

## Press Release

### **Annual Figures 2001: Unit 4 Agresso realises strong results in 2001 with a solid growth in turnover, operating result and net profit**

*Sliedrecht, The Netherlands, 26 February 2002*

#### **Highlights 2001:**

(Compared to pro forma figures 2000)

- **Turnover** + 24% to EUR 208.2 miljoen
- **EBITA** + 20% to EUR 22.3 miljoen
- **Net profit** + 27% to EUR 14.7 miljoen(\*)
- **Earnings per share** + 20% to EUR 0.61 (\*)

(\*) Before amortisation goodwill

For a comparison between 2001 and 2000, pro forma figures have been included, representing the situation as if the merger with Agresso had taken place on 1 January 2000. The reported figures of 2000 only include Agresso in the consolidation for the last two months. Unless indicated otherwise, all comparisons with 2000 are based on the pro forma figures.

In 2001 Unit 4 Agresso realised a net profit (before amortisation goodwill) of EUR 14.7 million. This is an increase of 27% compared to 2000. In the net profit over 2001, an extraordinary loss (on sale) of EUR 1.1 million is included. This loss relates to the sale of Bestmate at the end of 2001. Without this loss the net profit would have been EUR 15.8 million, an increase of 36% compared to 2000.

The earnings per share rose with 20% to EUR 0.61. Turnover in 2001 amounted to EUR 208.2 million, an increase of 24% compared to 2000. Organic growth in 2001 was approximately 15% and all segments in which Unit 4 Agresso operates showed healthy growth.

Unit 4 Agresso supplies advanced software and services to support business processes and software and services for Internet and security applications. For strategic, commercial and sales purposes, the organisation is divided into two autonomous divisions, each with a specific market approach and their own management:

- Business Software
- Internet & Security

#### **Business Software**

2001 was a successful year for the Business Software division. The strategic focus within the division lay on further integration of the existing product/market mixes and further synergy in the area of research and development. In the light of the strategy an important step was taken towards market specialisation, dividing the targeted core markets as follows:

Tier 1 (international product)

- Professional and business services (PSA)
- Public sector

Tier 2 (local products)

- Trade and distribution
- Manufacturing

The medium-term strategy will focus on targeting the markets in Tier 2 with an international product range as far as possible, which has been expanded with a highly successful product through the addition of Agresso Business World (ABW). Microsoft chose this product as 'World's Best Packaged Application' in 2001 out of more than one hundred submissions.

The Business Software division enjoyed significant growth in 2001. Compared to 2000, turnover rose by 15% to EUR 138.9 million. This growth was virtually entirely organic. Turnover from licences saw a clear rise of 11% to EUR 47.5 million. The most rapid growth in turnover came from

maintenance contracts, which increased by no less than 19% to EUR 34.8 million. The share of maintenance contracts in total turnover rose from 24% to 25%. This part of the turnover forms a very important basis for future profitability. Service provision increased by 16% to the amount of EUR 56.6 million.

All the countries in which Unit 4 Agresso operates showed substantial growth. The comparatively new markets in France and Germany realised growth figures of more than 15%. The mature markets in Great Britain (+ 24%), the Netherlands (+ 12%) and Norway (+ 13%) also saw significant growth. Only Sweden (+ 9%) experienced low organic growth primarily caused by a weak second half of the year. The Business Software division managed to substantially improve its profitability in 2001.

Compared to 2000, the operating result (EBITA) rose by 126% to EUR 15.4 million. As a result of this, the EBITA margin rose to 11.1% (2000: 5.6%). The average number of employees in the Business Software division rose slightly by 1% to 1,213 (2000: 1,202).

### **Internet & Security**

2001 was an important year for the Internet & Security division. Unit 4 Agresso's acquisition of ICON Systems represented a clear step towards further internationalisation. The strategic partnership with Priority Data, with offices in Ireland and Great Britain, also emphasised the division's European ambitions.

In terms of turnover and performance, 2001 was a difficult year. Especially in the second half of the year it became clear that the commodity items, such as anti-virus products, were subject to heavy pressure on margins. The strategy of the Internet & Security division is further European expansion. Suppliers of security products are increasingly operating on a European scale and want their distributors to do likewise. This will also enable Unit 4 Agresso to purchase on a larger scale, and thus gain more buying power. In addition, the product portfolio has been substantially expanded over the past year, reducing dependence on any particular supplier or product.

Since 2001 Unit 4 Agresso has also been focusing on meeting the demand for high quality service provision, with the aim of further improving the margins. Unit 4 Agresso's 'managed security services' are aimed at offering value added services in an efficient and effective way, in which the Internet plays an important role. At the expense of the profitability of 2001, the Internet & Security division invested substantially in this activity during 2001. The expectation is that this activity will contribute to profits from 2002 and onwards. The number of consultants employed in the Internet & Security division doubled in 2001 to more than 30. The total number of employees in the Internet & security division increased by 88% in 2001 to 188 employees.

The turnover in the Internet & Security division grew sharply with 47% to the amount of EUR 69.3 million. The organic growth was approximately 17%. The total turnover from licences rose substantially increasing to EUR 59.2 million, which represents a 45% increase. Value added services also realised a very strong growth (+60%) and amounted to EUR 10.1 million in 2001.

As a result of the significant investment in 'managed security services' and the fact that this activity started only in the second half of 2001, the intended compensation of the pressure on margins of the commodity products was not reached. The gross margin decreased in 2001 to a level of 30.9% (2000: 41.1%). The EBITA margin also decreased significantly to 10.0% (2000: 25.0%).

Despite the difficult present market, the Internet & Security division has achieved excellent profitability. With an EBITA margin of 10.0% and a clear upward potential from service provision, it is clear that Unit 4 Agresso stands out favourably within the market.

### **General financial information**

The accounting policies with regard to the treatment of goodwill have been changed in 2001. From 2001 onwards the goodwill is capitalised and is amortised on the basis of the estimated economic life, usually 10 years. The group equity rose in 2001 to EUR 49.2 million, an increase of 116% on the EUR 22.8 million in 2000. The solvency rose as well, to 38.4% (2000: 24.3%). Excluding goodwill, the group equity rose to EUR 29.4 million, which equals a solvency ratio of 27.1%.

The cash at bank and in hand increased to EUR 23.8 million, compared to EUR 22.3 million a year earlier. The cash flow from normal business activities (net profit plus depreciation) improved by EUR 3.1 million to EUR 18.9 million.

Accounts receivable showed a EUR 2.5 million increase to EUR 50.0 million. A large proportion of this increase can be attributed to the acquisition of ICON Systems. The quality of accounts receivable and the ratio of accounts to turnover also improved significantly.

## **Outlook**

The slowdown in the economy was noticeable in the second half of 2001. Following this, the management expects the market will be difficult, particularly in the first half of 2002. The historically strong revenue base from existing customers together with the implementation and consultancy services already planned, help to provide the basis for healthy continuing growth. The market is expected to improve in the second half of the year. By continuing to build on the healthy portfolio of existing customers and winning new licences, Unit 4 Agresso expects to achieve significant growth again in 2002. It is expected that the anticipated organic growth in 2002 can be achieved with the existing staffing levels.

The Business Software division's prospects for 2002 are fairly positive. By combining well-positioned, technically advanced and functionally rich products with the employees' professional and industry specific knowledge, Unit 4 Agresso can further expand its position in its target markets. Already new important orders were won in 2002. Turnover and net profit is expected to grow organically by at least 10% in 2002.

The Internet & Security division has showed sustained, significant growth over recent years. Despite the state of the economy in 2001, this division again managed to end the year with a healthy profit, showing vigorous organic growth.

The proven effectiveness and knowledge, which are vital in this market, coupled with the strong relationships with suppliers and customers, ensure that the prospects for the coming year are favourable. The shifting focus from commodity products to new generation products and services plays an important part in this. The powerful potential of the specialist consultants staff which was built up over 2001 and the structure put in place for the provision of 'managed security services', also enable Unit 4 Agresso to distinguish itself further in the market. Management expects the provision of services, which will also be extended on a European scale, to at least break even in 2002. Unit 4 Agresso expects the margins on products will stabilise in the second half of 2002 as a result of the natural/economic selection of strong companies and the anticipated consolidation in the market. The Internet & Security division therefore expects to achieve turnover and net profit growth of at least 15% in 2002, focusing on improving margins and controlling costs.

The expectations for Unit 4 Agresso as a whole are that organic turnover and net profit growth for 2002 will be somewhere between 10% and 15%.

UNIT 4 AGRESSO N.V.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2001  
(after proposed appropriation of profit)

	<b>31-12-2001</b>	<b>31-12-2000</b>
	<b>(in EUR x 1,000)</b>	<b>(in EUR x 1,000)</b>
<b><u>ASSETS</u></b>		
Intangible fixed assets	19,824	-
Tangible fixed assets	8,198	7,105
Financial fixed assets	1,154	4,008
Current assets		
Stocks	6,784	5,652
Trade debtors	49,995	47,484
Other debtors	18,520	7,210
Cash at bank and in hand	23,760	22,301
<b>Total assets</b>	<b>128,235</b>	<b>93,760</b>
<b><u>EQUITY &amp; LIABILITIES</u></b>		
Group equity	49,178	22,815
Provisions	1,159	8,280
Long-term liabilities	3,176	4,992
Deferred income	10,322	6,966
Short-term liabilities	64,400	50,707
<b>Total equity &amp; liabilities</b>	<b>128,235</b>	<b>93,760</b>

UNIT 4 AGRESSO N.V.

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR 2001

	2001 (in EUR x 1,000)	Growth vs pro forma	Pro forma 2000 * (in EUR x 1,000)	2000 ** (in EUR x 1,000)
Net revenues	208,195	24%	168,298	121,394
Gross profit	144,691	15%	125,360	82,714
Personnel costs	92,677	13%	81,723	48,014
Other operating expenses	25,613	22%	21,072	12,226
<b>EBITDA</b>	<b>26,401</b>	<b>17%</b>	<b>22,565</b>	<b>22,474</b>
Depreciation and amortisation goodwill	6,439	56%	4,116	2,411
<b>Profit from operations before interest and taxation</b>	<b>19,962</b>	<b>8%</b>	<b>18,449</b>	<b>20,063</b>
Financial income and charges	-944	-67%	-2,826	337
<b>Profit on ordinary operations before taxation</b>	<b>19,018</b>	<b>22%</b>	<b>15,623</b>	<b>20,400</b>
Taxation	6,595	66%	3,962	5,381
<b>Profit on ordinary operations after taxation</b>	<b>12,423</b>	<b>7%</b>	<b>11,661</b>	<b>15,019</b>
Third party interest	1	-106%	-16	-16
<b>Net profit (after amortisation goodwill)</b>	<b>12,424</b>	<b>7%</b>	<b>11,645</b>	<b>15,003</b>
Amortisation goodwill	2,310	-	-	-
<b>Net profit (before amortisation goodwill)</b>	<b>14,734</b>	<b>27%</b>	<b>11,645</b>	<b>15,003</b>

<i>Earnings per share</i>				
<i>EPS (after amortisation goodwill)</i>	0.52		0.51	0.87
<i>EPS (before amortisation goodwill)</i>	0.61		0.51	0.87
<i>Average number of shares issued</i>	24,006,096		22,780,280	17,232,688

\* For a comparison between 2001 and 2000, pro forma figures have been included, representing the situation as if the merger with Agresso had taken place on 1 January 2000.

\*\* These figures represent the consolidated position of Unit 4 Agresso as at 31 December 2000 and only include Agresso in the consolidation for the last two months.