

Stockholm 6 February 2001

## Preliminary year-end report for 2000

- Net sales totalled SEK 104.0 million (SEK 134.4 m)
- The operating loss prior to goodwill depreciation was – SEK 124.6 million (– SEK 16.8 m)
- There has been a goodwill write-down of SEK 116.4 million in respect of Trio Network Solution Oy
- The year 2000 saw high development costs for adapting Trio's systems to mobile and IP telephony, amongst other things
- The net loss totalled – SEK 271.5 (– SEK 20.9 m)
- A decisive programme of actions has been implemented to cut costs in 2001 by up to SEK 40 million
- Telenor Mobile AS is to partner Trio on the Mobicentrex mobile office system
- Trio is setting up a subsidiary in Norway
- December saw a new share issue totalling SEK 142 million
- Sverker Hannervall will take over as new President and CEO on 5 March 2001
- The market for call-handling and messaging solutions is expected to grow in 2001
- The Board of Directors' objective is for the company to show a positive operating profit prior to goodwill amortization by Q3 2001 at the latest

### The operations

Trio is a telecom company focusing on software development for corporate telephony and value-enhancing call management. Trio's solutions integrate the flows of incoming, outgoing and internal calls and messages with updated information about the company and its employees. The term value-enhancing call management refers to solutions that enhance corporate service levels and increase the accessibility of functions and individuals at companies and organizations. Trio's customers include companies and organisations, and altogether the company has completed almost 2,000 system installations.

### Key events in 2000

The year 2000 was characterized by a weak market trend in one of the Group's business areas and rapid growth in the net sales of the other two, as well as by a substantial write-down of its acquisition, Trio Network Systems Oy. An extensive programme of remedial measures was initiated during the autumn.

The Trio Group's net sales totalled SEK 104.0 million (SEK 134.4 m) for the period under review. These figures are weaker than those of previous years, due to the heavily negative impact on Trio's System Products business area of the weak market for

company switches in the Nordic region. Other business areas report a healthy increase in net sales.

Two significant deals were concluded in the System Products field. One was an agreement with the Gardemoen airport in Oslo, Norway covering a Present Office installation for up to 3,000 users. The other was an agreement concerning Telia's and Proffice's newly opened call centre in Avesta, which will allow to take over of the telephonist function of companies and authorities throughout Sweden.

The Operator Solutions business area received an order from Telenor Mobile AS for its Mobicentrex, a centrex solution offered by mobile telecom operators as a service to customers. Mobicentrex is what is commonly known as a mobile office. Its users are mainly smaller companies, which are able to replace existing fixed telephones with mobile phones.

Sales by the Customized Systems business area of interactive voice response systems, as well as call centre and contact centre solutions, have performed very well. Two strategic agreements have been reached covering continued deliveries of SEB's "Telephone banking" services and an upgrade of the "Prator" public address systems used in the Stockholm underground.

Substantial development costs in all three business areas have impacted on the operating loss prior to goodwill depreciation, which was – SEK 124.6 million (– SEK 16.8 m).

In the System Products business area, Present Office has been adapted to both mobile and IP telephony. Trio's technical platforms, Present and Televoice, have been upgraded to include the very latest in cutting edge technology. Adaptations designed to make Trio's systems fully Y2K compliant have also contributed to soaring development costs. These costs are, however, of a non-recurring nature.

The Network Solutions business area launched its Professional Mobile Group, a highly efficient solution for group calls between mobile telephones. Q1 2001 will see the launch of Present Office for Mobicentrex, which will allow users access to the functionality of Present Office as a service provided by mobile operators.

In the Customized Systems business area, the call centre system has been developed into a contact centre that also handles fax and e-mail. The business area can now also offer the integration of automatic telephone services and call centre services in a single system solution.

### **Programme of actions at System Products**

At Trio Information Systems AB, which comprises the Swedish operations of the System Products business area, a number of programmes designed to cut costs and develop the business have been implemented during 2000.

The business area's channel strategy is being developed with the aim of increasing sales during 2001. The focus on indirect sales via partners and distributors is being streamlined and international initiatives during 2001 will focus on the UK.

### **New subsidiary in Norway**

Trio's business in Norway has developed favorably. The future projection for growth in that market look promising. Trio has therefore decided to establish a subsidiary in Norway.

### **The formation of Trio Technology**

Trio Technology AB was formed at year end of 2000. It consists of the former development department at Trio Information Systems. The formation of the company is

part of Trio's programme of measures designed to enhance operational efficiency and is expected to make it easier for Trio to recruit the staff it needs in its critical competence areas. Trio Technology will assume responsibility during 2001 for co-ordinating all development work at Trio and will also offer top-level development expertise to its partners, customers and other companies.

### **Trio Network Solutions Oy, goodwill amortization**

Abacus Solutions Oy was acquired from Sonera Oyj at the end of 1999 and was integrated into the Operator Solutions business area, where it changed its name to Trio Network Solutions Oy. The acquisition was made at a time when the stock market's valuation of both Trio and other companies in the industry was significantly higher than the level it was to reach at the end of the financial year. In the view of Trio's Board of Directors, there has been a radical change in the valuation of the industry as a whole.

The Board has therefore decided to adjust the value of the acquired company as reported in the balance sheet to prevailing market conditions by performing a one-off write-down of goodwill in the amount of SEK 74.8 million. It also intends to perform a one-off write-down of the remaining goodwill totalling SEK 41.6 million, since the company is active in an emerging business and market which is difficult to analyse.

The business area itself develops and sells mobile centrex solutions that help strengthen mobile operators' offerings to companies and organisations. Growth is anticipated in this market over coming years. The business area has one of the leading solutions in this field, the Mobicentrex system, and the addition of Present Office to Mobicentrex, due to take place in 2001, will further strengthen the business area's position ahead of this anticipated growth.

### **New CEO and Chairman of the Board**

On 21 June 2000, Ion Bogdaneris, President and CEO of Kistefos AS, was appointed new Chairman of the Board after his election to the Board at an extraordinary general meeting held on the same day. On 6 October 2000, Anders Berg was appointed new President and CEO as a temporary measure, for a period of a maximum of one year. As reported on 25 January 2001, Anders Berg will be succeeded by Sverker Hannervall, who is joining Trio from Telelogic AB, before which he held a number of senior executive positions at IBM and CODA Nordic and other companies. Sverker Hannervall will be taking over as President and CEO of Trio AB on 5 March 2001. Anders Berg will be staying on as Senior Advisor to the company throughout the year.

### **New share issue totalling SEK 141.8 million**

December saw a new share issue totalling SEK 141.8 million, with preferential rights for existing shareholders. The issue was fully subscribed and Kistefos increased its holding from 19.8% to 31.6% of the shares and votes in Trio.

Trio's principal owner Kistefos has actively participated in the development of new viable future strategy for the company. As a consequence of their strategy Kistefos has increased its ownership in and financial commitment to Trio. Trio is now focusing together with its principal owner to establish a leading market position.

### **New staff warrants programme**

The extraordinary general meeting held on 8 December 2000 resolved to approve the Board of Directors' proposed warrants programme for the employees of the Trio Group. This resolution entailed the issue of a debt instrument with 6,500,000 detachable warrants to subscribe for shares, of which 1,500,000 are to cover social security contributions. Of the total number of warrants allocated, 30% can be exercised as of 1 January 2002, 30% as of 1 January 2003 and the remaining 40% as of 1 January 2004.

The Trio Group is a group of companies with 140 employees in Sweden, Finland, Norway and Denmark. Trio develops and markets solutions that enhance the flow of information in companies, increase employee accessibility and improve the service level. Trio's solutions combine mobile and fixed telephony systems, traditional information technology and tomorrow's technology in the fields of IP telephony and GPRS. Trio's shares are listed on the OM Stockholm Stock Exchange's O list.

The staff warrants will be distributed at the beginning of 2001. A statement from the Swedish Securities Council has been obtained concerning the warrants programme. If the warrants are fully exercised, the dilution effect will, including outstanding warrants, correspond to 9.9 % of the share capital and votes.

## **Staff**

At the end of the year, the Group employed 150 (176) people. Staff cutbacks were initiated during the autumn and are expected to be completed by the end of Q1 2001. The number of employees is expected to fall to 139 following the organisational changes and the rationalisation programme.

## **Investments**

Investments in equipment and computers totalled SEK 3.2 million (SEK 4.1 m) for the period under review.

## **Financial position and liquidity**

Liquid assets on 31 December 2000 totalled SEK 131.6 million (SEK 74.8 m). As part of the company's financing, Trio has a credit line of SEK 15 million, which was fully utilised on 31 December 2000. The consolidated shareholders' equity on 31 December 2000 was SEK 127.5 million (SEK 253.1 m). The equity/assets ratio was 62% (84%) at the end of the year.

During the period January – March 2000, SEK 11.0 million was raised through subscriptions for new shares based on outstanding warrants programmes. In December, the company carried out a new share issue that raised SEK 136.3 million, net of cost.

## **Future outlook**

Trio operates in an exciting market that is displaying healthy growth and the company has strengthened its product and customer offering within its core business areas during the year.

After the decisive restructuring and rationalisation programme initiated during the autumn of 2000, the prospects are now looking good for a more efficient market promotion of the company's solutions.

Market trends are looking better. After the turn of the millennium, there was a dramatic fall in demand in the Nordic region in terms of both new sales and upgrades. In the beginning of 2001, however, the number of requests for tender rose significantly and Trio's management believes that the conditions are now right for increasing of licensing revenues and business.

**System Products.** Improved market conditions, combined with a strong product portfolio, will help generate good conditions for an increase in the sales of the System Products business area during 2001, enabling considerable improvement of the results.

**Customized Systems.** The Customized Systems business area is expected to report a continued good performance during 2001.

**Operator Solutions.** The trend for 2001 in the Operator Solutions business area is difficult to assess. Growth is however expected over the coming years in the demand for mobile solutions.

Now that the company is under new management, has access to solid financial resources and has completed its cost-cutting programme, the Board of Directors' objective is for the company to reach a break-even operating result prior to goodwill depreciation by Q3 2001 at the latest. The Board of Directors also performs evaluations

of potential structural deals and collaboration opportunities with other companies on an ongoing basis

### **Dividend**

The Board of Directors has proposed that no dividend payment should be paid for the financial year.

### **Dates for upcoming financial information**

The Annual Report will be available from the company's office on 10 April. It will also be distributed to the company's shareholders.

The Annual General Meeting will be held on 26 April

The Q1 Interim Report will be published on 26 April.

The Q2 Interim Report will be published on 26 July.

The Q3 Interim Report will be published on 25 October.

Stockholm  
6 February 2001

Trio AB (publ)  
The Board of Directors

For further information, please contact:

President and CEO Anders Berg or Sverker Hannervall, tel: +46 (0)8 457 30 00 or  
Chairman of the Board Ion Bogdaneris, tel: +47 23 11 70 00

You are also welcome to visit Trio's web site at <http://www.trio.se>

## Consolidated Income Statement and Balance Sheet (SEK million)

Income Statement	2000 Full-year	1999 Full-year
Net sales	104.0	135.4
Cost of products sold	-65.4	-55.4
<i>Gross profit /loss</i>	<i>38.6</i>	<i>79.0</i>
Selling expenses	-64.5	-41.7
Administrative expenses	-30.6	-21.7
Development expenses	-53.6	-39.2
Other operating income	5.6	0.2
Items affecting comparability	-20.1	6.6
<i>Operating loss prior to goodwill depreciation</i>	<i>-124.6</i>	<i>-16.8</i>
Goodwill depreciation	-32.4	-4.2
Goodwill write-down	-116.4	-
<i>Operating loss after goodwill depreciation</i>	<i>-273.4</i>	<i>-21.0</i>
Financial income	2.4	1.1
Financial expenses	-0.7	-0.3
<i>Loss after financial items</i>	<i>-271.7</i>	<i>-20.2</i>
Tax	0.2	-0.7
<i>Profit/loss for the year</i>	<i>-271.5</i>	<i>-20.9</i>

### Comments on the Income Statement

The cost of products sold includes material and production costs of SEK 22.5 million (SEK 18.1 m), as well as costs for installation, support and training staff corresponding to SEK 42.9 million (SEK 37.3 m). Costs for premises and internal systems have been distributed in accordance with each function's utilisation of them.

Depreciation of tangible fixed assets totalled SEK 4.1 million (SEK 3.3 m) and has also been distributed in accordance with their utilisation by each function.

Other operating income involves SEK 4.5 million in surplus funds from SPP and SEK 1.1 in exchange rate differences.

Items affecting comparability relate to restructuring costs totalling SEK 20.1 including SEK 13.7 million for decreasing of staff.

For goodwill from the acquisition of Trio Network Solutions Oy in December 1999, is fully written down.

Balance sheet	31 Dec 2000	31 Dec 1999
Intangible fixed assets	21.8	170.7
Tangible fixed assets	5.4	6.6
Financial assets	4.2	0.0
Current assets	172.8	123.4
<i>Total assets</i>	<i>204.2</i>	<i>300.7</i>
Shareholders' equity	127.5	253.1
Provisions	0.1	0.3
Interest-bearing liabilities	16.2	2.5
Non interest-bearing liabilities	60.4	44.8
<i>Total shareholders' equity and liabilities</i>	<i>204.2</i>	<i>300.7</i>

The Trio Group is a group of companies with 140 employees in Sweden, Finland, Norway and Denmark. Trio develops and markets solutions that enhance the flow of information in companies, increase employee accessibility and improve the service level. Trio's solutions combine mobile and fixed telephony systems, traditional information technology and tomorrow's technology in the fields of IP telephony and GPRS. Trio's shares are listed on the OM Stockholm Stock Exchange's O list.



<b>Key ratios</b>	<b>31 Dec 2000</b>	<b>31 Dec 1999</b>
Net earnings per share		
prior to goodwill depreciation	-5.15	-0.62
Net earnings per share	-11.22	-0.77
Shareholders' equity per share	2.16	10.92
Equity/assets ratio, %	62	84
Number of shares	59,065,280	23,186,890

The calculation of net earnings per share has been made pursuant to SFF's recommendation with regard to new share issues carried out during the year.

### **Income Statement, breakdown by business area (SEK million)**

	<b>2000</b>	<b>1999</b>
	<b>Full year</b>	<b>Full year</b>
<b><i>System Products</i></b>		
<b><i>Orders received</i></b>	<b>44.7</b>	<b>94.1</b>
Net sales	55.1	99.5
<b><i>Operating loss prior to goodwill</i></b>	<b>- 109.0</b>	<b>- 27.6</b>
<b><i>Customized Systems</i></b>		
<b><i>Orders received</i></b>	<b>33.5</b>	<b>20.4</b>
Net sales	26.5	21.2
<b><i>Operating loss prior to goodwill</i></b>	<b>0.8</b>	<b>2.9</b>
<b><i>Operator Solutions</i></b>		
<b><i>Orders received</i></b>	<b>26.8</b>	<b>13.7</b>
Net sales	22.4	13.7
<b><i>Operating loss prior to goodwill</i></b>	<b>-21.2</b>	<b>1.1</b>

The Trio Group is a group of companies with 140 employees in Sweden, Finland, Norway and Denmark. Trio develops and markets solutions that enhance the flow of information in companies, increase employee accessibility and improve the service level. Trio's solutions combine mobile and fixed telephony systems, traditional information technology and tomorrow's technology in the fields of IP telephony and GPRS. Trio's shares are listed on the OM Stockholm Stock Exchange's O list.

## Cash flow statement

	2000 full year	1999 full year
<b>Current operations</b>		
Net sales	104.0	134.4
Operating expenses	-214.1	-158.2
Other operating income and expenses	-14.5	7.0
Financial income and expenses	0.7	0.8
Items not affecting the cash flow	4.1	-3.0
Tax paid	<u>0.0</u>	<u>-0.7</u>
<i>Cash flow from current operations prior to the change in working capital</i>	-119.8	-19.7
 Cash flow from the change in working capital		
Change in stock and receivables	7.6	1.3
Change in current liabilities	14.8	16.0
<i>Cash flow from current operations</i>	-97.4	-2.4
 <b>Investment operations</b>		
Acquisitions of subsidiaries	0.0	6.5
Acquisitions of financial assets	-4.2	0.0
Purchases of equipment	-3.2	-2.5
Sales of equipment	0.0	0.8
<i>Cash flow from investment operations</i>	-7.4	4.8
 <b>Financial operations</b>		
New share issue	147.3	67.3
Loans raised	15.0	0.0
Loan repayment	-0.7	-0.6
<i>Cash flow from financial operations</i>	161.6	66.7
 <b>Cash flow for the period</b>	<b>56.8</b>	<b>69.1</b>
<b>Opening liquid assets</b>	<b>74.8</b>	<b>5.7</b>
<b>Closing liquid assets</b>	<b>131.6</b>	<b>74.8</b>

The Trio Group is a group of companies with 140 employees in Sweden, Finland, Norway and Denmark. Trio develops and markets solutions that enhance the flow of information in companies, increase employee accessibility and improve the service level. Trio's solutions combine mobile and fixed telephony systems, traditional information technology and tomorrow's technology in the fields of IP telephony and GPRS. Trio's shares are listed on the OM Stockholm Stock Exchange's O list.