

# Year-end report

January 1 – December 31, 2002

Thalamus Networks AB (publ)

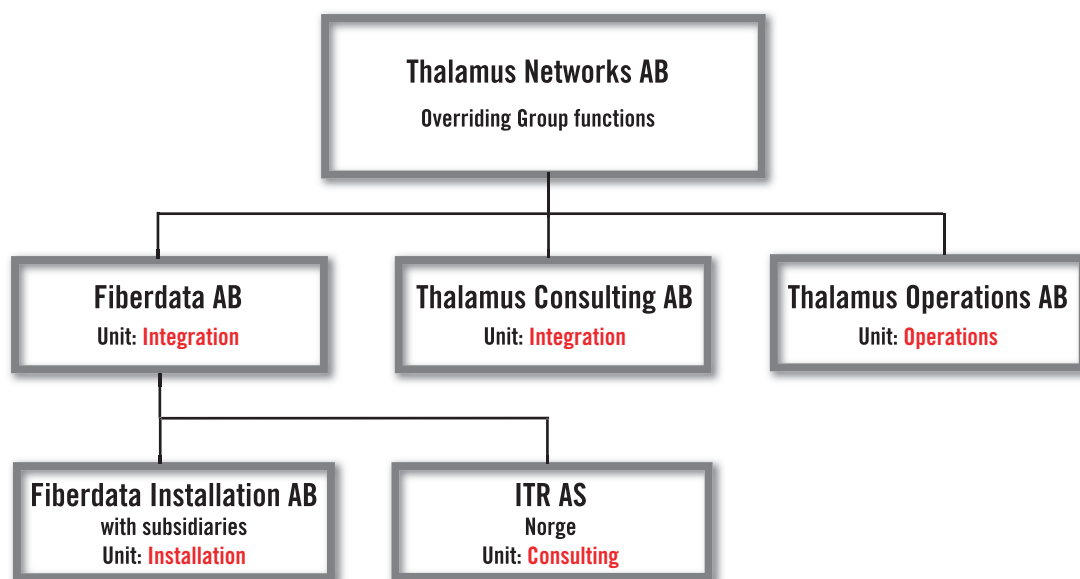


## January 1 – December 31, 2002

- Jan Norman assumed the post of President and Chief Executive Officer as of June 1.
- Remium Securities was appointed to act as market maker.
- Fiberdata was acquired from TurnIT AB in September.
- Thalamus obtained a total ownership stake of 17 percent in TurnIT AB as a result of the guaranty that was issued in connection with TurnIT's new issue.

- Net revenues rose by 265 percent to MSEK 146.2 (40.0) compared to the corresponding year-ago period. The result after financial items was MSEK 7.4 (-17.8).
- Profit for the year amounted to MSEK 11.7 (-17.7).
- Cash flow from current operations, including changes in working capital, amounted to MSEK 16.2 (-1.9).
- Thalamus Operations concluded an exclusive agreement with Stadsnät i Örebro AB whereby Thalamus will assume the role of communications operator for a period of eight years. The value of the contract is estimated to be MSEK 152 for the term of the contract.
- Thalamus Operations has signed a Letter of Intent with the municipality of Kumla relating to the role of communications operator.
- Fiberdata has been entrusted to build an advanced switching solution for Frösunda Assistans och Rehab Station.
- In January 2003, Fiberdata assumed a strong position in respect of the agreement for subscriber switches for The Swedish Agency for Administrative Development.

## New organization for the Group



### New organization

Fiberdata AB was acquired from TurnIT AB in September 2002. The job of taking advantage of all integration benefits and synergies has been largely completed and a new common organization has been established.

From November, the Group is organized in four units: Installation, Integration, Consulting and Operations.

#### *Installation*

The installations unit offers systems and services for communications infrastructure. Copper and fiber-based cable systems as well as systems for radio-based communication are offered. The organization is regional, with coordination of the functions for sales, technology and logis-

tics. The unit has a total of about 60 employees in four regions.

#### *Integration*

This unit offers customer-unique solutions for data communications and telecommunications based on standard technology. Sales are organized primarily according to customer segment and coordination of critical technology and project competencies. The unit also includes departments for control systems and ISP operations, including management. A total of about 90 employees in Sweden.

#### *Consulting*

The consulting unit offers consultants for project management, design of communications

## Operations

## Market

The market for advanced communications solutions for industry and the public sector has been stable, but somewhat hesitant. We have a strong position as a supplier to, among others, the process industry and the armed forces, and the decline in sales has been limited in comparison to others in the industry.

Consolidation continues in the data communications industry. Thalamus will be offered several interesting business opportunities, both for organic growth and acquisitions.

## About the acquisition of Fiberdata

Fiberdata's revenues for the full year were MSEK 282. The Group's result was affected positively by the acquisition of Fiberdata for the period September to December. The new group will generate revenues of about MSEK 325–350.

## Parent Company

## Capital expenditures

Capital expenditures in tangible fixed assets amounted to MSK 5.5 (11.7). Investments in financial assets amounted to MSEK 23.2 and relate to shares in TurnIT. The holding in TurnIT (183 994 Class A shares and 8 026 169 Class B shares) is valued at cost, which exceeded the market value at year-end by MSEK 7.0. The market price performance of the TurnIT share has been positive after the turn of the year.

## Employees

The number of employees in December in the Fiberdata Group was about 175 in Sweden and Norway. The number of employees in the Tha-



area networks. This position is now strengthened as the company will also conclude frame agreements with The Swedish Agency for Administrative Development for subscriber switches.

In the ranking by The Swedish Agency for Administrative Development, Fiberdata's switching solutions with peripheral systems received very high grades. A total of seven suppliers are included in the frame agreement, which is expected to generate revenues of MSEK 300 over the two-year term of the agreement. The agreement increases Fiberdata's opportunities of offering customers in the public sector pure telecom solutions as well as converging network solutions.

### The future

The market for advanced communications solutions for the process industry and for the public sector is considered to be stable. In other industries there is more of a wait-and-see attitude. In the market for metropolitan area networks and property networks there will be a number of procurement efforts during 2003, in which Thalamus will partake actively.

Overall, we are not expecting volume growth for 2003. Our plan is to maintain the volumes

achieved in 2002. Profitability is of the highest priority and the goal is to report a positive operating result for the full year 2003. All units in the Group are expected to be profitable as of the beginning of the year.

The Group's long-term goal over a business cycle is an annual rate of growth of volume of 15 percent and a profit margin of 10 percent.

### Liquidity and new business

The Group continues to hold considerable surplus liquidity, which portends future business opportunities. Excess liquid funds at year-end amounted to about MSEK 150.

### Accounting principles

This interim report has been compiled in accordance with recommendation RR20, Interim Reporting, of the Swedish Financial Accounting Standards Council. Valuation principles are unchanged from the preceding year.

Total tax-loss carryforwards amount to MSEK 53, MSEK 38 of which have been assigned no value in the balance sheet.

### Dividend

The Board of Directors proposes that no dividend be declared for the year (0).

## Financial information

### GROUP

SEK thousand	2002				2001			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net revenues, quarterly data	86 897	34 554	11 091	13 619	10 737	10 849	8 486	9 920
Profit/loss after financial items, quarterly data	11 676	-5 066	442	372	-2 048	-8 106	-4 503	-3 115

## CONSOLIDATED STATEMENT OF INCOME

SEK thousand	Oct.–Dec. 2002	Oct.–Dec. 2001	Jan.–Dec. 2002	Jan.–Dec. 2001	Jan.–Dec. 2000
<b>Operating revenue</b>					
Invoicing	85 530	19 254	145 850	47 203	25 735
Change in work on contract	1 367	–8 517	311	–7 211	2 009
<b>Net revenue</b>	<b>86 897</b>	<b>10 737</b>	<b>146 161</b>	<b>39 992</b>	<b>27 744</b>
<b>Operating expenses</b>					
Goods for resale	–39 546	–2 231	–65 473	–16 558	–18 282
Other external costs	–13 067	–5 871	–22 439	–18 378	–14 586
External costs in conjunction with shrinking the business				–1 723	
Personnel costs	–31 662	–4 284	–49 643	–19 600	–17 113
Personnel expenses in conjunction with shrinking the business				–1 777	
Depreciation, amortization and writedowns of tangible and intangible assets	–3 183	–2 129	–11 627	–8 005	–1 890
<b>Operating result</b>	<b>–561</b>	<b>–3 778</b>	<b>–3 021</b>	<b>–26 049</b>	<b>–24 127</b>
<b>Result from financial investments</b>					
Interest income and similar revenue from financial investments	2 199	1 988	8 326	9 300	8 656
Interest expense and similar costs for financial investments	–635	–258	–1 326	–1 023	–376
Revaluation of long-term and short-term financial investments	10 673		3 445		
<b>Net result after financial items</b>	<b>11 676</b>	<b>–2 048</b>	<b>7 424</b>	<b>–17 772</b>	<b>–15 847</b>
Minority interest					85
Taxes	4 270	11	4 251	52	19
<b>Net result for the period</b>	<b>15 946</b>	<b>–2 037</b>	<b>11 675</b>	<b>–17 720</b>	<b>–15 743</b>
Earnings per share	1,72	–0,22	1,26	–1,91	–1,77
Number of shares outstanding	9 271 456	9 271 456	9 271 456	9 271 456	9 271 456
Average number of shares outstanding	9 271 456	9 271 456	9 271 456	9 271 456	8 897 386

## CONSOLIDATED BALANCE SHEET

SEK thousand	Dec. 31, 2002	Dec. 31, 2001	Dec. 31, 2000
<b>Assets</b>			
Goodwill	8 879	2 640	137
Other fixed assets	84 771	46 926	3 949
Inventory and work in progress	27 885	740	2 287
Short-term receivables	70 966	10 238	12 206
Liquid funds including short-term investments	170 617	207 593	241 586
<b>Total assets</b>	<b>363 118</b>	<b>268 137</b>	<b>260 165</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity *	247 866	235 990	253 710
Interest-bearing liabilities and provisions	27 373	13 866	–
Non-interest-bearing liabilities and provisions	87 879	18 281	6 455
<b>Total shareholders' equity and liabilities</b>	<b>363 118</b>	<b>268 137</b>	<b>260 165</b>

\*) The entire change in shareholders' equity is attributable to the period's result and a translation difference in 2002 of MSEK 0,2.



## CONSOLIDATED STATEMENT OF CASH FLOW

SEK thousand	12 months 2002	12 months 2001	12 months 2000
Cash flow	19 051	-9 715	-17 641
Change in working capital	-2 834	7 807	-441
Acquisitions of businesses	-10 229 *)	-4 391 *)	
Investment in fixed assets	-28 698	-11 693	-4 825
<b>Cash flow before financing</b>	<b>-22 710</b>	<b>-17 992</b>	<b>-22 907</b>
Financing operations	-14 266	-16 001 **)	237 823
<b>Cash flow for the period</b>	<b>-36 976</b>	<b>-33 993</b>	<b>214 916</b>
Liquid funds at beginning of year	207 593	241 586	26 670
Liquid funds at end of period	170 617	207 593	241 586

\*) Refers to Fiberdata AB, Engelholms Kabel-TV AB.

\*\*\*) Refers essentially to Engelholms Kabel-TV AB.

## QUARTERLY DATA – STATEMENT OF INCOME

SEK thousand	Actual Q4-2002	Actual Q3-2002	Actual Q2-2002	Actual Q1-2002	Actual Q4-2001
<b>Operating revenue</b>					
Invoicing	85 530	34 892	11 901	13 527	19 254
Change in work on contract	1 367	-338	-810	92	-8 517
<b>Net revenue</b>	<b>86 897</b>	<b>34 554</b>	<b>11 091</b>	<b>13 619</b>	<b>10 737</b>
<b>Operating expenses</b>					
Goods for resale	-39 546	-14 932	-4 070	-6 925	-2 231
Other external costs	-13 067	-5 080	-2 145	-2 147	-5 871
External costs in conjunction with shrinking the business					
Personnel costs	-31 662	-10 865	-3 707	-3 409	-4 284
Personnel costs in conjunction with shrinking the business					
Depreciation, amortization and writedowns of tangible and intangible assets	-3 183	-3 292	-2 648	-2 504	-2 129
Total operating expenses	-87 458	-34 169	-12 570	-14 985	-14 515
<b>Operating result</b>	<b>-561</b>	<b>385</b>	<b>-1 479</b>	<b>-1 366</b>	<b>-3 778</b>
<b>Result from financial investments</b>					
Interest income and similar revenue from financial investments	2 199	2 070	2 103	1 954	1 988
Interest expense and similar costs for financial investments	-635	-293	-182	-216	-258
Result from shares in Group companies					
Result from short-term investments	10 673	-7 228			
<b>Result from financial items</b>	<b>11 676</b>	<b>-5 066</b>	<b>442</b>	<b>372</b>	<b>-2 048</b>
Minority interest					
Taxes on result for the year	4 270	-50	15	16	11
<b>Quarterly profit/loss</b>	<b>15 946</b>	<b>-5 116</b>	<b>457</b>	<b>388</b>	<b>-2 037</b>



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**KEY FINANCIAL INDICATORS**

	Dec. 31, 2002	Dec. 31, 2001	Dec. 31, 2000
Revenue growth	265,4%	44,1%	27,5%
Capital employed	275 239	249 856	253 710
Capital employed, not including short-term investments	130 638	44 856	34 991
Net financial assets	166 435	193 742	240 225
Average number of employees	84	39	32
Equity ratio	68,3%	88,0%	97,5%
Number of shares outstanding at end of period	9 271 456	9 271 456	9 271 456
Earnings per share	1,26	-1,91	-1,77
Shareholders' equity per share (SEK)	26,73	25,45	27,36

The total number of subscription options outstanding is 600 000, which if exercised would result in dilution of 6,5 percent of equity, and 3,2 percent of the votes. 500 000 of the outstanding subscription options have a strike price of SEK 5,60 and 100 000 have a strike price of SEK 136. The dilutive effect has not been taken into consideration since the subscription prices are higher than the current market price of the share.

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**Definitions**

The **equity ratio** is obtained by dividing shareholders' equity, including minority interest, by the balance sheet total.

**Earnings per share** refer to profit or loss after full taxes, divided by the average number of shares outstanding.

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

**Shareholders' equity per share** is obtained by dividing shareholders' equity by the number of shares outstanding at the end of the period.

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**Additional information is available from:**

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This year-end report can be downloaded from the home page.

The Company's Annual Report will be available from March 27. The Annual General Meeting will be held April 11, 2003 at 10:00 o'clock on the premises of Fiberdata, Karlsbodavägen 39, Bromma.

An interim report for the period January 1 to March 31, 2003, will be published May 13, 2003.

Stockholm, January 31, 2003

Jan Norman  
PRESIDENT & CEO

I have reviewed this year-end report according to the recommendations issued by the Institute of Authorized Public Accountants (FAR). A review is substantially limited in comparison to a full audit. Nothing has come to light to indicate that the year-end report would fail the requirements of the laws governing the stock exchange and the Swedish Annual Accounts Act.

Stockholm, January 31, 2003

Lars Wennberg  
Authorized Public Accountant



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