1120 **Announcement of Earnings** January 1—December 31, 2000 S120 Thalamus Networks AB (publ)

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Announcement of Earnings for January 1 – December 31, 2000

Highlights for the Period

- Net sales rose, from SEK 21,763 thousand to SEK 27,744 thousand, representing annual growth of 27%.
- Scandinavian Micropayment AB was founded in November with the information technology company Avantra.
- The Company's shares were quoted on Stockholm's O list starting in September.
- In March, new shares were issued for SEK 233 million. At year-end, the equity/assets ratio was 96.9%.
- Halmstads Fastighets AB (HFAB) and ebo ab in Eslöv, Sweden, renewed and extended their contracts with Thalamus for an additional three years.
- The Internet and television service provider Engelholms Kabel-TV (EKTV) was acquired in January 2001.
- Operations continued in the Gothenburg region, as the third neighborhood in the residential homes project was connected.

In 2000, Thalamus Networks became one of the foremost broadband companies in Sweden. Factors contributing to this were an advertising campaign in the first six months that attracted much attention, the market's most sophisticated toolbox for broadband operations, and the high priority that Thalamus puts on customer security. The stock exchange listing in September 2000 also granted the Company the publicity and legitimacy expected.

Thalamus's efforts to stress quality and security in its range of services also proved successful as the Company became the first broadband provider to renew and extend agreements with two clients, the property management companies ebo ab and HFAB. The Company's long experience servicing property management is a solid foundation for long-term collaboration with property owners.

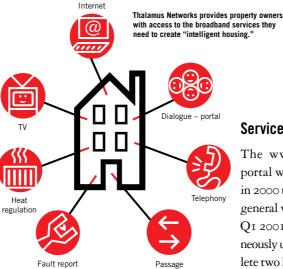
Together with the IT company Avantra AB, Thalamus founded Scandinavian Micropayment AB (in which Thalamus owns 69%) in 2000. The acquisition of Engelholms Kabel-TV, an Internet and cable-TV service provider, promises many benefits in the future. The acquisition included neighborhood, urban, and municipal networks as well as 9,000 paying customers. In addition, Thalamus can benefit from established contacts for purchasing programming and from additional skilled staff. The acquisition will boost consolidated sales at least SEK 12 million.

The Company's firm financial position makes future corporate acquisitions feasible. That will allow Thalamus Networks to grow and streamline its operations, so that customers and other stakeholders can benefit from an even broader range of services.

Net Sales and Earnings

Net sales rose 27%, to SEK 27,744 thousand (SEK 21,763 thousand in 1999). The operating loss increased, to SEK -24,127 thousand (-9,188), and the loss after financial items was SEK -15,847 thousand (-8,882).

The main reason for lower consolidated earnings were substantial costs for marketing, the stock exchange listing, investment in technology, and building up the organization.



The costs of the name change, stock exchange listing, and major nonrecurring marketing activities totaled about SEK 4 million for fiscal 2000.

Significant Events during the Year Market

Interest in broadband grew steadily in 2000. The press as well as property owners have started examining more critically the claims of broadband companies, which has benefited Thalamus.

Early on, Thalamus chose to put a high priority on data security and personal privacy, which proved to be the right strategy as the number of potential transactions rose sharply.

Thalamus decided not to participate in any price wars in the market. The profitability of each project is evaluated on a case-by-case basis. In a few cases, this strategy led to customers choosing a cheaper service provider, but we are convinced that our chosen strategy is the only one that will survive in the long run.

The market for the Comfort & Climate business tracks business conditions in the construction industry at large and thus improved in 2000, especially towards year-end. However, competition is still fierce, and corrective actions have been taken to boost profitability.

Market Communications and PR

The marketing campaign in the first six months was followed up with targeted ads in trade publications (property and energy) and banner ads on the Internet. In less than one year, the Thalamus brand has carved out a position as a major player in the broadband market, which is apparent from contacts with customers and several noted articles in trade and general business publications.

Service Development

The www.thalamus.nu portal was further refined in 2000 to be rolled out in a general version 2.0 during QI 2001. Work is simultaneously under way to complete two localized and branded portals for certain large

property owners. Local-loop telephony was tested during the year, and the technology has been fully developed. A commercial launch of the service would require a global partner and a broader customer base, though. The Company is discussing possibilities with several potential operators, and the telephony service could be launched as soon as a profitable arrangement appears feasible.

The prototype for an e-commerce platform for micropayments was finished in January 2001. Now it is time to integrate the system with Thalamus's portal and enterprise system. Numerous companies have expressed keen interest in the system, and a business model for marketing it to external customers is under development.

Wireless

Thalamus has developed a solution for delivering broadband services via wireless connections. However, this requires access to suitable frequency spectrum, which depends on the licensing activities of the Swedish National Post and Telecom Agency (PTS). The PTS is reviewing its procedures for granting licenses.

The review was caused by criticism of the current licensing procedures, which hamper competition. For this, Thalamus has been one of the bodies responding to proposals. As soon as frequencies are available that satisfy Thalamus's demands on security and quality, Thalamus will be able to provide wireless services.

Energy Service

The new service thalamus®energyservice was developed and supplied to customers during the year. The service is handled by Thalamus's host server, which coordinates and sends alarms and information. In 2001, the system will be refined and improved on a large scale.

Customer Support System

To boost the efficiency of modem installations and customer support, work commenced in 2000 on a new customer support system. The system is a prerequisite for Thalamus being able to handle large numbers of customers efficiently while maintaining a high level of service. The basic version of the system will be deployed in Q2 2001.

Efficiency Gains for the Operating Platform

In 2000, Thalamus began work aimed at implementing an improved operating platform, centrally located. This was in conjunction with the Ängelholm office moving to new premises in QI 2001. The infrastructure will be utilized to the utmost, so monitoring and control can be performed with optimum efficiency and availability.

Issue of New Shares

In March, new shares were issued to institutional investors. The issue raised SEK 233 million after underwriting expenses. The subscription price was SEK 195 per share.

Incentive Program

All personnel employed after November 1999 have been given the opportunity of participating in a stock option program. Personnel employed before that date participate in the previous stock option program.

Investments

Investments in fixed assets totaled SEK 4,825 thousand (4,338).

Employees

The average number of employees in 2000 was 32 (21).

Parent Company

The parent company reported net sales of SEK 27,923 thousand (21,983) and a loss before appropriations and taxes of SEK -15,916 thousand (-8,617).

Financial information (all figures for 1998 refer to the parent company only)

GROUP		Net sales 12 months				Earnings 12 months			
SEK thousand	2000	19	999	1998		2000		1999	1998
GROUP TOTAL	27 744	21	763	18 083	-1	5 743	-8	3 882	-3 277
Quarterly net sales		:	2000			1999			
SEK thousand	Q4	Q3	Q2	Q1	Q4	1	Q3	Q2	Q1
GROUP TOTAL	7 002	5 213	6 502	9 027	6 394	4 53	397	5 620	4 352
Quarterly income/loss after financia	al items	:	2000		1999				
SEK thousand	Q4	Q3	Q2	Q1	Q4	1	Q3	Q2	Q1
GROUP TOTAL	-4 464	-2 082	-4 198	-4 999	-3 463	3 -17	724	-2 133	-1 562

CONSOLIDATED INCOME STATEMENT		12 months	;
SEK thousand	2000	1999	1998
Net sales	27 744	21 763	18 083
Operating expenses	-51 871	-30 951	- 21 454
OPERATING INCOME/LOSS	-24 127	-9 188	-3 371
Financial income and expenses	8 280	306	94
INCOME/LOSS AFTER FINANCIAL ITEMS	-15 847	-8 882	-3 277
Taxes paid	19		
Minority share of earnings	85		
PROFIT/LOSS FOR THE YEAR	-15 743	-8 882	-3 277

CONSOLIDATED BALANCE SHEET					
SEK thousand	31 Dec 2000	31 Dec 1999	31 Dec 1998		
ASSETS					
Intangible assets	137	392	420		
Other fixed assets	5 669	2 800	2 130		
Inventory	2 287	2 262	211		
Current receivables	12 206	6 718	3 072		
Cash and cash equivalents	241 586	26 670	14 265		
TOTAL ASSETS	261 885	38 842	20 098		
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity	253 710	32 205	16 859		
Interest-bearing liabilities and provisions	1 376	923	1 127		
Non-interest-bearing liabilities and provisions	6 799	5 714	2 112		
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	261 885	38 842	20 098		

CONSOLIDATED CASH FLOW ANALYSIS	1:	12 months		
SEK thousand	2000	1999		
Cash flow from operating activities	-17 641	-7 722		
Change in working capital	-441	-3 144		
Investing activities	-4 825	-4 338		
CASH FLOW BEFORE FINANCING	-22 907	-15 204		
Financing activities	237 823*	41 874		
CASH FLOW FOR THE YEAR	214 916	26 670		
Cash and cash equivalents, January 1	26 670	0		
Exchange rate differences in cash				
Cash at end of period	241 586	26 670		

* including SEK 237,249 thousand from an issue of new shares in March and payments for stock options

BUSINESS RATIOS	31 Dec 2000	31 Dec 1999	31 Dec 1998
Equity/assets ratio	96,9 %	82,9 %	84,1 %
Average number of shares	8 897 386	7 115 000	3 520 840
No. of shares at year-end	9 271 456	7 190 000	7 040 000
Earnings per share (SEK)	-1,77	-1,25	-0,9
Shareholders' equity per share (SEK)	27,40	4,48	2,40
Share price	26,40		

Figures for 1998 refer to the parent company.

A total of 161,391 stock options are outstanding. When exercised, they would result in dilution of 1.8% of capital and 0.9% of votes.

Definitions

The equity/assets ratio equals shareholders' equity, including minority shares, divided by total assets.

The average number of shares is calculated taking into account when the proceeds from an issue, or the capital or property contributed for an issue in kind, become available to the Company.

Earnings per share refers to income or loss after full tax divided by the average number of shares.

Shareholders' equity per share equals shareholders' equity divided by the number of shares at the end of the period.

Further information is available from:

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The Group's annual report will be available from March 1, 2001. The annual meeting of shareholders will be held on March 15, starting at 3:30 P.M., at the Company's Stockholm office (Heliosvägen 1A, 4th floor).

The interim report for the period January 1- March 31, 2001, will be published on May 10, 2001.

Stockholm, February 14, 2001

Jan Tidelius President

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