to more than 50%. Changes in the estimated total revenue and cost per job are reported in the same period they arise.

Projects on current account, but with an agreed maximum price, are accounted for according to the principles for fixed costs if it is likely that the maximum price will be reached.

Allocations for loss risks on projects in progress are according to individual consideration.

Amounts taken up as revenue that has not yet been invoiced are reported under the item accrued revenue and prepaid cost in appropriate cases after deductions for account invoicing. In cases in which

account invoicing for an individual project exceeds the processed revenue, the net is reported as advances from customers.

In the parent company's report, in contrast to the Group's, revenue attributable to a project on current account is reported in connection with invoicing. The difference is tax contingent. This means a change compared with the previous year's annual report. The change means that the profit after tax of the parent company is KSEK 24,282 (KSEK 3,421 for full-year 1998) lower, compared with the previous method of accounting. Comparison figures have been recalculated.

Revenues from sales of usufruct to software (licenses) are reported at delivery.

Revenues from maintenance and support agreements are divided linearly over the period of the agreement.

RECEIVABLES

Receivables have (after individual valuations) been carried to the amount with which they are expected to be paid in.

RECEIVABLES AND LIABILITIES IN FOREIGN CURRENCIES

Receivables and liabilities in foreign currencies are translated at closing day rates. Exchange-rate differences on operating receivables and liabilities are included in the operating profit, whereas differences in financial receivables and liabilities are reported in the financial items.

DEPRECIATION PRINCIPLES FOR FIXED ASSETS

Depreciation according to plan is based on the original acquisition values and estimated economic life spans. Write-downs are applied according to permanent value depreciation.

The following depreciation periods are applied:	The group and parent company
<i>Intangible fixed assets</i>	
Balanced expenditure for development work	3 years
Licenses, trademarks, and similar rights	3 years

Tangible fixed assets

Equipment - computers and accessories	3 years
Equipment - vehicles	3 years
Equipment - other	5 years

The difference between the above-named depreciations and fiscal depreciation is reported in the individual companies as accumulated excess depreciation, which is included in non-taxed reserves.

The implemented acquisitions of subsidiaries and other business activities are expected to give the company access to strategic customer bases and competent personnel as well as structural capital in the form of technology, methods, and processes. Business relations are assessed as having long-term earning potential with strategic value, which is why goodwill is written off over 10 years.

LEASING

In the parent company, all lease agreements are reported according to the rules on operational leasing.

LIQUID INVESTMENTS

Liquid investments are valued according to annual report legislation as the lowest of acquisition value and actual value.

Consolidated financial statements

The consolidated financial statements have been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendations (RR1:96). The consolidated financial statements cover those companies in which the parent company directly or through subsidiaries owns more than 50% of the votes, or in any other way has a determining influence according to ÅRL 1:4.

Translation of foreign subsidiaries

Subsidiaries abroad have been classified as independent units. The current method is used for translation of income statements and balance sheets in these companies. The current method means that all assets and liabilities are translated at the closing day rate and income statement items are translated at an average annual rate. Translation differences arising are carried directly to shareholders' equity.

Goodwill attributable to independent foreign operations, is translated at the closing-day rate, based on the over- or underestimates from the acquisition value expressed in local currency.

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Group expenditures

Of the parent company's total purchases and sales measured in SEK, 8.6% of purchases and 0.1% of sales relate to other companies in the entire group that the company is a part of.

Information on acquisitions and mergers in the reporting period

During the fiscal year, 10 subsidiaries have been acquired: consolidation of subsidiaries is applied using the purchase method.

SUBSIDIARY	CONSOLIDATED FROM
Netsolutions Sweden AB	May 1, 1999
Networkers the Interactive Partnership A/S	May 1, 1999
M.O.R. Förvaltning AB	May 1, 1999
Framfab Services AB	July 1, 1999
Vivid Edge Ltd.	September 1, 1999
Wcube SA	October 1, 1999
Production Media Lab Svenska AB	November 1, 1999
Springway AB	December 1, 1999
Höghuset 202 AB	
unc Framfab Business Partners AB	December 13, 1999
Höghuset 237 AB unc Framfab Innovation AB	December 13, 1999

Note 1 Employees and personnel costs

NUMBER OF EMPLOYEES	Jan. 1, 99 - Dec. 31, 99	of which male	Jan. 1, 98 - Dec. 31, 98	of which male	Jul. 1, 98 - Dec. 31, 98	of which male
PARENT COMPANY						
Sweden	253	79%	64	81%	127	81%
Parent company total	253	79%	64	81%	127	81%
SUBSIDIARIES						
Sweden	63	68%	45	83%	-	0%
Other Europe	51	76%	-	0%	-	0%
Total in subsidiaries	114	73%	45	83%	-	0%
The Group total	367	75%	109	82%	127	81%

Number of employees at year-end was 727, of which 591 in Sweden.

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY EXPENSES

	Jan. 1, 99–Dec. 31, 99		Jan. 1, 98 –Dec. 31, 98		Jul. 1, 98–Dec. 31, 98	
	Salaries and remuneration	Social expenses	Salaries and remuneration	Social expenses	Salaries and remuneration	Social expenses
Parent company	80,977	28,239	19,586	6,544	19,586	6,544
(of which pension costs) ¹⁾		(881)		(358)		(358)
Subsidiaries	42,693	12,802	16,764	7,141	-	-9
(of which pension costs)		(1,258)		(764)		(-)
The Group total	123,670	41,041	36,350	13,685	19,586	6,535
(of which pension costs) ²⁾		(2,139)		(1,122)		(358)

¹⁾ The parent company's pension costs cover 8 (0) board members and the CEO. The company has no outstanding pension commitments to any of these.

²⁾ The Group's pension costs cover 442 (154) Group board members and presidents. The Group has no outstanding pension commitments to any of these.

SALARIES AND REMUNERATION BROKEN DOWN BY LAND AND BETWEEN BOARD MEMBERS AND OTHER EMPLOYEES

	Jan. 1, 99– 99--12-31		Jan. 1, 98 – 98--12-31		Jul. 1, 98– 98--12-31	
	The board and CEO	Other employees	The board and CEO	Other employees	The board and CEO	Other employees
PARENT COMPANY SWEDEN	884	80,093	240	19,346	240	19,346
(of which bonuses)	(-)	(-)	(-)	(-)	(-)	(-)
Parent company total	884	80,093	240	19,346	240	19,346
(of which bonuses)	(-)	(-)	(-)	(-)	(-)	(-)
SUBSIDIARIES IN SWEDEN¹	1,549	21,237	1,516	15,248	-	-
(of which bonuses)	(-)	(-)	(-)	(-)	(-)	(-)
FOREIGN SUBSIDIARIES						
Other Europe	1,275	18,632	-	-	-	-
(of which bonuses)	(-)	(-)	(-)	(-)	(-)	(-)
Subsidiaries total	2,824	39,869	1,516	15,248	-	-
(of which bonuses)	(-)	(-)	(-)	(-)	(-)	(-)
The Group total	3,708	119,962	1,756	34,594	240	19,346
(of which bonuses)	(-)	(-)	(-)	(-)	(-)	(-)

REMUNERATION TO THE PRESIDENT/CEO AND THE CHAIRMAN

The President/CEO was paid KSEK 480 in remuneration in the form of a salary in 1999. A fee of KSEK 130 has been paid to the Chairman. In addition to this the Chairman has been paid a fee of KSEK 70 for consultation work. In April 1999, the Chairman also received 50,000 warrants.

REMUNERATION TO THE EXECUTIVE MANAGEMENT

The executive management has been paid a total of MSEK 3.1 in salaries. None of the Group's management has a pension plan that exceeds the normal Swedish ITP (supplementary pension for salaried employees) plan.

SEVERANCE PAY

In line with applicable agreements, neither the CEO nor any other board member in the parent company or other company in the Group is entitled to severance pay, if their employment with the company should be terminated. The period of notice for the president of the parent company is 3 months during which time the usual employee benefits apply.

Note 2 Net sales per geographic market

	Jan. 1, 99 -Dec. 31, 99	Jan. 1, 98 -Dec. 31, 98	Jul. 1, 98 -Dec. 31, 98
THE GROUP			
Net sales per geographic market			
Sweden	270,122	82,209	39,563
Other Europe	80,686	21,903	20,853
	350,808	104,112	60,416

23% of the Group's net sales are in foreign currency. The largest single currency is DKK, which makes up 9.4% of net sales. Net sales consist mainly of consultancy fees.

PARENT COMPANY

	Jan. 1, 99 -Dec. 31, 99	Jan. 1, 98 -Dec. 31, 98	Jul. 1, 98 -Dec. 31, 98
Net sales per geographic market			
Sweden	199,015	35,779	35,442
Other Europe	37,908	20,853	20,853
	236,923	56,632	56,295

Note 3 Fees and other remuneration to the Auditors

	The Group	Parent company
KPMG		
Auditing assignments	812	372
Other assignments	2,592	2,355

OTHER AUDITORS

Auditing assignments	129	-
Other assignments	110	-

Fees for other assignments include auditing work relating to the new issue prospectus, certification and the interim report.

Note 4 Leasing fees relating to operational leasing

	Jan. 1, 99 -Dec. 31, 99	Jan. 1, 98 -Dec. 31, 98	Jul. 1, 98 -Dec. 31, 98
THE GROUP			
Assets held via operational leasing companies			
Leasing fees paid during the year	11,698	4,215	2,708
Agreed future leasing fees	48,309		

PARENT COMPANY

Assets held via operational leasing companies			
Leasing fees paid during the year	8,914	4,069	2,708
Agreed future leasing fees	34,885		

Agreed leasing fees and rent for premises during 2000 amount to KSEK 22 055 for The Group and KSEK 17 301 for parent company. The remaining KSEK 26 254 for The Group and KSEK 17 584 for the parent company falls due in 5 years.

Note 5 Depreciation/amortization of tangible/intangible assets

	Jan. 1, 99 -Dec. 31, 99	Jan. 1, 98 -Dec. 31, 98	Jul. 1, 98 -Dec. 31, 98
THE GROUP			
Capitalized expenditure for development work	-607	-	-
Licenses trademarks and similar rights	-71	-	-
Goodwill	-16,866	-1,678	-847
Inventories	-6,349	-804	-545
	-23,893	-2,482	-1,392

PARENT COMPANY

Licenses trademarks and similar rights	-7	-	-
Goodwill	-23	-	-
Inventories	-3,584	-428	-428
	-3,614	-428	-428

Note 6 Profit/loss from shares in Group companies

	Jan. 1, 99 -Dec. 31, 99	Jan. 1, 98 -Dec. 31, 98	Jul. 1, 98 -Dec. 31, 98
THE GROUP			
Capital gain/loss from sales of shares	3,822	-18	-18
	3,822	-18	-18

PARENT COMPANY

Capital gain/loss from sales of shares	3,511	-	-
Write-down of shares in the subsidiary			
Netsolutions Sweden AB	-125,093	-	-
	-121,582	-	-

The activities of the subsidiary Netsolutions Sweden AB were transferred to the parent company on October 1, 1999. Consequently the parent company has written down the value of the shares in the subsidiary by KSEK 125,093.

Note 7 Interest income and similar profit/loss items

	Jan. 1, 99 -Dec. 31, 99	Jan. 1, 98 -Dec. 31, 98	Jul. 1, 98 -Dec. 31, 98
THE GROUP			
Interest income	4,232	503	437
	4,232	503	437

PARENT COMPANY

Interest income, Group companies	102	-	-
Interest income, Other	3,759	405	405
	3,861	405	405

Note 8 Interest expense and similar profit/loss items

	Jan. 1, 99 -Dec. 31, 99	Jan. 1, 98 -Dec. 31, 98	Jul. 1, 98 -Dec. 31, 98
THE GROUP			
Interest expenses	-679	-365	-115
	-679	-365	-115

PARENT COMPANY

Interest expenses, Group companies	-	-2	-2
Interest expenses, Other	-216	-95	-95
	-216	-97	-97

Note 9 Appropriations

	Jan. 1, 99 -Dec. 31, 99	Jan. 1, 98 -Dec. 31, 98	Jul. 1, 98 -Dec. 31, 98
Difference between booked depreciation and depreciation according to plan			

- Licenses, trademarks and similar rights	-18	-	-
- Goodwill	-484	-	-
- Inventories	-5,695	-219	-219
Tax allocation reserve, provision for the year	-	-2,243	-2,243
Tax allocation reserve, reversal for the year	2,243	-	-
	-3,954	-2,462	-2,462

Note 10 tax on profit for the year

	Jan. 1, 99 -Dec. 31, 99	Jan. 1, 98 -Dec. 31, 98	Jul. 1, 98 -Dec. 31, 98
THE GROUP			
Tax paid	-4,989	-3,961	-2,524
Deferred tax	-10,037	-836	-497
	-15,026	-4,797	-3,021

PARENT COMPANY

Tax paid	-	-2,512	-2,512
Deferred tax	-1,260	1,260	1,260
	-1,260	-1,252	-1,252

The deferred tax in the parent company is attributable to changed accounting principles regarding accrued income from work done on a current account basis. The loss carry-forward in the parent company amounted to KSEK 7,741. The deferred tax recoverable this refers to has not been reported in the accounts. In the consolidated accounts a deferred tax recoverable is reported as an acquired loss carry-forward from a subsidiary.

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Note 11 Capitalized expenditure for development work

	The Group	Parent company
ACCUMULATED ACQUISITION VALUES		
New acquisitions	4,020	1,624
Acquisition of subsidiaries	1,522	-
	5,542	1,624
ACCUMULATED DEPRECIATION ACCORDING TO PLAN		
Depreciation according to plan for the year	-607	-
	-607	-
Booked value at year-end	4,935	1,624

Note 12 Licenses, trademarks and similar rights

	The Group	Parent company
ACCUMULATED ACQUISITION VALUES		
New acquisitions	172	81
Acquisition of subsidiaries	290	-
	462	81
ACCUMULATED DEPRECIATION ACCORDING TO PLAN		
Depreciation according to plan for the year	-71	-7
Translation differences for the year	1	-
	-70	-7
Booked value at year-end	392	74

Note 13 Goodwill

	The Group	Parent company
ACCUMULATED ACQUISITION VALUES		
At start of year	16,931	-
New acquisitions	283,506	1,691
Acquisition of subsidiaries	14,120	-
	314,557	1,691
ACCUMULATED DEPRECIATION ACCORDING TO PLAN		
At start of year	-1,724	-
Depreciation according to plan for the year	-16,866	-23
Translation differences for the year	89	-
	-18,501	-23
Booked value at year-end	296,056	1,668

Apart from the consolidated goodwill within the Group there is also tax-deductible goodwill. Tax deductible goodwill arising from the purchase of corporate net assets amounts to SEK 15,186.

Note 14 Inventories

	The Group	Parent company
ACCUMULATED ACQUISITION VALUES		
At start of year	5,903	4,482
New acquisitions	29,163	27,266
Acquisition of subsidiaries	8,415	-
Disposals and scrapping	-75	-75
	43,406	31,673
ACCUMULATED DEPRECIATION ACCORDING TO PLAN		
At start of year	-1,748	-428
Depreciation according to plan for the year of purchase price	-6,349	-3,584
Translation differences for the year	31	-
	-8,066	-4,012
Booked value at year-end	35,340	27,661
Inventory included in leasing agreements	Nil	

Note 15 Shares in Group companies

	Dec. 31, 99	Dec. 31, 98
ACCUMULATED ACQUISITION VALUES		
At start of year	6,771	6,771
New acquisitions	321,125	-
	327,896	6,771
Accumulated write-down		
Write-downs for the year	-125,093	-
	-125,093	-
Booked value at year-end	202,803	6,771

The activities of the subsidiary Netsolutions Sweden AB were transferred to the parent company on October 1, 1999. Consequently the parent company has written down the value of the shares in the subsidiary by SEK 125,093.

SPECIFICATION OF PARENT COMPANY'S AND GROUP'S HOLDINGS IN GROUP COMPANIES

Subsidiary/Co.org.no./registered office	No. shares	Holding in % ¹⁾	Book value
Framfab Management AB, 556498-1396, Lund	1,000	100,0	6,144
Computence AB, 556314-8500, Stockholm	5,000	100,0	527
Tribal Media AB, 556545-3585, Göteborg	1,000	100,0	100
Rauer & Hammar AB, 556519-4106, Lund	500	100,0	122
COIN Commerce on internet AB, 556417-9843, Stockholm	1,000	100,0	100
Netsolutions Sweden AB, 556499-9091, Stockholm	38,912	100,0	25,275
M.O.R. Förvaltning AB, 556494-0269, Malmö	700	70,0	6,723
M.O.R. , Marknads o Reklambyrå AB, 556265-0902, Malmö	1,000	100,0	-
Networkers The Interactive Partnership A/S, Danmark	1	100,0	54,557
Framfab Services AB, 556526-1517, Stockholm	4,000	100,0	402
Vivid Edge Ltd., Storbritannien	208	51,0	3,820
Wcube SA, Frankrike	12,716	95,0	56,930
Production Medialab Svenska AB, 556529-3809, Göteborg	62,850	100,0	33,775
Springway AB, 556554-7865, Malmö	1,000	100,0	14,128
Höghuset 202 AB unc			
Framfab Business Partners AB, 556529-3031, Stockholm	1,000	100,0	100
Höghuset 239 AB, 556571-8789, Stockholm	1,000	100,0	-
Höghuset 237 AB unc			
Framfab Innovation AB, 556571-8763, Stockholm	1,000	100,0	100
			202,803

¹⁾ Refers to the ownership share of capital, which also corresponds to the share of voting rights

Note 16 Other securities held as fixed assets

	The Group	Parent company
ACCUMULATED ACQUISITION VALUES		
At start of year	12	-
New acquisitions	39,175	39,017
Reclassifications	20	20
Booked value at year-end	39,207	39,037

Of the other securities held as fixed assets in the Group and parent company, KSEK 36,064 consists of a holding in Svenska Bredbandsbolaget AB.

Note 17 Other long-term receivables

	The Group	Parent company
ACCUMULATED ACQUISITION VALUES		
Future receivables	422	-
Booked value at year-end	422	-

Note 18 Prepaid expenses and accrued income

	The Group	Parent company
ACCUMULATED ACQUISITION VALUES		
Prepaid rents and leasing	5,426	4,070
Accrued income for work carried out but not invoiced	44,067	4,839
Accrued income I/O	10,500	10,500
Other items	1,989	1,152
	61,982	20,561

Note 19 Stockholders' equity

THE GROUP	Capital stock	Restricted reserves	Non-restricted reserves
At start of year	5,605	68,816	8,086
New issue	4,913	562,570	
Transfer between restricted and non-restricted reserves		153,300	-153,300
Profit for the year			24,264
Change in Group structure			128
Translation difference for the year		-2,748	101
At year-end	10,518	781,938	-120,721

PARENT COMPANY	Capital stock ¹⁾	Issue under registration	Share premium reserve
At start of year	140	5,465	49,233
Bonus issue	5,465	-5,465	
New issue	4,877	36 ²⁾	593,984 ³⁾
At year-end	10,482	36	643,217

PARENT COMPANY	Revaluation reserve	Statutory reserve	Non-restricted reserves
Closing balance according to balance sheet, carried forward	419	-	6,317
Effect of change in accounting principles	-	-	-3,241
Adjusted opening balance	-	-	3,076
Profit for the year			-111,709
At year-end	419	-	-108,633

¹⁾ Number of shares 13,102,555. The nominal value per share is SEK 0.8

²⁾ The issue under registration refers to the new issue registered with PRV (the Patent and Registration Office) on January 25, 2000.

³⁾ Of the increase in the share premium reserve, KSEK 92,954 relates to the employee's option scheme

SPECIFICATION OF ACCUMULATED EXCHANGE RATE DIFFERENCES IN STOCKHOLDERS' EQUITY:

Exchange rate differences in foreign subsidiaries for the year		-2,647
Total exchange rate difference for the period		-2,647
Accumulated exchange rate difference at year-end		-2,647

Note 20 Untaxed reserves

ACCUMULATED DEPRECIATION OVER PLAN :	Dec. 31, 99	Dec. 31, 98
• Licenses, trademarks and similar rights	18	-
• Goodwill	484	-
• Inventories	5,914	219
TAX ALLOCATION RESERVE		
• In conjunction with taxation 1999	-	2,243
	6,416	2,462

Of the untaxed reserves KSEK 1,796 (KSEK 689) is deferred tax. The deferred tax is attributable to the untaxed reserves included in the Group's balance sheet but not in the parent company's.

Note 21 Provision for deferred tax

Provisions for deferred tax consists of a deferred tax liability of KSEK 12,573 and a tax receivable of KSEK 3,617. The deferred tax receivable is attributable to an acquired loss carried forward in a subsidiary. The acquired loss carried forward will be utilized against a future surplus.

Note 22 Bank overdrafts

	The Group	Parent company
Credit limit granted	2,050	-
Unutilized part	-1,245	-
Utilized credit amount	805	-

Guarantees are reported in Note 24 'Pledged assets for liabilities to credit institutions'.

Note 23 Other liabilities to credit institutions, long-term

	The Group	Parent company
Maturity date, 1-5 years from closing date	874	123
	874	123

Note 24 Pledged assets for liabilities to credit institutions

	The Group	Parent company
Floating charges	2,400	-
Assets with ownership reservation	92	92
	2,492	92

Note 25 Accrued expenses and deferred income

	The Group	Parent company
Accrued personnel expenses	13,622	6,897
Other items	11,136	5,816
	24,758	12,713

Stockholm March 16, 2000

Carl Wilhelm Ros
Chairman of the board

Jonas Birgersson
President and CEO

Johan Wall

Paul L. Saffo

Ken Ceder

Sven Skarendahl

Bertil Villard

- Financial report

Auditors' report

To the Annual General Meeting of Framtidsfabriken AB (Publ.)
Company reg. no. 556528-6886

We have audited the annual accounts, the consolidated financial statements, the accounts and the administration of the Board of Directors and the President of Framtidsfabriken AB (Publ.) for 1999. These accounts and the administration of the Company are the responsibility of the Board of Directors and the CEO. Our responsibility is to express an opinion on the annual accounts, the consolidated financial statements and the administration, based on our audit.

The audit was conducted in accordance with Generally Accepted Auditing Standards in Sweden. This means that the audit is planned and executed to obtain reasonable assurance that the annual accounts and consolidated financial statements are free of material misstatement. An audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the CEO, as well as evaluating the overall presentation of information in the annual accounts and consolidated financial statements. As a basis for our opinion concerning discharge of liability, we examined signifi-

cant decisions, actions taken and circumstances of the Company in order to be able to determine the possible liability to the Company of any Board Member or the CEO. We also examined if any Board Member or the CEO has, in any other way, acted in contravention of the Swedish Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and the consolidated financial statements have been prepared in accordance with the Annual Accounts Act, and, thereby give a true and fair view of the Company's and the Group's results and financial position in accordance with generally accepted accounting principles in Sweden.

We recommend to the Annual General Meeting, that the income statements and balance sheets for the parent company and Group be adopted, and that the profit for the parent company be dealt with in accordance to the proposal in the Directors' Report, and that the Board of Directors and the CEO be discharged from liability for the financial year.

Stockholm March 16, 2000

Lars Marcusson
Authorized public accountant, KPMG

Anders Malmeby
Authorized public accountant, KPMG

Framfab's shares

Price movement

Framfab's shares were quoted on the OM Stockholm Exchange's O-list on June 23, 1999. Up until December 30, 1999 Framfab's shares had risen 927% while the Affärsvärlden general index rose by 42%. The highest price was SEK 1,550 on December 30, while the lowest was SEK 156 on June 23 (the first day of trading for Framfab's shares on the Exchange).

Turnover

Framfab's shares were the 34th most traded stock in terms of value on the OM Stockholm Exchange. A total of 18.5 million shares were traded, corresponding to a value of MSEK 8,500. The turnover rate, i.e. the level of liquidity, was 275%, compared with the exchange average of 94%. Trading in Framfab's shares in 1999 produced a net export worth MSEK 730.

Key figures

	Group 1999	Group 1998
Sales growth, %	240.2 %	
Earnings before depreciation, %	16.9 %	16.3 %
Operating margin after depreciation of tangible assets, %	15.1 %	15.5 %
Operating margin, %	10.2 %	13.9 %
Profit margin, %	11.2 %	14.0 %
Equity/assets ratio	85.9 %	76.0 %
Return on capital employed, %	10.6 %	28.0 %
Return on equity, %	6.5 %	18.5 %
Average number of employees	367	109
Number of employees at year-end	727	145
Sales per employee, SEK 000	968	957
Profit per employee, SEK 000	146	149
Earnings per share, SEK	2,32	1,55
Earnings per share after dilution, SEK	2,24	1,51
Number of shares at year-end	13 102 555	7 006 781
Average number of shares	10 437 401	6 350 531
Equity per share, SEK	51,29	11,78
Cash flow per share, SEK	-1,68	-2,04

Definitions

RETURN ON STOCKHOLDERS' EQUITY
Profit/loss for the year divided by average equity.

RETURN ON CAPITAL EMPLOYED
Profit/loss after financial items plus financial costs divided by average capital employed.

EARNINGS BEFORE DEPRECIATION
Operating profit/loss before depreciation of tangible and intangible assets as a percentage of sales.

STOCKHOLDERS' EQUITY PER SHARE
Stockholders' equity divided by number of remaining shares.

SALES PER EMPLOYEE
Sales divided by the average number of annual employees.

PROFIT PER EMPLOYEE
Operating profit/loss after depreciation of tangible and intangible assets divided by the average number of annual employees.

OPERATING MARGIN AFTER DEPRECIATION OF TANGIBLE AND INTANGIBLE ASSETS
Operating margin after depreciation of tangible and intangible assets as a percentage of sales.

OPERATING MARGIN
Operating profit as a percentage of sales.

EQUITY/ASSETS RATIO
Stockholders' equity including minorities as a percentage of the balance sheet total.

CAPITAL EMPLOYED
Balance sheet minus non-interest bearing loans including deferred tax.

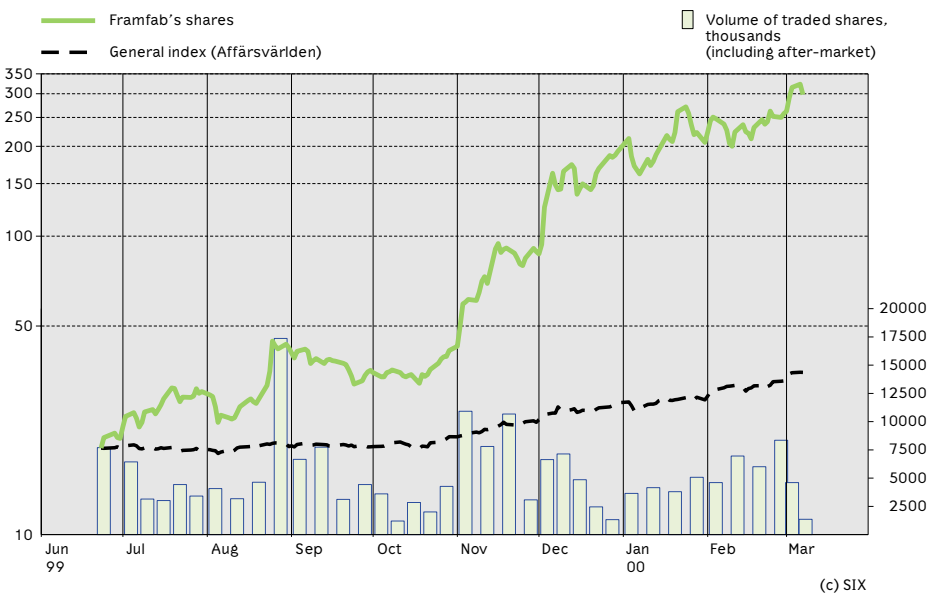
PROFIT MARGIN
Profit after financial items as a percentage of sales.

EARNINGS PER SHARE
Profit/loss for the year divided by the average number of total shares.

CASH FLOW PER SHARE
Cash flow for the year from current activities divided by average number of shares.

EARNINGS PER SHARE AFTER DILUTION
Profit/loss for the year divided by the average number of shares after dilution of the outstanding options.

Framfab's shares - price movement



Corrected for 8:1 split performed on 6 March 2000.

- Financial report

Framfab's capital stock has changed as follows since 1998

Year	Transaction	Change in total number of shares	Change in capital stock, SEK	Total number of shares	Total capital stock, SEK	Nominal value, 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 new 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	1:2 combining of shares	-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	New issue 6)	1,500,000	1,200,000	12,053,426	9,642,741	0.80
1999	New issue 7)	500,000	400,000	12,553,426	10,042,741	0.80
1999	Non-cash issue 8)	98,541	78,833	12,651,967	10,121,574	0.80
1999	Non-cash issue 9)	109,431	87,545	12,761,398	10,209,118	0.80
1999	Non-cash issue 10)	682	546	12,762,080	10,209,664	0.80
1999	Non-cash issue 11)	25,000	20,000	12,787,080	10,229,664	0.80
1999	New subscription 12)	315,475	252,380	13,102,555	10,482,044	0.80
2000	Non-cash issue 13)	2,206,747	1,765,398	15,309,302	12,247,442	0.80
2000	New issue	650,000	520,000	15,959,302	12,767,442	0.80
2000	New issue 14)	186,175	148,940	16,145,477	12,916,382	0.80
2000	8:1 split	113,018,339		129,163,816	12,916,382	0.10
2000	Non-cash issue 15)	325,840	32,584	129,489,656	12,948,966	0.10
2000	Non-cash issue 16)	6,289,470	628,947	135,779,126	13,577,913	0.10

- 1) Non-cash issue to associates of Computence in connection with acquisition of Computence.
- 2) Directed new issue to companies connected with the Hans Rausing family.
- 3) Non-cash issue to Netsolutions' shareholders in connection with acquisition of Netsolutions.
- 4) Non-cash issue to M.O.R.'s shareholders in connection with acquisition of 70% of M.O.R.'s shares.
- 5) Non-cash issue to The Interactive Partnership's shareholders in connection with acquisition of shares in Networkers.
- 6) New issue in connection with listing on O list of OM Stockholm Exchange
- 7) New issue in connection with listing on O list of OM Stockholm Exchange (over-allocation of options)
- 8) Non-cash issue to owners of W/Cube in connection with acquisition of 95% of shares in the company.
- 9) Non-cash issue to owners of Production Media Lab in connection with the acquisition of the company.
- 10) Non-cash issue to owners of Hypermode in connection with the acquisition of the company.
- 11) Non-cash issue to owners of Springway in connection with the acquisition of the company.
- 12) New issue of shares through utilization of subscription options up to December 31, 1999.
- 13) Non-cash issue to owners of Guide in connection with the acquisition of the company.
- 14) New issue of shares through utilization of subscription options between January 1 and March 3, 2000.
- 15) Non-cash issue to owners of eBizApps in connection with the acquisition of the company.
- 16) Non-cash issue to owners of Mindfact in connection with the acquisition 90% of the shares in the company.

Capital stock

Framfab's capital stock on December 31, 1999 was MSEK 10.5, distributed among slightly more than 13.1 million shares, each worth a nominal SEK 0.8. All shares have the same voting rights and rights to a share in the company's assets and profits. Between January 1 and March 3, 2000 the total number of shares was increased through a new stock issue aimed at institutional investors (650,000), through the utilization of warrants (186,175) and through non-cash issues in connection with the acquisition of Guide Konsult (2,206,747). An 8:1 split was carried out on March 6. Since then the number of shares has been further increased through a non-cash issue in connection with the acquisition of eBizApps (325,840) and mindfact (6,289,470).

Ownership structure

At the end of 1999 there were 6,669 shareholders, 44.4% of who were non-Swedish. The ten largest shareholders own 47% of the shares.

The ten largest shareholders registered at VPC (the Securities Register Center), Dec. 31, 1999

	Number of shares	Percentage of capital and votes
Owners linked with the Hans Rausing family	1,056,660	8.1
The Interactive Partnership	854,803	6.5
Jonas Birgersson	832,683	6.4
Johan Wall	826,512	6.3
Computence Intressenter AB	627,226	4.8
Mattias Söderhielm	567,946	4.3
Ken Ceder	539,000	4.1
Martin Anderlind	314,334	2.4
Peter Svanfeldt	310,732	2.4
Owners linked with Ikea	223,671	1.7
Total of above	6,153,567	47.0
Other shareholders	6,948,988	53.0
Grand total	13,102,555	100.0

Commitments

Owners of shares issued in connection with company acquisitions have, with regard to the largest portion of the shares, given an undertaking to the company that they will not sell them for a certain period (normally 12 months from the admission date).

Incentive scheme

In 1998 Framfab issued a loan worth SEK 160,000 (which has been redeemed) consisting of a total of 1,600,000 detachable warrants with the rights to subscribe to 6.4 million shares following a share split in the company. The loan was to a wholly-owned subsidiary of Framfab for the onward sale of warrants to staff in Framfab and other persons identified by the Framfab board, and was subject to normal market terms. New shares can be subscribed for at a price of SEK 10 per share. New shares can be subscribed for between September 1, 1999 and August 31, 2001. As of March 6, 2000 the number of remaining warrants was equal to around 2.4 million shares after the split. Full subscription of these remaining shares would dilute the total number of shares and votes by 1.8%.

In 1999 Framfab issued a three-year loan worth SEK 100,000 with a total of 1,000,000 detachable warrants giving the right to subscribe to 8,000,000 shares following a share split in the company. The loan, which was subject to normal market terms, was to a wholly-owned subsidiary of Framfab for the onward sale of warrants to staff in Framfab and its subsidiaries and other persons of significance for the company identified by the Framfab board. New shares can be subscribed for at a price of SEK 154 per share. New shares can be subscribed for between December 1, 2000 and November 30, 2002. Full subscription of these warrants would add at most

- Financial report

SEK 800,000 to the company's capital stock, corresponding to a dilution in the total number of shares and votes of 5.9%.

Framfab intends to issue a new options scheme in the spring of 2000 to recruit, keep and motivate employees.

Authorization for new issues

At an Extraordinary General Meeting of Framfab's shareholders on 4 November 1999, the board was authorized to make a decision, on one occasion or several occasions prior to the next Annual General Meeting, regarding a new issue of at most 12 million shares, following a share split in connection with company acquisitions. There would be a deviation in preferential rights of existing shareholders. This authorization has been partly used in connection with the acquisition of Springway and eBizApps. Authorization concerning around 11.5 million shares remains.

At an Extraordinary General Meeting of Framfab shareholders on 22 December 1999 the Board was further authorized, in addition to the authorization reported above, to make a decision, on one occasion or several occasions prior to the next Annual General Meeting, regarding the new issue of at most 7.2 million shares following a share split and aimed at institutional investors in the capital markets, with the purpose of raising capital for the company's business activities. This authorization was used during the new share issue carried out in February. Authorization for 2 million shares remains.

The following analysts were following Framfab at the start of 2000

ABG	Björn Rönnqvist
Alfred Berg	Peter Irbblad
Carnegie	Karl Berglund och Fredrik Lithell
Cazenove	Charles Evans Lombe
CAI Cheuvreux	Sasu Ristamaki
Danske Securities	Niklas Ribbing-Wingren
Deutsche Bank	Mats Gustafsson
Enskilda Securities	Göran Ivemark
Fischer Partners	Johan Svensson
Hägströmer & Qviberg	Johan Tisell
Handelsbanken Investment Banking	Stefan Wård
HSBC	Henrik Persson
MeritaNordbanken	Mattias Wallander
Merrill Lynch	Peter Bradshaw
Öhman Fk	Morten Gregersen

Future financial reports

- The Annual General Meeting of Framtidsfabriken AB will be held on May 2, 2000.
- The Q1 report will be published on May 2, 2000.
- The Q2 report will be published on August 24, 2000.
- The Q3 report will be published on October 31, 2000.
- Press release of unaudited annual earnings: February 14, 2001.

Remote Control – Board and Auditors

Board

Carl Wilhelm Ros

Born 1941.

Chairman.

Former Senior Executive Vice President of Ericsson

Board member since 1999.

Other board positions: Chairman of Atle, VLT AB, and Dahl International. Board member of NCC, AssiDomän, LKAB, 4th AP pension fund, SEB and Profilgruppen.

Number of options 1998/2001 in the company: 50,000.

Jonas Birgersson

Born 1971.

CEO of the company since 1995.

Board member since 1995.

Other board positions: Chairman of Bredbandsbolaget.

Number of shares in the company: 832,683.

Ken Ceder

Born 1960.

Co-founder of the portal www.passagen.se.

Board member since 1997.

Other board positions: Bredbandsbolaget.

Number of shares in the company: 539,000.

Paul L. Saffo III

Born 1954.

Board member since 1998.

Other board positions: Long Now Foundation, Member board of Trustees. Institute For the Future, Silicon Valley.

Number of shares in the company: 6,647.

Number of options 1998/2001 in the company: 50,000.

Sven Skarendahl

Born 1943.

Board member since 1999.

Other board positions: Framfab Innovation AB.

Founder and Chairman of coconutstreet.com, London.

Co-founder and board member of AmEuro Capital LLC, (LA) USA.

Member of the Advisory Board of Sitka Ltd. London.

Number of shares in the company: 164,338.

(Ownership as of Dec. 31, 1999)

Bertil Villard

Born 1952

Manager Corporate Finance Alfred Berg Fondkommission AB.

Board member since 1999.

Other board positions: Chairman of Framfab Innovation AB.

Number of options 1998/2001 in the company: 20,000.

Johan Wall

Born 1964.

EVP International operations, CEO's deputy.

Board member since 1999.

Other board positions: Board member of Beijer Alma.

Co-founder of Netsolutions 1995.

Number of shares in the company: 826,512.

Auditors

(Auditors elected at the AGM)

Anders Malmeby

Born 1955

Authorized public accountant, KPMG

Auditor for Framfab since 1998

Lars Marcusson

Born 1960

Authorized public accountant, KPMG

Auditor for Framfab since 1997

Portrait:

Paul L. Saffo III

From left:

Johan Wall

Sven Skarendahl

Bertil Villard

Ken Ceder

Jonas Birgersson

Carl Wilhelm Ros



Remote Control – Management

Executive management

Jonas Birgersson

Born 1971.

CEO of the company since 1995.

Founder of Framfab.

Number of shares in the company: 832,683.

Johan Wall

Born 1964.

EVP International operations, CEO's deputy.

Co-founder of Netsolutions 1995.

Number of shares in the company: 826,512.

Martin Anderlind

Born 1968.

Market Communications.

Former Director Language Camps and Discover America

Tours, EF Education.

Co-founder of Netsolutions 1995.

Number of shares in the company: 314,334.

Tim Frank Andersen

Born 1967.

International sales and marketing.

Previous experience as advertising manager of Baltica and

development manager at BBDO.

Founder of Networkers 1995.

Number of shares in the company: 138,000.

Johan Haeggman

Born 1960.

Finance.

Previous experience from several management positions

at Scania, among others, manager for Strategic Planning,

and Finance Director of Scania Latin America.

Employed since 1999.

Number of options 1998/2001 in the company: 77,500.

(Ownership as of Dec. 31, 1999)

Peter Svanfeldt

Born 1955.

Client development.

Former Regional Manager at Cap Gemini.

Founder of Computence 1990 and Coin 1995.

Number of shares in the company: 461,032.

Mattias Söderhielm

Born 1971.

Strategy.

Co-founder of the portal www.passagen.se.

Employed since 1997.

Number of shares in the company: 564,384.

Sofia Ericsson

Born 1968.

Mergers and Acquisitions.

Previous experience from corporate finance in

Stockholm and London.

Employed since 1999.

Number of call options in the company: 25,000.

Johan de Verdier

Born 1961.

VP Operations, Sweden.

Former CEO of Guide Konsult AB.

Employed at Guide Konsult since 1996.

Number of shares in the company: 4,590.

Johan Norrbom

Born 1964.

Company integration and regional manager.

Previous experience as consultant, Digital Equipment,

Deputy CEO Nexus, Deputy CEO Guide Konsult.

Employed at Guide since 1996.

Number of shares in the company: 5,716.

Portraits:

Johan de Verdier

Sofia Ericsson

From top to bottom:

Jonas Birgersson

Mattias Söderhielm

Johan Haeggman

Peter Svanfeldt

Jonas Norrbom

Martin Anderlind

Tim Frank Andersen

Johan Wall



Surround System – Addresses

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Rewind – Five years with Framfab

Five years with Framfab

Framfab's history is short but illustrious. When the company was launched little more than four years ago, it had five employees and one customer—Passagen. Today, Framfab is the world's leading Internet consulting company, with 1700 employees in Europe and the US.

1995

- Jonas Birgersson founded Framfab. He was then president of SVEROK (a non-profit association) and was asked to facilitate development of important parts of Telia's passagen.se portal.

1996

- Framfab became the main supplier of Internet services, first to Bilia and then to Volvo. Framfab launched the Volvo C70 on the Internet.

1997

- Ken Ceder and Mattias Söderhielm became new partners in Framfab and launched the company's operations in Stockholm; they also founded Telia's portal-passagen.se.
- Framfab acquired Rauer & Hammar, an Internet consulting firm.
- Framfab developed Vattenfall's Internet strategy.
- Volvo Trucks and the SAAB Group were among Framfab's new customers.
- Framfab, Coin, and Computence decided to merge in December 1997 and build one of the Nordic region's strongest Internet companies.

1998

- Framfab acquired Tribal Media AB and set up operations in Gothenburg, Sweden.
- With its Java-based Web ad for the Postal Service's torget.se, Framfab won the Year's Web Campaign prize. Resumé named Framfab the Year's Web bureau and Jonas Birgersson as the Year's Web guru (Resumé is a weekly publication for Sweden's advertising industry).
- Companies connected to the Hans Rausing family acquired about 15% and the 6th AP Fund acquired about 6% of Framfab's capital stock.
- Paul L. Saffo III, a researcher at the Institute for the Future in Silicon Valley, became a board member.
- Astra, Volvo Busses, and Nike became Framfab's new customers.
- Framfab launched two of Sweden's largest industrial projects on the Internet: Volvo S80 and SAAB Gripen.
- An options scheme was launched for the employees.

1999

- Framfab won the contract to become Ikea's main, international supplier.
- IKANO acquired stock equal to about 3% of Framfab's capital stock.
- Framfab signed a three-year contract as the SJ Cargo Group's main supplier.
- 80% of Bredbandsbolaget was sold.

- Framfab and Netsolutions merged in April and thus became one of Europe's largest Internet consulting companies.
- Carl Wilhelm Ros, vice president of Ericsson, became Framfab's new chairman.
- Framfab acquired M.O.R. in Malmö, Sweden; the agency specializes in interactive productions.
- Framfab received the Guldklappan award for Autobytel's Web site.
- The company acquired Networkers, Denmark's leading Internet consulting company that has customers such as SCA, Tele-Danmark, Tryg/Baltica, and LEGO.
- Framfab acquired Vivid Edge, an Internet consulting company in London.
- Sweden's Junior Chamber of Commerce named CEO Jonas Birgersson "future leader" in an international contest called Young Outstanding Person of the Year.
- Framfab floated on the OM Stockholm Exchange's O-list (FTID).
- Framfab concluded a strategic three-year contract with SJ.
- Framfab launched a strategic cooperation with Ericsson.
- Goodyear, Universal Music, and Time Manager International A/S became Framfab's new customers.
- In August, Framfab set up operations in France through acquisition of Wcube.
- Acquisition of Production Medialab in Gothenburg added multimedia

and film production competencies to the company.

- Framfab acquired Hypernode, thus establishing operations in Västerås, Sweden.
- Framtidsfabriken changed its trademark to Framfab to facilitate international operations, among other things.
- Forbes named Framfab one of the world's 300 best companies.
- Framfab Innovation was created to develop business ideas from employees, customers, and other external forces.
- An options scheme was launched for the employees.
- Framfab acquired Springway, which is based in Malmö, Sweden.
- Framfab bid for Guide Konsult AB and together they became the largest Internet consultant in Europe and number three in the world, with 1500 employees.

2000

- Framfab established German operations by acquiring mindfact, which is based in Cologne.
- The Framfab/Guide deal was concluded.
- Framfab acquired makeIT and expanded in Norway.
- Framfab expanded in Italy via a strategic telecom partnership with Blu S.p.a.
- Acquired eBizApps.com to launch its expansion in the US.

