

**ICON MEDIALAB INTERNATIONAL AB (publ.)  
operating results improve in third quarter 2003.  
Report for the period January 1<sup>st</sup> until September 30<sup>th</sup>, 2003.**

**STOCKHOLM, Sweden and AMSTERDAM, The Netherlands, November 13, 2003** – Icon Medialab International AB (Stockholm: ICON), the parent company of the e-business and IT services company IconMedialab and Lost Boys (the Group) today reported stronger operating results in Q3 due to strong sales and delivery activity during the period. Performance for year-to-date and for the quarter was as follows:

- Net sales January-September SEK 361.1 million compared to SEK 528.5 million for January-September 2002 and for the third quarter SEK 115.4 million compared to SEK 119.3 million for Q2.
- Net result January-September improved to SEK – 51.3 million from SEK – 447.3 million for January-September 2002 and for the third quarter improved to SEK –13.0 million from SEK – 33.0 million for Q2.
- Earnings per share January-September improved to SEK – 0.33 from SEK – 3.41 for January-September 2002 and for the current quarter improved to SEK – 0.08 from SEK – 0.21 for Q2.

Operating results were significantly higher than the prior period reflecting improved operating margins due to cost controls, improved pricing and higher levels of productivity.

The third quarter is typically the weakest quarter for most IT services companies due to the summer holiday period but net sales for the quarter were only slightly lower than the prior period. Business activity for the Group was stronger than usual in Europe, which strengthened the operating results for the quarter. Additionally, new business, signed and started with new customers in September, provided a further boost to revenues for the current and following quarters. Overall, the level of new business opportunities has increased and continued improvement in operating results are expected for both Europe and the US.

Notably, the Group has dramatically improved operating results year-over-year as well as quarter-over-quarter in a period when the IT services market has shown marginal or no growth. The acquisition of Escador announced in Q2 was successfully integrated into the Group and has added significant revenues with strong profitability. The third quarter results include the first full quarter of activity generated by Escador. Clearly, the priority for the Group is to continue to increase profitability and to grow in key markets. We expect revenues to increase in subsequent quarters in all our locations particularly in The Netherlands, Germany, the US and Italy.

Two country organizations, Lost Boys located in The Netherlands and MetaDesign in Berlin, Germany have been recognized as the leading companies in the industry in those countries. Just published "Management Team" magazine in The Netherlands ranks Lost Boys #1 in creativity of all consulting companies in The Netherlands. Lost Boys was also placed in the top 10 of all IT consulting companies in The Netherlands. MetaDesign has been designated the #1 corporate identity and design group by Horizont magazine for the 7<sup>th</sup> year. This strong positioning in these and our other key markets offer a solid foundation for growth.

As stated in previous reports, the Group is actively looking at acquisition opportunities in its key markets that contribute strong and profitable revenue growth and deepen the Group's services

solution set. The Group is evaluating its alternatives for increasing capital and to further restructure its debt to facilitate current and potential M&A opportunities.

## Net Sales and Earnings

For the third quarter, net sales were down by 15% from the prior year and marginally lower by 3% from Q2 2003 to SEK 115.4 million. The operating earnings before goodwill amortization and provision for social security fees on employee stock options improved to a loss of SEK 10 million in the quarter from a loss of SEK 26.2 million in the second quarter 2003.

The following table illustrates trends in quarterly performance from first quarter 2001 and onwards.

SEK in millions	2003			2002				2001			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	115.4	119.3	126.4	124.5	135.1	169.3	224.1	207.0	233.5	318.0	427.8
<i>Growth % from same Q prior year</i>	-15%	-30%	-44%	-40%	-42%	-47%	-48%	-59%	-52%	-26%	54%
<i>Growth % sequential Q</i>	-3%	-6%	2%	-8%	-20%	-24%	8%	-11%	-27%	-26%	-16%
Operating result	-14.6	-30.9	-3.5	-2.6	-87.0	-129.1	-208.3	-421.6	-281.3	-143.0	-233.8
<i>Goodwill amortization and write downs</i>	-4.6	-4.6	-4.3	-4.8	-29.9	-8.5	-16.6	-284.6	-47.6	-45.1	-55.4
<i>Provision for social security fees on employee stock options</i>	0.0	-0.1	-0.1	-	-	-	-	-	-	-	-
Operating earnings*	-10.0	-26.2	0.9	2.2	-57.1	-120.6	-191.7	-137.0	-233.7	-97.9	-178.4
<i>Operating margin*</i>	-8.7%	-22.0%	0.7%	1.8%	-42.3%	-71.2%	-85.5%	-66.2%	-100.1%	-30.8%	-41.7%
<i>Items affecting comparability** restructuring charges</i>	2.9	-1.3	7.5	27.3	-14.1	-38.9	-	-	-	-	-
	-2.0	-0.4	-	-5.5	-	-	-89.5	-41.7	-86.8	-	-96.8
Operating margin excluding items affecting comparability**	-10.9	-24.5	-6.6	-19.6	-43.0	-81.7	-102.2	-95.3	-146.9	-97.9	-81.6
<i>Adjusted operating margin</i>	-9.4%	-20.5%	-5.2%	-15.7%	-31.8%	-48.3%	-45.6%	-46.0%	-62.9%	-30.8%	-19.1%
Net result	-13.0	-33.0	-5.2	6.5	-88.8	-143.1	-215.5	-495.3	-300.0	-148.5	-264.2

\* Prior to goodwill amortization, write-downs and provision for social security fees on employee stock options.

\*\* Items affecting comparability include result on discontinued operations. Last year's figure also included damage income and result on sale of real estate.

## Continued and Discontinued Operations

The following table illustrates the split in the Income Statement between the continued and discontinued operations. The discontinued operations figures consist of Belgium, Denmark and tv & streaming media activities in The Netherlands. Continued operations include the businesses

of the seven countries where we are currently present. In addition, all headquarter costs are included in the continued operations.

SEK in millions	July - Sept 2003			Jan - Sept 2003		
	continued	discontinued	total	continued	discontinued	total
Net sales	114.2	1.2	115.4	357.2	3.9	361.1
Cost of sales <sup>⌘</sup> *	-90.5	-1.4	-91.9	-283.5	-4.2	-287.7
Gross profit*	23.7	-0.2	23.5	73.7	-0.3	73.4
% of net sales	20.8%		20.4%	20.6%	-7.7%	20.3%
Sales costs*	-11.0	-0.1	-11.1	-31.3	-0.5	-31.8
Administrative costs*	-26.3	-0.6	-26.9	-91.1	-0.9	-92.0
Other costs/income*	1.6		1.6	6.0		6.0
Operating earnings*	-12.0	-0.9	-12.9	-42.7	-1.7	-44.4
Goodwill amortization	-4.6		-4.6	-13.5		-13.5
Provision for social security fees on employee stock options	0.0		0.0	-0.2		-0.2
Items affecting comparability**	2.9		2.9	9.1		9.1
Operating earnings	-13.7	-0.9	-14.6	-47.4	-1.7	-49.1

⌘ Cost of sales includes personnel costs, consultants and other direct costs, as well as a portion of overhead in the form of office space, equipment expenses and depreciation.

\* Prior to goodwill amortization, write-downs and provision for social security fees on employee stock options.

\*\* Items affecting comparability include result on discontinued operations.

## Distribution of Net Sales and Operating Result

From the third quarter net sales of SEK 115.4 million, Europe (excluding the parent company) generated SEK 95.1 million (82%). From the third quarter operating loss of SEK 14.6 million, Europe (excluding the parent company) contributed a positive result of SEK 2 million.

## Financial Position

As of September 30, 2003, shareholders' equity for the Group totalled SEK – 2.8 million, compared to SEK 53.2 million on December 31, 2002. The new share issue related to the acquisition of the Escador group was not finalised until after the close of the third quarter. This share issue, resulting in an increase of equity of SEK 6.5 million was completed end of October and the resultant shareholders' equity (post share issue) is positive.

Liquid assets on September 30, 2003 totalled SEK 35.6 million, compared to SEK 64.3 million as of December 31, 2002.

## Share Data

Earnings per share after tax on a non-diluted basis were a loss of SEK 0.08 for the quarter compared to a loss of SEK 0.57 for the same period 2002. At the end of the period, shareholders' equity per share on a non-diluted basis was SEK – 0.02 compared to SEK 0.25 at September 30, 2002.

The parent company had 156 963 643 outstanding shares as of September 30, 2003. On a fully diluted basis, including all outstanding options, the maximum number of shares was 172 710 643 as of that date.

## Parent Company

The parent company recorded net sales, including management fees, of SEK 7.1 million for the third quarter. As of September 30, 2003, the parent company recorded liquid assets of SEK 2.6 million. The equity of the parent company totalled SEK 127 million per end of September, compared to SEK 140 million as of end of December 2002.

## Forthcoming Reports

The company will announce its fourth quarter 2003 results on February 26, 2004.

## Income Statement, Balance Sheet, Cash Flow Analysis and Key Ratios

### Summary Consolidated Income Statement

SEK in thousands	July-Sept 2003	July-Sept 2002	Jan-Sept 2003	Jan-Sept 2002	Jan-Dec 2002
Net sales	115 400	135 162	361 121	528 515	653 037
Cost of sales*	- 95 507	- 141 287	- 298 248	- 592 149	- 683 759
Gross margin	19 893	- 6 125	62 873	- 63 634	- 30 722
Sales costs	- 11 427	- 10 593	- 32 801	- 89 038	- 99 459
Administrative costs	- 27 593	- 58 779	- 94 201	- 227 040	- 283 184
Items affecting comparability**	2 924	- 14 099	9 076	- 53 002	- 25 681
Other costs/income	1 608	2 578	6 041	8 266	12 011
Operating result	- 14 595	- 87 018	- 49 012	- 424 448	- 427 035
Equity in loss/earnings of assoc. co's.	-	- 5	-	- 10 403	- 10 398
Net financial items	369	- 1 799	- 5 292	- 12 395	- 14 258
Loss after financial items	- 14 226	- 88 822	- 54 304	- 447 246	- 451 691
Income taxes	1 200	69	3 033	- 35	10 863
Minority interest	0	0	0	0	0
Net result for the period	- 13 026	- 88 753	- 51 271	- 447 281	- 440 828
Earnings per share (SEK)	-0.08	-0.57	-0.33	-3.41	-3.20
Average number of shares	156,963,643	156,963,643	156,963,643	131,133,611	137,591,119

\* Cost of sales includes personnel costs, consultants, other direct costs and a portion of overhead in the form of office space, equipment expenses and depreciation.

\*\* Items affecting comparability include result on discontinued operations. Last year's figure also included damage income and result on sale of real estate.

## Summary Consolidated Balance Sheet

SEK in thousands	Sept 30, 2003	Sept 30, 2002	Dec 31, 2002
<b>Assets</b>			
Intangible fixed assets	5 372	7 584	6 092
Goodwill	60 399	71 695	70 658
Tangible fixed assets	32 959	75 013	54 594
Financial fixed assets	2 753	32 932	5 747
<b>Total fixed assets</b>	<b>101 483</b>	<b>187 224</b>	<b>137 091</b>
Accounts receivable, trade	90 596	114 745	115 916
Other current assets	77 976	76 740	64 242
Cash and bank, sh.-term inv's	35 592	51 986	64 296
<b>Total current assets</b>	<b>204 164</b>	<b>243 471</b>	<b>244 454</b>
<b>Total assets</b>	<b>305 647</b>	<b>430 695</b>	<b>381 545</b>
<b>Shareholders' equity &amp; liabilities</b>			
Restricted equity	279 927	940 861	733 026
Loss carried forward	- 231 414	- 453 910	- 239 043
Net result for the period	- 51 271	- 447 281	- 440 828
<b>Total shareholders' equity</b>	<b>- 2 758</b>	<b>39 670</b>	<b>53 155</b>
Minority interest	0	0	0
<b>Total provision</b>	<b>42 946</b>	<b>58 264</b>	<b>44 476</b>
Long-term loans from shareholders	111 235		73 430
Other long-term loans	39 822	36 709	30 305
Short-term loans from shareholders	-	91 716	-
Customer advances	2 693	2 338	10 800
Other current liabilities	111 709	201 998	169 379
<b>Total liabilities</b>	<b>265 459</b>	<b>332 761</b>	<b>283 914</b>
<b>Total Shareholders' equity and liabilities</b>	<b>305 647</b>	<b>430 695</b>	<b>381 545</b>

## Consolidated Cash Flow Analysis

SEK in thousands	July-Sept 2003	July-Sept 2002	Jan-Sept 2003	Jan-Sept 2002	Jan -Dec 2002
<b>Current operations</b>					
Net result for the period	-13 026	-88 753	-51 271	- 447 281	- 440 828
Adjustments for items not incl in cash flow					
Depreciations and write-downs	10 273	40 262	38 493	95 859	109 888
Non-cash financial items	-1 281	0	281	11 066	17 214
Taxes	-1 200	0	-3 033	0	-10 863
Other non-cash items	-4 287	17 772	-20 455	96 973	68 313
Cash flow from current operations before changes in working capital	-9 521	-30 719	-35 985	-243 383	-256 276
Changes in working capital	-15 841	-26 869	-45 740	-33 669	-48 251
Cash flow from current operations	-25 362	-57 588	-81 725	-277 052	-304 527
<b>Investment activities</b>	-2 234	- 334	-5 209	70 125	100 849
<b>Financing activities</b>					
Issuance of common stock for cash	-	0	-	171 577	171 577
Net borrowing/repayment of debt	23 555	-9 153	59 834	22 451	32 126
Cash flow from financing activities	23 555	-9 153	59 834	194 028	203 703
Change in cash and cash equivalent	-4 041	-67 075	-27 100	-12 899	25
Cash and cash equivalent, opening balance	39 789	118 485	64 296	68 568	68 568
Translation rate differences on cash and cash equivalent	- 156	576	-1 604	-3 683	-4 297
Cash and cash equivalent, end of period	35 592	51 986	35 592	51 986	64 296

\* Investing and financing transactions that do not require the use of cash are excluded from the cash flow analysis.

## Shareholders' Equity

SEK in thousands	July – Sept 2003	July – Sept 2002	Jan – Sept 2003	Jan – Sept 2002	Jan – Dec 2002
Opening balance shareholders' equity	10 981	126 112	53 155	109 705	109 705
Issuance of new stock etcetera	-	-	-	395 553	394 779
Net currency translation difference	-713	2 311	-4 642	-18 307	-10 501
Net result for the period	-13 026	-88 753	-51 271	-447 281	-440 828
Closing balance shareholders' equity	-2 758	39 670	-2 758	39 670	53 155

## Key Ratios

	July-Sept 2003	July-Sept 2002	Jan-Sept 2003	Jan-Sept 2002	Jan-Dec 2002
Equity/assets ratio	-0.9%	9.2%	-0.9%	9.2%	13.9%
Debt/equity ratio	-57.05	2.70	-57.05	2.70	1.97
Number of employees at end of period	572	716	572	716	652
Average number of employees for the period	589	778	624	1,085	956
Sales per employee, SEK thousand	784	695	778	678	683
Sales per consultant, SEK thousand	1,005	898	993	886	891
Outstanding shares (incl. paid but unregistered)	156,963,643	156,963,643	156,963,643	156,963,643	156,963,643
Average number of shares	156,963,643	156,963,643	156,963,643	131,133,611	137,591,119
Earnings per share (SEK)	-0.08	-0.57	-0.33	-3.41	-3.20
Shareholders' equity per share (SEK)	-0.02	0.25	-0.02	0.25	0.34
Shareholders' equity per share (SEK) after dilution	0.15	0.30	0.15	0.30	0.37
EBITDA , SEK thousand	-4,322	-46,756	-10,519	-328,589	-317,147
EBITDA per share (SEK)	-0.03	-0.30	-0.07	-2.51	-2.30

**Equity/assets ratio** - is calculated by dividing shareholders' equity including minority holdings by total assets.

**Debt/equity ratio** - calculated by dividing financial liabilities by shareholders' equity including minority shares.

**Net sales per employee** - net sales during the period divided by average number of employees during the same period (annualised).

**Net sales per consultant** - net sales during the period divided by average number of consultants during the same period (annualised).

**Average number of shares** – is calculated in consideration of when the issue payment or the capital contributed has been accessible.

**Earnings per share** relate to earnings after full taxation divided by average number of shares.

**Shareholders' equity per share** – is calculated by dividing shareholders' equity by registered number of shares at end of the period. In consideration of dilution, shareholders' equity has been increased by received issue payments.

**EBITDA** - earnings before interest, tax, depreciation and amortization.

**EBITDA per share** - EBITDA in relation to average number of shares.

## Accounting Principles

This interim report has been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR 20, Interims report. The Group's accounting principles have been changed since the latest annual report. The following Swedish GAAP recommendations are now implemented:

RR22 – Presentation of financial statements

RR25 – Segment reporting

RR26 – Events after the balance sheet date

RR27 – Financial instruments: Disclosure and Presentation

RR28 – Accounting for Government Grants and Disclosure of Government Assistance

None of these new recommendations has had any material accounting effect.

November 13, 2003  
Stockholm, Sweden

For the Board:

Robert Pickering  
CEO

This interim report has not been subject to review by the Company's auditor.

## IconMedialab/Lost Boys Group

IconMedialab and Lost Boys merged in January 2002 to become one of the world-leading IT professional service providers. The Group provides user-driven solutions through innovative technology for all-digital channels, with global reach and local expertise. The Group has developed solutions for a broad range of clients, including Audi, Goodyear, Postbank, KLM, Prada and MasterCard International. The IconMedialab stock is traded on the Stockholm Stock Exchange O-List (ICON). For more information: [www.iconmedialab.com](http://www.iconmedialab.com) and [www.lostboys.com](http://www.lostboys.com)

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