



Press Release—21 March 2001

Glocalnet—Fundamental Restructuring

Glocalnet is undertaking a resolute strategy and restructuring program, intended to bring the enterprise to profitability earlier. By splitting operations into two business areas, Glocalnet will be able to exploit the market potential created when many large, renowned corporations start examining their possibilities of starting up as virtual telecom operators. Within its new business area—Glocalnet Service Operator—Glocalnet will offer turn-key solutions for telecom operations to such corporations. The second business area will be a pure service provider, selling Glocalnet-branded telecom services to end-customers. The Danish operations will be wound down coincident with this restructuring, while the headcount in Sweden will be reduced by 11. Glocalnet is in negotiations with a Danish player regarding a transfer of its Danish activities including employees.

The Swedish telecom market is undergoing major changes; deregulation and new technology have paved the way for new operators. As acquisition expenses for fixed telephony customers increase, and the mobile telephony market becomes freer, established corporations with strong brands and extensive customer bases in other sectors have indicated an ambition to participate in the growing telecom market. Glocalnet expects burgeoning growth in the number of service providers, or virtual operators. ICA and HemEl are examples of corporations announcing telecom services launches.

Glocalnet considers that these developments imply new possibilities to exploit its competencies, technology platform and brand qualities effectively, thereby achieving profitability faster. Accordingly, operations will be divided into two business areas—Glocalnet Service Operator and Glocalnet Service Provider—to clarify the enterprise's new strategic orientation.

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Glocalnet Service Operator is a pure services operator, selling turn-key telecom operation solutions to other service providers, who gain an opportunity to launch telecom services under their own brands, but using Glocalnet's efficient and experienced organizational resources and cutting-edge technology platform.

By collaborating with Glocalnet, such corporations will be able to make a unique customer offering—fixed and mobile telephony, plus the Internet in a single bundled solution, with a single bill, shared customer service and www self-service portal. Meanwhile, such corporations will gain access to a reliable solution packaging all administration. Customer service and billing can be tailored according to each partner's individual wishes.

Because Glocalnet Service Operator has integrated the three key communications services for private individuals, the services provider only needs a single collaboration partner and technology interface to make a varied telecom offering. Accordingly, initial investments and time to market are slashed, while Glocalnet's turn-key solution cuts through the complexity and costs when service providers intend to satisfy customer demands for new, and still more integrated, services. Glocalnet will develop key services continuously as the market demands.

Commenting on the restructuring, Glocalnet's CEO Stefan Krook, said: "We've been tracking progress on the market, and consider this an excellent opportunity to secure a good pay-off on our competencies, technology platform and brand, for lower risk, by partially realigning our strategic orientation. With Glocalnet providing the telecom competencies and our partner providing marketing and sales, together, we'll be able to offer customers high-quality, cost-efficient telecom services. Thus, with our support, other corporations will be able to diversify, offering branded telecom services, without compromising the focus and resources they need for core business and core competencies."

The second business area will function as a pure service provider, purchasing telecom services, comprising fixed and mobile telephony, plus the Internet, from Glocalnet Services Operator, then selling them to end-customers with Glocalnet branding. As of 28 February 2001, Glocalnet had nearly 125,000 private customers, 92,000 of which were

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active, thereby conferring the enterprise with no. 3 status on the Swedish fixed telephony market for private subscribers. Glocalnet Service Provider has recently launched mobile telephony services, sold mainly through the Expert home electronics retail chain, and by servicing Glocalnet's existing customer base. The first pilot campaign generated 1,000 customers in its first two weeks.

This clear division into two operations with differing focuses implies that Glocalnet will be concentrating its activities on these two business areas. Accordingly, the Danish operation will be wound down with the Stockholm activities rationalized, downsizing by 11 professionals. Glocalnet is pursuing negotiations with a Danish player regarding the Danish business, with the intention of transferring the technology structure, offering staff new employment. The total cost of liquidation is calculated at SEK 4-9 m.

The strategy and restructuring program will significantly reduce capital needs, especially in regard to marketing initiatives in Denmark and in Sweden, and bring Glocalnet to profitability faster. Glocalnet estimates that these measures will generate a monthly reduction to Glocalnet's expenses of SEK 2 m per month. According to that which has been previously communicated, Glocalnet will effect a new share issue during the second quarter of 2001.

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