

ICON MEDIALAB INTERNATIONAL AB (publ.) REPORTS THIRD QUARTER 2001 FINANCIAL RESULTS

STOCKHOLM, Sweden and BRUSSELS, Belgium – October 24, 2001 – Icon Medialab International AB (publ.), today reported the financial results for its third quarter ended September 30, 2001.

Revenues for the quarter are reported at SEK 233.5 million, with an operating loss, before goodwill amortization and provision for social security fees related to employee stock options and one-time charges, of SEK 146.9 million. The group further recorded a restructuring charge of SEK 86.8 million in relation to reductions in staff of approximately 225 that were announced and enacted earlier and associated costs and write-downs in particular with regard to real estate items in Germany and the United Kingdom. The staff reductions were primarily in Sweden, Germany and the United Kingdom.

The cost base in the third quarter was reduced to SEK 382.5 million as the group continued to reduce costs. At the end of the year, the group will employ around 1,150 employees.

The sales backlog increased by over 20% from the start of the third quarter to the beginning of the fourth quarter, and has improved further during the month of October, in particular in Sweden, Southern Europe and the United States. The restructuring and cost reduction actions that have been initiated will bring the cost base of the group down to a SEK 300 million quarterly run rate by December 2001.

Additional cash management actions, including returns of deposits of terminated lease contracts and divestments of some non-operational assets, are expected to generate approx. SEK 50 million of incremental cash inflows during the fourth quarter and will help to minimize cash consumption during the quarter.

The Group also reported with regard to the IPG convertible debenture of SEK 110 million, which is due for repayment in January 2002. IPG has accepted to subscribe for 2.5 million new shares in IconMedialab in exchange for the convertible. The issuance of the new shares is subject to approval by an extra general meeting in Icon Medialab International AB (publ.).

“Although the business conditions continue to be tough, our operating results in most of our units developed satisfactorily, and actions taken in Sweden and Germany will give us a strong basis on which to operate from in those two geographies”, said Rens Buchwaldt, CFO and Interim CEO of Icon Medialab International AB. “Our global presence continues to be a very important asset for the Group, as seen for instance in the Preferred Global Supplier agreement we recently signed with Amadeus. I am encouraged by the sales momentum in the latter part of the third quarter and first month of the fourth quarter in many of our countries. We will continue to very closely manage the cost development in the countries where we do not achieve such improvement.”

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Net Sales and earnings

For the first three quarters of the year, net sales decreased 17.8% from the prior year to SEK 979.3 million. Net sales for the third quarter were SEK 233.5 million, which is 52% below the same quarter in the prior year. The operating earnings before goodwill amortization and provision for social security fees were a loss of SEK 233.7 million in the quarter compared to a loss of SEK 43.4 million in the third quarter of 2000.

Operating earnings after goodwill amortization and provision for social security fees were a loss of SEK 281.3 million for the quarter, a decline of SEK 39.0 million from the prior year.

| SEK in millions | Jul-Sep 2001 | Jul-Sep 2000 | Jan-Sep 2001 | Jan-Sep 2000 |
|---|-----------------|-----------------|-----------------|-----------------|
| Net sales | 233.5 | 481.6 | 979.3 | 1192.0 |
| Cost of sales ^{¤*} | -297.7 | -388.2 | -1004.9 | -896.3 |
| Gross profit* | -64.2 | 93.4 | -25.6 | 295.7 |
| % of net sales | -27.5% | 19.4% | -2.6 | 24.8% |
| Sales costs* | -50.0 | -41.1 | -164.9 | -104.6 |
| Administrative expenses* | -121.6 | -107.1 | -354.6 | -264.8 |
| Other income/expenses | 2.1 | 11.4 | 35.1 | 18.5 |
| Operating earnings* | -233.7 | -43.4 | -510.0 | -55.2 |
| Goodwill amortization | -47.6 | -193.7 | -148 | -466.9 |
| Change in social security fees on stock options | 0.0 | -5.2 | 0.0 | 51.1 |
| Operating earnings | -281.3 | -242.3 | -658.0 | -471.0 |

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

* Excluding goodwill amortization and provision for social security fees on stock options.

Quarterly Trends

Due to seasonality and other factors, net sales declined by 27 % from the second quarter, while the operating loss excluding one-time charges deteriorated by SEK 49.0 million from the second to the third quarter, as the decline in sales, was only partially off-set by the cost reductions achieved.

The following table illustrates trends in quarterly performance from first quarter 1999 and onwards.

| SEK in millions | 2001 | | | 2000 | | | | 1999 | | | |
|---|---------|--------|--------|--------|-------|-------|-------|--------|--------|--------|--------|
| | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Net sales | 233.5 | 318.0 | 427.8 | 508.2 | 481.6 | 431.9 | 278.5 | 161.8 | 103.2 | 90.7 | 61.0 |
| <i>Change % from same Q prior year</i> | -52% | -26% | 54% | 214% | 367% | 376% | 357% | 194% | 238% | 298% | 162% |
| <i>Change % sequential Q</i> | -27% | -26% | -16% | 6% | 12% | 55% | 72% | 57% | 14% | 49% | 11% |
| Operating earnings* | -233.7 | -97.9 | -178.4 | -144.3 | -43.4 | 2.8 | -14.6 | -57.2 | -28.7 | -13.6 | -14.8 |
| <i>Operating margin*</i> | -100.1% | -30.8% | -41.7% | -28.4% | -9.0% | 0.6% | -5.2% | -35.4% | -27.8% | -15.0% | -24.3% |
| One time items/restructuring | 86.8 | | 96.8 | 85.2 | | | | | | | |
| Operating earnings excluding one time charges | -146.9 | -97.9 | -81.6 | -59.1 | | | | | | | |

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

Distribution of net sales

The following table displays the geographical distribution of net sales for the third quarter and the first nine months of the year 2001, compared with the same prior year periods. Net sales outside of Sweden comprise 79 % of total net sales for the quarter. Year to date sales in Sweden declined 40 % compared to the same period last year, while revenues in Europe and North America showed a relatively flat development and decreased by 3 % and 14 % respectively.

| SEK in millions | Jul-Sep 2001 | Jul-Sep 2000 | % Q3 01 vs 00 | Jan - Sep 2001 | Jan - Sep 2000 | % 01 vs 00 |
|-------------------------|--------------|--------------|---------------|----------------|----------------|------------|
| Sweden excluding Parent | 53.0 | 134.6 | 61% | 261.0 | 435.5 | -40% |
| Rest of Europe | 117.9 | 233.9 | 50% | 541.9 | 559.2 | -3% |
| North America | 77.8 | 156.4 | 50% | 244.7 | 285.6 | -14% |
| Parent and elimination | -15.2 | -43.3 | | -68.3 | -88.3 | |
| Total | 233.5 | 481.6 | 52% | 979.3 | 1192.0 | -18% |

Financial position

As of September 30, 2001, shareholders' equity totaled SEK 581 million, compared to SEK 984 million on December 31, 2000.

Net Trade Receivables as of September 30, 2001 totaled SEK 224 million representing approximately 75 days sales outstanding, a similar level as Q2.

Liquid assets on September 30, 2001 totaled SEK 108 million, compared to SEK 267 million as of December 31, 2000.

Share data

Earnings per share after tax on a non-diluted basis were a loss of SEK 10.90 for year to date 2001 compared to a loss of SEK 10.50 for the same period 2000. At the end of the period, shareholders' equity per share on a non-diluted basis was SEK 8.14, compared to SEK 16.98 December 31, 2000.

The parent company had 71,359,504 outstanding shares (including paid but not yet registered) as of September 30. On a fully diluted basis, including all outstanding options, the maximum number of shares was 97,760,174 as of that date.

Operating result for the third quarter, before goodwill amortization and provision for social security fees on employee stock options is a loss of SEK 1.68 per fully diluted share, assuming a 35 % effective tax rate. This number compares to 0.78 SEK in the second quarter.

New members of the Management team and extended client and alliances relations

IconMedialab International AB strengthened its management team in September with the appointments of two New Regional Directors for Sweden and Central Europe. Michael Gustafsson as Regional Director for Sweden and Joachim Bos as Regional Director for Central Europe (Germany, Austria and Switzerland). Michael Gustafsson comes from a position as IconMedialab International's Industry Leader for the Manufacturing Vertical. Joachim Bos joins IconMedialab from the German Internet Consultancy Kabel New Media and has over 20 years of experience in marketing, sales and management in German Industrial and Technology companies.

During the quarter, Stora Enso extended its collaboration with IconMedialab for public online consultancy services and IconMedialab will continue to work with Stora Enso through out this year and into the first quarter of year 2002. The work mainly includes work with the further development of Stora Enso's Content Management System (CMS).

In the beginning of Q3, IBM and IconMedialab announced the launch of a global alliance and their jointly developed Corporate Communications Platform (CCP). During the alliance's first quarter operation it resulted in four new client engagements.

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Parent company

The parent company recorded net sales, including management fees, of SEK 37.6 million for the third quarter, and a loss, net of financial items, of SEK 4.9 million. Investments totaled SEK 47 thousand. As of September 30, 2001, the parent company recorded liquid assets of SEK 22.3 million.

Forthcoming reports

The year-end report will be published on February 28, 2002 and the first quarter report for year 2002 will be published on April 25, 2002.

Income, Balance Sheet, Cash Flow and Key Ratio Statements

Summary Consolidated Income Statement

| SEK in thousands | Jul-Sep 2001 | Jul-Sep 2000 | Jan-Sep 2001 | Jan-Sep 2000 | Jan - Dec 2000 |
|---|-----------------|-----------------|-----------------|-----------------|-------------------|
| Net sales | 233 529 | 481 643 | 979 340 | 1 192 046 | 1 700 183 |
| Cost of sales* | -336 888 | - 548 789 | -1 121 224 | -1 248 996 | -3 208 409 |
| Gross margin | -103 359 | -67 146 | -141 884 | -56 950 | -1 508 226 |
| Sales costs | -54 174 | - 52 364 | - 178 367 | - 130 068 | - 279 463 |
| Administrative expenses | -125 829 | - 134 155 | - 372 868 | - 302 442 | - 670 043 |
| Other income/expenses | 2 105 | 11 391 | 35 136 | 18 475 | 30 318 |
| Operating result | -281 257 | -242 274 | -657 983 | -470 985 | -2 427 414 |
| Equity in loss/earnings of assoc. co's. | -16 931 | - 20 679 | - 63 545 | - 31 176 | - 126 693 |
| Net financial items | -1 761 | - 3 235 | - 3 801 | 7 462 | - 34 905 |
| Loss after financial items | -299 949 | -266 188 | -725 329 | -494 699 | -2 589 012 |
| Income taxes | -339 | - 6 778 | 12 355 | - 17 078 | - 20 893 |
| Minority interest | 0 | 92 | 0 | 0 | 0 |
| Net loss for the period | -300 288 | -272 874 | -712 974 | -511 777 | -2 609 905 |
| Earnings per share | -4.21 | -5.06 | -10.90 | -10.50 | -51.52 |
| Average number of shares | 71 359 504 | 53 916 246 | 65 414 928 | 48 739 229 | 50 654 837 |

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

Summary Consolidated Balance Sheet

| SEK in thousands | Sep 30, 2001 | Sep 30, 2000 | Dec 31, 2000 |
|---|------------------|------------------|------------------|
| Assets | | | |
| Intangible fixed assets | 8 499 | 4 169 | 4 960 |
| Goodwill | 353 606 | 2 352 435 | 461 517 |
| Tangible fixed assets | 179 451 | 181 188 | 195 840 |
| Financial fixed assets | 87 496 | 287 089 | 155 588 |
| Total fixed assets | 629 052 | 2 824 881 | 817 905 |
| Work in progress | - | 54 142 | - |
| Accounts receivable, trade | 224 046 | 484 578 | 471 539 |
| Other current assets | 151 039 | 88 018 | 173 331 |
| Cash and bank, sh.-term inv's | 108 214 | 265 617 | 267 068 |
| Total current assets | 483 299 | 892 355 | 911 938 |
| Total assets | 1 112 351 | 3 717 236 | 1 729 843 |
| Liabilities & shareholders' equity | | | |
| Restricted equity | 2 029 081 | 3 707 572 | 3 918 869 |
| Loss carried forward | - 735 504 | - 259 336 | - 324 648 |
| Net result for the period | - 712 974 | - 511 777 | -2 609 905 |
| Total shareholders' equity | 580 603 | 2 936 459 | 984 316 |
| Total provision | 86 701 | 228 272 | 145 059 |
| Long-term liabilities | 14 676 | 41 000 | 53 162 |
| Convertible debentures | 110 000 | 79 139 | 110 000 |
| Customer advances | 6 942 | 15 632 | 9 141 |
| Other current liabilities | 313 429 | 416 734 | 428 165 |
| Total liabilities | 445 047 | 552 505 | 600 468 |
| Total liabilities & shareholders' equity | 1 112 351 | 3 717 236 | 1 729 843 |

Consolidated Cash Flow Statement*

| SEK in thousands | Jan - Sep 2001 | Jan - Sep 2000 | Jan - Dec 2000 |
|---|-------------------|-------------------|-------------------|
| Current operations | | | |
| Net loss | -712 974 | -470 985 | -2 609 905 |
| Adjustments for items not affecting in cash flow | 310 664 | 499 896 | 2 487 570 |
| Change in social security fees employee stock options | 0 | -51 096 | -60 838 |
| Financial items | 14 730 | 12 871 | 59 466 |
| Income taxes | -12 355 | -17 078 | -1 230 |
| Cash flow from current operations before adjustments in working capital | -399 935 | -26 392 | -124 937 |
| Adjustments in working capital | 127 456 | -150 864 | -162 631 |
| Cash flow from current operations | -272 479 | -177 256 | -287 568 |
| Investment activities | -19 509 | -121 741 | -172 040 |
| Financing activities | | | |
| Issuance of common stock for cash | 149 195 | 219 623 | 373 804 |
| Net borrowing/repayment of debt | -29 546 | 87 922 | 94 617 |
| Cash flow from financing activities | 119 649 | 307 545 | 468 421 |
| Change in cash and cash equivalent | -172 339 | 8 548 | 8 813 |
| Cash and cash equivalent, opening balance | 267 068 | 253 694 | 253 694 |
| Translation rate differences on cash and cash equivalent | 13 485 | 3 375 | 4 561 |
| Cash and cash equivalent end of period | 108 214 | 265 617 | 267 068 |

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

Shareholders' equity

| SEK in thousands | Jan - Sep 2001 | Jan - Sep 2000 |
|--------------------------------------|----------------|----------------|
| Opening balance shareholders' equity | 984 316 | 1 367 051 |
| Issuance of new stock etcetera | 229 165 | 1 907 097 |
| Net currency translation | 80 096 | 133 296 |
| Net result for the period | - 712 974 | - 470 985 |
| Closing balance shareholders' equity | 580 603 | 2 936 459 |

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Key ratios

| | Jan - Sep 2001 | Jan - Sep 2000 | Jan - Dec 2000 |
|---|-------------------|-------------------|-------------------|
| Solvency ratio | 52.2% | 79.0% | 56.9% |
| Debt/solvency ratio | 0.25 | 0.06 | 0.20 |
| Number of employees at end of period | 1 315 | 2 013 | 1 990 |
| Average number of employees | 1 629 | 1 284 | 1 588 |
| Sales per employee, SEK thousand | 847 | 1 006 | 1 071 |
| Sales per consultant, SEK thousand | 1 105 | 1 254 | 1 303 |
| Outstanding shares (incl. paid but unregistered) | 71,359,504 | 55,152,212 | 57,984,187 |
| Average number of shares | 65,414,928 | 48,739,229 | 50,654,837 |
| Earnings per share (SEK) | -10.9 | -10.5 | -51.52 |
| Shareholders' equity per share (SEK) | 8.14 | 53.24 | 16.98 |
| Shareholders' equity per share (SEK) after dilution | 6.84 | 70.55 | 17.19 |
| EBITDA , SEK million | -462.8 | 29.4 | -87.0 |
| EBITDA per share (SEK) | -7.07 | 0.60 | -1.72 |

Solvency ratio - is calculated by dividing shareholders' equity including minority holdings by total assets.

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

Net sales per employee - net sales during the latest 12-month period divided by average number of employees during the same period.

Net sales per consultant - net sales during the latest 12-month period divided by average number of consultants during the same period.

Average number of shares - calculated in consideration of when the issue payment or the capital contributed has been accessible. Average number of shares after dilution includes shares added when issued convertible debts are converted and shares added when issued options are exercised.

Earnings per share relate to earnings after full taxation divided by average number of shares. Options and convertible debt are treated as dilutive only when their conversion to ordinary shares would decrease net profit/loss per share.

Shareholders' equity per share - calculated by dividing shareholders' equity by registered number of shares at end of 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 share.

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 has been affected by the Swedish Financial Accounting Standards Council's recommendation RR 9 Income taxes, which has affected reported result and position. Otherwise, the same accounting principles have been used as in the latest annual report.

October 24, 2001
Stockholm, Sweden

For the Board:

Rens Buchwaldt
Interim President and CEO

This Interim report has not been subject to review by the company's auditor.

Disclaimer

This document is a non-official translation of a Swedish original that has been approved by the Board of Directors of Icon Medialab International AB (publ.). In the event of discrepancies between this translation and the Swedish original, the Swedish document shall take precedence. The Swedish version should be consulted when evaluating the Icon Medialab share.

IconMedialab

IconMedialab is a world-leading e-business consultancy providing the best user-driven solutions through innovative technology. We help clients achieve competitive advantage and generate long-term value by utilizing the power of digital technology to build stronger and more profitable relationships with customers, business partners, employees, suppliers and shareholders. The IconMedialab stock is traded on the Stockholm Stock Exchange O-List (ICON).