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Frango's annual accounts

## Positive cash flow despite difficult 2002

Software company Frango, which is listed on the 'O' list of the Stockholm Stock Exchange (Stockholmsbörsen), has today posted its annual accounts for 2002. Earnings net of financial items amounted to SEK -23.9 million (15.0m). Revenues were down six per cent to SEK 252.6 million (268.0m). For the year as a whole, the company reported a positive cash flow of SEK 2.2 million (-9.7m). The cash flow for the fourth quarter was SEK 14.6 million (-1.5m).

The company's earnings and growth in 2002 were disappointing. The loss reported is the consequence of more cautious attitudes and investment trends for software products, costs incurred in relation to the completion and launch of Frango's latest product, Frango Controller, as well as non-recurring costs.

"We have been laying the foundations to secure improvements in 2003, even if the market remains sluggish. Our cost savings programme has now been completed and our positive cash flow bears testimony to the benefits this has generated. We have successfully completed the development and launch of our new product, Frango Controller, and are now pursuing a new partnership strategy that is already starting to produce results. Also, new EU legislation will require companies to adhere to more stringent forms of financial control, which will in turn lead to an increase in the demand for our products," says Frango's MD, Tom Löfstedt.

As part of the company's cost savings programme, the number of employees was reduced by 30 people during the period May – September, corresponding to 12 per cent of the workforce.

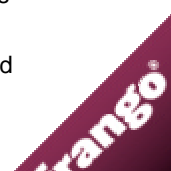
The decline in revenues is almost entirely attributable to the business in the Asian market, which has shrunk by 50 per cent compared to the previous year. In Frango's main market, Europe, revenues from the sale of software licences and maintenance rose by seven per cent.

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Frango is a leading software company that specialises in the field of corporate financial control for organisations and groups. The company develops and



sells software and services through its international network of subsidiaries and distributors. Frango is headquartered in Stockholm. The Frango share is listed on the 'O' list of the Stockholm Stock Exchange (Stockholmsbörsen).