SCRIBONA

**PRESS RELEASE FROM SCRIBONA AB (publ), org. no. 556079-1419**

**April 28, 2004**

# Interim report January – March 2004 for the Scribona Group

**Continued earnings growth in first quarter thanks to rise in units sold and sale of operations.**

- First quarter sales reached MSEK 3,203 (3,121).
- Operating income for the quarter was MSEK 41 (-18) and net income after tax was MSEK 27 (-19). This figure includes a net gain of MSEK 40 on the sale of the Toshiba Document Solutions division.
- Earnings per share amounted to SEK 0.53 (-0.37).
- The PC market showed powerful growth in units sold and Scribona succeeded in defending its market shares.
- Further restructuring and rationalization in the Danish operations.

**Comments from CEO Tom Ekevall Larsen**

- The IT market continued to pick up speed during the first quarter. Scribona has benefited from this growth and defended its market shares, at the same time that Carl Lamm strengthened its "No. 1" position in digital copyprinters for the Swedish office supply market. Prices for IT products have remained largely stable compared with the fourth quarter of 2003.
- Scribona reports a year-on-year increase in both unit sales (+22 %) and sales revenue (+6%) for comparable units and at unchanged exchange rates, despite a 15% decrease in the average PC price.
- The previous year's focus on cost-cutting and stronger margins, which had visible effect in the fourth quarter of 2003, continued to yield improvements during the quarter. However, earnings growth in our Danish operations was not sufficient and we have launched additional action programs which are expected to reach full effect in autumn 2004.
- The sale of the Toshiba Document Solutions division to Toshiba TEC was completed at the end of March. This is a step in the ongoing restructuring process aimed at boosting Scribona's profitability. The sale made a positive contribution to income for the quarter.

## THE MARKET

Demand in Scribona's main markets rose during the first quarter of the year with a substantial increase in PC units sold. According to IDC, the Nordic market for PC products has grown by around 21% in volume compared with the same quarter of 2003. However, exceptional price erosion has reduced the value of market sales. Scribona's average PC price fell by an average of 15% between years.

For document management products, we estimate that the number of copiers sold in the Nordic market rose a few percentage points at unchanged prices.

## GROUP DEVELOPMENT

### Sales and income during the first quarter

The Group's sales reached MSEK 3,203 (3,121), including a net gain of MSEK 40 on the sale of the Toshiba Document Solutions division. Excluding this gain, the increase between years was 1%. For comparable units and at unchanged exchange rates, sales were up by 6%. The past 12-month period has seen severe price erosion for PC products.

The Group's operating income was MSEK 41 (-18). Excluding the net gain on the sale of Toshiba Document Solutions, operating income amounted to MSEK 1. Restructuring costs relating to Scribona Distribution in Denmark were charged against operating income in the amount of MSEK 7. Operating income includes net exchange rate losses of MSEK 6 (2).

Stronger margins and a focus on high-margin products in all business areas had positive effects. The completed cost-cutting and efficiency programs yielded additional improvements during the quarter.

Efforts to boost profitability in Denmark have improved operating income before restructuring costs, but these operations are still showing a deficit. Additional action programs were announced on 30 March involving the coordination of management and back office functions for the Solutions and Distribution business areas in Denmark. In connection with this, the staff will be downsized by a further 25 employees.

Net financial items amounted to MSEK -6 (0). The weighted average interest rate on the Group's loans at the end of the period was 3.4% (4.6%). Net penalty interest was positive at MSEK 1 (3).

Income before tax reached MSEK 35 (-18).

Income tax is reported at MSEK -8 (-1).

Net income after tax was MSEK 27 (-19) and earnings per share amounted to SEK 0.53 (-0.37).

### Cash flow and financial position

The Scribona Group's cash flow from operating activities for the first quarter was MSEK -132 (-416). The Group's net investments reached +113 (-6). Net financial assets at the end of the period totaled MSEK -85 (-141). Capital employed was MSEK 992 (1,036) and liquid assets as per March 31 amounted to MSEK 430 (218). The Group's liquidity situation is satisfactory with respect to the unutilized credit facility.

### Divestitures

On February 24, 2004 an agreement was signed between Scribona AB and Toshiba TEC for the sale of the Toshiba Document Solutions division in the Scribona Brand Alliance business area. The transfer of ownership took place on March 31, 2004, for which reason the division's first quarter income statement is consolidated in the Group. The division's operating income for the first quarter amounted to MSEK -1 (-4). The division's balance sheet is not consolidated in the Group as per March 31. Capital employed in Toshiba Document Solutions at the end of the period totaled MSEK 54.

The preliminary net gain on the sale amounted to MSEK 40. The final proceeds are expected to be announced in connection with the third quarter report for 2004 .

### Personnel

The number of employees at the end of the period was 1,088 (1,449). The 236 employees in Toshiba Document Solutions are not included in the Group as per March 31.

### Key ratios

Earnings per share for the first quarter totaled SEK 0.53 (-0.37). Earnings per share over the past 12-month period amounted to SEK 0.92 (SEK 0.02 for the full year 2003).

Equity per share at the end of the period amounted to SEK 17.76 (17.53).

The equity ratio on March 31 was 28.0% (27.6%).

Return on capital employed over the past 12-month period was 7.8% (2.0% for the full year 2003).

Return on shareholders' equity over the past 12-month period amounted to 5.4% (0.1% for the full year 2003).

## PARENT COMPANY

The Parent Company's net sales during the period are reported at MSEK 30 (5), of which MSEK 5 referred to invoicing of rents to the subsidiaries. The Parent Company's share of the net gain on the sale of Toshiba Document Solutions was MSEK 25.

A receivable from a subsidiary was written down by MSEK 38 during the period. Income before tax was

MSEK -23 (-6). Liquid assets at the end of the period totaled MSEK 206 (191). Net financial assets at the end of the quarter reached MSEK 180 (282).

The period's investments in fixed assets reached SEK 31,000 (0) and total assets per 31 March amounted to MSEK 1,307 (1,257).

The fusion between the subsidiaries Copy Consult Svenska AB, Scribona IT AB, Office Peking AB, Scribona Fastighetsservice AB, Scribona Office AB and Scribona Solutions AB was completed during the quarter.

During the quarter, the Parent Company sold its holding in Office Trademark Holding OTH AB and divested its shares in the subsidiary Scribona Document Solutions AB in connection with the sale of the Toshiba Document Solutions division.

**DEVELOPMENT BY BUSINESS AREA**

*Scribona Solutions*

The sluggish market persisted throughout the quarter, with an estimated volume decrease of 3% and estimated price erosion of around 5% compared with the first quarter of 2003. The market for ERP systems remains exceedingly weak. In this fiercely competitive climate, Scribona has shifted its focus to segments with stronger growth and has chosen to prioritize high-margin products. The business area's market shares are assessed to be unchanged and Scribona is expected to defend its position as the leading distributor of IT infrastructure products in the Nordic market.

With its excellent potential for development, this business area will be an important part of Scribona's future.

Scribona is continuing its positive development and focusing of this important segment towards complex and competence-demanding IT infrastructure products.

First quarter sales in the business area reached MSEK 475 (478), down by 1%. For comparable units and at unchanged exchange rates, sales increased by 3%. Operating income amounted to MSEK -7 (0). The volume increase and focus on high-margin products and cost adaptations has offset the effects of price erosion. However, sales to the ERP market were significantly lower than planned.

*Scribona Distribution*

According to preliminary statistics from IDC, unit sales of PCs in the Nordic region during the quarter were up by 21% over the same period of 2003. IDC reports that PC unit sales rose 23% in the Finnish and Norwegian markets, 21% in Denmark and by 20% in Sweden. The number of PCs sold by Scribona during the quarter increased 22% over the same period of 2003 to more than 128,000 units. Price erosion over the past 12-month period has been exceptional and Scribona's PC price has fallen by 15%.

The business area's first quarter sales amounted to MSEK 2,350 (2,331), an increase of 1%.

For comparable units and at unchanged exchange rates, sales improved by 5%. Strong development in Norway and Sweden helped to raise operating income to MSEK 5 (-5) Restructuring costs in Denmark were charged against operating income in the amount of MSEK 7. Although operating income before restructuring costs has been strengthened by the action program to boost profitability in Denmark, these operations are still showing a deficit. Additional action programs were announced on 30 March involving the coordination of management and back office functions in the Solutions and Distribution business areas. These measures are expected to generate further improvement in earnings during autumn 2004.

*Scribona Brand Alliance*

According to our assessment, the Nordic market for document management products grew by a few percentage points at unchanged prices.

The business area's sales during the quarter amounted to MSEK 391 (465), including a net gain of MSEK 40 on the sale of the Toshiba Document Solutions division. Toshiba Digital Media, which was closed down in the final quarter of 2003, reported sales of MSEK 137 in the first quarter of 2003. Adjusted for these items, sales in the document management divisions were up by 7%. Operating income in the business area reached MSEK 50 (-6). Excluding the net gain on the sale of Toshiba Document Solutions, operating income was MSEK 10.

Toshiba Document Solutions, which was sold on 31 March 2004, accounted for MSEK 176 of the business area's sales and MSEK –1 of operating income.

**ACCOUNTING PRINCIPLES**

The interim report has been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation Interim reports (RR20).

The same accounting and valuation principles have been applied as in the most recent annual report with the addition of new recommendation issued by the Swedish Financial Accounting Standards Council in 2004: Employee benefits (RR29). Accumulated actuarial losses of MSEK 5 on defined benefit pension plans in Scribona Norway, which were previously not taken up in the consolidated accounts, have been reported in this interim report according to the Swedish Financial Accounting Standards Council's recommendation RR 5, Reporting of changed accounting principle. This recommendation has also resulted in increased disclosure requirements for Scribona's financial reports.

As described in the most recent annual report, the classification of "Accrued compensation from suppliers" was changed during 2003. This item is not longer offset, and "Accrued compensation from suppliers" is instead reported gross under "Current operating receivables". The comparative figures in the balance sheets per March 31, 2003 and June 30, 2003 have therefore been recalculated and adjusted for offsetting by MSEK 300 and MSEK 209, respectively.

**TRANSITION TO IFRS**

With effect from 2005, all listed companies in the EU are required to implement financial reporting according to IFRS. The consequences of this changeover for Scribona have been described in the annual report for 2003.

**FINANCIAL CALENDAR**

Interim report for

| | |
|---|---|
| January - June 2004 | 15 July 2004 |
| January - September 2004 | 20 October 2004 |
| January - December 2004 | 9 February 2005 |

This interim report has not been subject to special review by the company's auditors

Scribona AB
The Board of Directors

*Facts about Scribona*
*Scribona is the Nordic market's leading provider of IT products and solutions, offering customers cutting-edge product expertise, the industry's leading e-commerce system, optimized product availability and a broad range of complementary services. Scribona's operations are organized in three business areas:*

- *Scribona Solutions – value adding distribution of IT infrastructure*
- *Scribona Distribution – effective volume distribution of IT products*
- *Scribona Brand Alliance – exclusive agent for leading brand suppliers*

Address:
Scribona AB
Sundbybergsvägen 1
Box 1374
SE-171 27 SOLNA
Telephone +46 (0)8-734 34 00
Fax +46 (0)8-82 85 71
e-mail info@scribona.se
The company's registered office is located in Solna, Sweden.

This report is also available at www.scribona.se.

For additional information, contact:
Tom Ekevall Larsen, President & CEO, telephone +46 (0)8-734 36 50
Örjan Rebeling, Executive Vice President, Chief Financial Officer, telephone +46 (0)8-734 34 88

## SCRIBONA – INTERIM REPORT PER MARCH 31, 2004

### Summary Consolidated Income Statement

| Amounts in MSEK | 2004 Jan-March | 2003 Jan-March | 2003/2004 April-March | 2003 Jan-Dec |
|---|---|---|---|---|
| **Total income** | **3,203** | **3,121** | **11,939** | **11,857** |
| Operating expenses | | | | |
| Goods for resale | -2,818 | -2,776 | -10,535 | -10,493 |
| Other external costs | -123 | -135 | -483 | -495 |
| Staff costs | -192 | -204 | -738 | -750 |
| Depreciation | -16 | -16 | -74 | -74 |
| Other operating expenses | -13 | -8 | -30 | -25 |
| **Operating income** | **41** | **-18** | **79** | **20** |
| Net financial items | -6 | 0 | -16 | -10 |
| **Income before tax** | **35** | **-18** | **63** | **10** |
| Tax | -8 | -1 | -16 | -9 |
| Minority interest | - | 0 | - | 0 |
| **Net income for the period** | **27** | **-19** | **47** | **1** |
| Earnings per share | 0.53 | -0.37 | 0.92 | 0.02 |
| Number of shares end of period | 51,061,608 | 51,061,608 | 51,061,608 | 51,061,608 |
| Average weighted number of shares | 51,061,608 | 51,061,608 | 51,061,608 | 51,061,608 |

The above table does not take into account the option program since it will have no dilution effect on key ratios.

### Summary Consolidated Balance Sheet

| Amounts in MSEK | 2004 31 March | 2003 31 Dec | 2003 30 Sep | 2003 30 June | 2003 31 March |
|---|---|---|---|---|---|
| Licenses | 19 | 22 | 19 | 16 | 19 |
| Goodwill | 66 | 73 | 68 | 74 | 74 |
| Tangible fixed assets | 38 | 46 | 55 | 80 | 85 |
| Other fixed assets | 71 | 79 | 77 | 77 | 79 |
| Inventories | 780 | 806 | 734 | 740 | 890 |
| Current operating receivables | 1,790 | 2,391 | 1,833 | 1,718 | 1,794 |
| Other financial assets | 42 | 62 | 35 | 51 | 79 |
| Liquid funds | 430 | 268 | 29 | 147 | 218 |
| **Total assets** | **3,236** | **3,747** | **2,850** | **2,903** | **3,238** |
| Shareholders´ equity | 907 | 879 | 833 | 846 | 895 |
| Minority interests in shareholders´ equity | - | 1 | 1 | 1 | 1 |
| Provisions | 44 | 30 | 14 | 2 | 2 |
| Long-term operating liabilities | 16 | 20 | 23 | 21 | 23 |
| Current operating liabilities | 1,712 | 2,420 | 1,701 | 1,632 | 1,879 |
| Financial liabilities | 557 | 397 | 278 | 401 | 438 |
| **Total liabilities and shareholders´ equity** | **3,236** | **3,747** | **2,850** | **2,903** | **3,238** |
| Capital employed | 992 | 946 | 1,047 | 1,049 | 1,036 |
| Net financial capital | -85 | -67 | -214 | -203 | -141 |

## SCRIBONA – INTERIM REPORT PER MARCH 31, 2004

### Income by Business Area

| Amounts in MSEK | 2004 Jan-March | 2003 Jan-March | 2003/2004 April-March | 2003 Jan-Dec |
|---|---|---|---|---|
| Solutions | 475 | 478 | 2,077 | 2,080 |
| Distribution | 2,350 | 2,331 | 8,467 | 8,448 |
| Brand Alliance | 391 | 465 | 1,614 | 1,688 |
| **Total business areas** | **3,216** | **3,274** | **12,158** | **12,216** |
| Intra-Group | -13 | -153 | -219 | -359 |
| **Total** | **3,203** | **3,121** | **11,939** | **11,857** |

### Operating Income by Business Area

| Amounts in MSEK | 2004 Jan-March | 2003 Jan-March | 2003/2004 April-March | 2003 Jan-Dec |
|---|---|---|---|---|
| Solutions | -7 | 0 | 16 | 23 |
| Distribution | 5 | -5 | 25 | 15 |
| Brand Alliance | 50 | -6 | 66 | 10 |
| **Total business areas** | **48** | **-11** | **107** | **48** |
| Joint Group | -7 | -7 | -28 | -28 |
| **Total** | **41** | **-18** | **79** | **20** |

### Income by Country

| Amounts in MSEK | 2004 Jan-March | 2003 Jan-March | 2003/2004 April-March | 2003 Jan-Dec |
|---|---|---|---|---|
| Sweden | 1,229 | 1,189 | 4,552 | 4,512 |
| Denmark | 529 | 547 | 1,958 | 1,976 |
| Finland | 567 | 489 | 2,143 | 2,065 |
| Norway | 892 | 905 | 3,303 | 3,316 |
| **Total countries** | **3,217** | **3,130** | **11,956** | **11,869** |
| Intra-Group | -14 | -9 | -17 | -12 |
| **Total** | **3,203** | **3,121** | **11,939** | **11,857** |

### Changes in Shareholders´ Equity

| Amounts in MSEK | 2004 Jan-March | 2003 Jan-March | 2003/2004 April-March | 2003 Jan-Dec |
|---|---|---|---|---|
| Dec. 31, 2002, according to annual report | | | | 957 |
| Effect of changed accounting principle with regard to accumulated actuarial losses on defined benefit pension plans | | | | -5 |
| **Dec 31, 2002, adjusted according to new accounting principle** | | | | **952** |
| Opening balance for the period | 879 | 952 | 895 | 952 |
| Change in translation difference | 1 | -38 | -36 | -74 |
| Net income for the period | 27 | -19 | 48 | 1 |
| **Closing balance for the period** | **907** | **895** | **907** | **879** |

As of January 2004, MNOK 125 of shareholders´ equity in Norway is hedged through the Parent Company´s borrowing of a corresponding amount in NOK.

# SCRIBONA – INTERIM REPORT PER MARCH 31, 2004

## Cash Flow Statement

| Amounts in MSEK | 2004 Jan-March | 2003 Jan-March | 2003/2004 April-March | 2003 Jan-Dec |
|---|---|---|---|---|
| OPERATING ACTIVITIES | | | | |
| Income after financial items | 35 | -18 | 63 | 10 |
| Depreciation and writedown | 16 | 16 | 74 | 74 |
| Other | -38 | 0 | -56 | -18 |
| Tax paid | 2 | -4 | -3 | -9 |
| **Cash flow from operating activities before before changes in working capital** | **15** | **-6** | **78** | **57** |
| Cash flow from changes in working capital | | | | |
| Change in inventories | -43 | 20 | 20 | 83 |
| Change in operating receivables | 444 | 434 | -200 | -210 |
| Change in operating liabilities | -548 | -864 | 69 | -247 |
| **Cash flow from operating activities** | **-132** | **-416** | **-33** | **-317** |
| INVESTING ACTIVITIES | | | | |
| Acquisition of operations | - | - | -10 | -10 |
| Divestment of operations | 116 | - | 116 | - |
| Acquisition of fixed assets | -3 | -6 | -10 | -13 |
| Divestment of fixed assets | - | 0 | 15 | 15 |
| **Cash flow from investing activities** | **113** | **-6** | **111** | **-8** |
| FINANCING ACTIVITIES | | | | |
| Change in loans, net | 176 | 210 | 153 | 187 |
| **Cash flow from financing activities** | **176** | **210** | **153** | **187** |
| **Cash flow for the period** | **157** | **-212** | **231** | **-138** |
| **Liquid assets at beginning of period** | **268** | **452** | **218** | **452** |
| **Exchange rate difference in liquid assets** | **5** | **-22** | **-19** | **-46** |
| **Liquid assets at end of period** | **430** | **218** | **430** | **268** |

## Key Ratios

| | 2004 Jan-March | 2003 Jan-March | 2003/2004 April-March | 2003 Jan-Dec |
|---|---|---|---|---|
| Operating margin, % | 1.3 | -0.6 | 0.7 | 0.2 |
| Return on capital employed, % | - | - | 7.8 | 2.0 |
| Capital turnover rate, times per year | - | - | 11.8 | 11.6 |
| Average capital employed, MSEK | - | - | 1,008 | 1,025 |
| Return on shareholders´ equity, % | - | - | 5.4 | 0.1 |
| Average shareholders´ equity, MSEK | - | - | 866 | 863 |
| Equity/assets ratio, % | 28.0 | 27.6 | 28.0 | 23.5 |
| Shareholders´ equity per share, SEK | 17.76 | 17.53 | 17.76 | 17.21 |
| Earnings per share, SEK | 0.53 | -0.37 | 0.92 | 0.02 |
| Average number of employees | - | - | 1,286 | 1,376 |
| Number of employees at end of period | 1,088 | 1,449 | 1,088 | 1,310 |
| Sales per employee, MSEK | - | - | 9.3 | 8.6 |

For definitions of key ratios, see Scribona´s latest annual report