

## **Preliminary Report on Earnings for the year 2002**

- **Enea Group net sales decreased in the fourth quarter by 19% to SEK 165 million. Annual sales decreased by 23 % to SEK 684 million.**
- **The Group has during the last quarter been restructured. Non-recurring costs have burdened the operations by SEK 75 million. Including these costs the fourth quarter result after financial net was SEK –158 (-35) million.**
- **The result after financial net for the year was SEK –292 (-231) million. This includes non-recurring items amounting to net SEK –143 (-35) million. These include restructuring costs of SEK –100 (-35) million and write-down of goodwill by SEK -173 (0) million, reversed reservation of stock option program in OSE Group by SEK 38 million along with the profit of SEK 91.5 million from sales of shares in Combitech.**
- **The group has been organized into two branches of operations: Enea Embedded Technology, which is a global supplier of products and services in the real-time area; and Enea Systems, which comprises Swedish consultancy operations with a local profile in selected niche markets. A new salary model including a variable part has been negotiated.**
- **Implemented cost saving measures will significantly increase Enea's competitiveness. The fixed operating costs for year 2003 are estimated to be approximately 30% lower than year 2002.**

### **The Market**

The global market for investment in real-time operating systems has continued to be marked by restraint among both existing and potential customers. Our belief that this market will turn around to a positive trend again only after the general state of the market for industrial investments has improved stands firm. Revenues of OSE products decreased in the fourth quarter compared to the same period last year, but orders received increased during the same period, which is a good indication of our continued good and competitiveness.

The Swedish market for consultancy continues to show marked regional differences. In the Öresund region, there is a solid demand for Enea's services while demand in the Stockholm area and Linköping region is weaker.

### **Restructuring and cost reductions**

In the third quarter, Enea's management and board of directors designed a powerful restructuring program to bolster Enea's business concept, reduce costs and boost cash flow throughout the Group. The program is running according to plan and will achieve its full effect from the turn of the year, with the exception of the new salary model in Sweden, which will be implemented from February 1<sup>st</sup>. Salary reductions for management and for personnel outside of Sweden were implemented from December.

The group has been organized into two branches of operations: Enea Embedded Technology, which is a global supplier of products and services in the real-time area; and Enea Systems, which comprises Swedish consultancy operations with a local profile in selected niche markets.

The Group's costs have been reduced to adjust the company to the current market trend and the business concept is being reviewed in order to improve our capacity to meet customers' needs with respect to complete solutions. The restructuring costs amounted to around SEK 75 million, which has burdened the result for the fourth quarter.

The results of the restructuring program, together with the previously decided and ongoing reductions in personnel mean that the Enea group will have only 600 employees once all the measures that have been decided on have been implemented. The number of employees in the Group as of December 31, 2002 was 634 (847), a decrease of 25 %.

### **Analysis of the Fourth Quarter**

#### ***Net Sales***

Net sales in OSE operations decreased by 20% to SEK 47.5 million. The quarter was somewhat weaker than anticipated in the USA, and otherwise more or less as anticipated. The net sales for consultancy operations reduced all in all by 18% to SEK 126 million. The reduction can be explained primarily by reduced demand.

#### ***Result***

The loss before taxes was SEK -158 (-35) million, of which the restructuring costs account for SEK 75 million. Personnel costs reduced in the fourth quarter by SEK 19% million to SEK 138 million compared to SEK 170 million for the same period last year.

Operating loss for OSE operations was SEK -68.4 million, compared to SEK -22.5 million for the same period last year. Restructuring costs account for around SEK 48 million of this.

The operating loss for consultancy operations was SEK -50.4 million for the quarter, compared with SEK -20.2 million for the same period last year. This includes restructuring costs of SEK 27 (6) million. Goodwill amortization and write-down of SEK 17,7 million is included. Enea TekSci showed a profit while Enea Realtime and Enea Business Software showed a loss for the quarter.

The result distributed per Business Area is shown below:

October – December (SEK million)	Net sales		Operating profit/loss. excl gw amort		Operating profit/loss. incl gw amort		Profit/loss after net financial income/expenses	
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	2002	2001	2002	2001	2002	2001	2002	2001
Enea Realtime	76.4	91.7	-17.2	-4.2	-34.3	-6.5	-36.1	-7.2
Enea Business Software	22.1	30.1	-17.5	-15.6	-18.1	-16.3	-18.7	-16.7
Enea TekSci	35.6	36.0	2.0	2.7	2.0	2.6	2.2	3.0
Consulting adjustments	-1.4	-3.9						
Consulting business	132.7	153.9	-32.7	-17.1	-50.4	-20.2	-52.6	-20.9
OSE Systems*	41.3	59.2	-30.3	-18.8	-69.0	-22.5	-72.0	-21.4
Parent company, gw, other	-9.4	-9.7	2.9	2.8	-6.1	-2.0	-0.9	7.7
<b>Enea Group</b>	<b>164.6</b>	<b>203.4</b>	<b>-65.9</b>	<b>-33.1</b>	<b>-157,5</b>	<b>-44.7</b>	<b>-157,5</b>	<b>-34.6</b>

October – December (%)	Operating margin. excl gw amort		Operating margin. incl gw amort		Net margin	
	Actual	Actual	Actual	Actual	Actual	Actual
	2002	2001	2002	2001	2002	2001
Enea Realtime	-23%	-5%	-45%	-7%	-47%	-8%
Enea Business Software	-79%	-52%	-82%	-54%	-85%	-55%
Enea TekSci	6%	8%	6%	7%	6%	8%
Consulting business	-25%	-11%	-38%	-13%	-40%	-14%
OSE Systems*	-73%	-32%	-167%	-38%	-174%	-36%
<b>Enea Group</b>	<b>-40%</b>	<b>-16%</b>	<b>-96%</b>	<b>-22%</b>	<b>-96%</b>	<b>-17%</b>

\* OSE Group incl Polyhedra from May 1, 2001. Transfer of OSE's USA part to TekSci affected net sales by SEK 6.2 million and the operating profit/loss by SEK 0.6 million.  
Any summation variances are due to figures being rounded up.

## Investments

Group investments during the period amounted to SEK 8.4 (125.1) million.

## Cash flow, Liquidity and Stockholder Equity

Cash flow for the fourth quarter was SEK -37.5 (-3.5) million.

Liquid assets amounted to SEK 73.3 (113.3) million at the end of the period. The cash flow for the year after financing activities was SEK -36.0 (-109.3) million.

Accounts receivable increased during the fourth quarter by SEK 7 million. Accounts receivable have decreased by SEK 49 million during the year and at the end of the period amounted to SEK 127 million, equivalent to 19 % of net sales for the year.

The Group's stockholder equity as per December 31 was SEK 221.3 million and equity was 51%.

## Earnings per share

Earnings per share amounted to SEK -1:75 (-1:20). No dilution is anticipated.

## Parent Company – Enea Data AB

Net sales for the parent company for the period were SEK 0.0 (0.0) million with loss after financial income at SEK -322.0 (SEK 33.2) million. The loss is burdened by SEK 394 million regarding doubtful claims on group companies.

Financial income was SEK 79.2 (26.9) million. Liquid assets amounted to SEK 43.3 (58.7) million. The parent company's investments amounted to SEK 2.5 (5.8) million.

A new CFO, Gunilla Spongh, is taking up duties at March 1. Present CFO will remain in the company until June 30.

On December 31, 2002, the number of employees in the parent company was 24, a reduction during the year of 15 people.

### **Subsidiary Group – Enea Realtime**

For net sales and result, please refer to the separate statement.

We believe that our market position is still strong thanks to the clear way in which we have communicated and profiled our offer and our close cooperation with our customers. Our position is strongest in the Öresund region and in the Linköping region.

Enea Realtime is now divided up so that most services closely associated with OSE in Stockholm and the office in Gothenburg are now part of Enea Embedded Technology, while other parts of operations in Stockholm together with the Linköping and Malmö offices are now part of Enea Systems.

On December 31 2002, the number of employees was 292, a reduction during the year of 106 people.

### **Subsidiary Group – Enea Business Software**

For net sales and result, please refer to the separate statement.

It is our belief that our market position is still very strong, particularly in the Health Care sector and in the local market in Uppsala.

All operations in Enea Business Software are now part of Enea Systems, in which the Uppsala office and our activities in the Health Care sector comprise separate units.

On December 31 2002, the number of employees was 116, a reduction during the year of 44 people.

### **Subsidiary Enea TekSci**

For net sales and result, please refer to the separate statement.

Despite the market remaining weak, Enea TekSci has managed to continue to grow in volume during the fourth quarter thanks to a number of large undertakings in safety-critical systems development, primarily for customers in the aviation industry. Since the end of the year, sales of OSE products have been handled by Enea TekSci.

On December 31 2002, the number of employees was 102, a reduction during the year of 24 people. This figure includes personnel from OSE Systems in the United States.

### **Subsidiary Group – OSE Systems**

For net sales and result, please refer to the separate statement.

In the weak global market, OSE Systems' sales have decreased by 20% during the fourth quarter compared to the same period last year. The difference in sales is explained by fewer customization projects compared to last year. Orders received in the fourth quarter increased by 18% compared to the same period last year.

In spite of weaker sales, the competitiveness of the OSE products is underlined by a large number of new design wins during the quarter, including wins from Infineon, Samsung, Telco Bridges, and Arris Systems.

In order to strengthen our offer to customers and achieve profitability, OSE operations has been integrated with closely allied service operations in both Sweden and the USA. These areas of operations have been amalgamated into a new company structure under the name of Enea Embedded Technology.

On December 31 2002, the number of employees in OSE Systems was 100, of which 26 are employees outside Sweden. During the year, the number of employees has been reduced by 72 people.

### Net sales and result per business area for the year 2002

January – December (SEK million)	Net sales		Operating profit/loss. excl gw amort		Operating profit/loss. incl gw amort		Profit/loss after net financial income/expenses	
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	2002	2001	2002	2001	2002	2001	2002	2001
Enea Realtime	310.3	373.5	-43.6	7.7	-67,6	-1.5	-73,0	-5.7
Enea Business Software	91.9	165.5	-31.2	-21.0	-33.5	-23.7	-35.6	-25.5
Enea TekSci	118.6	182.9	4.0	16.1	4.0	16.1	4.4	17.2
Consulting adjustments	-5.7	-9.8						
Consulting business	515.1	712.1	-70.8	2.8	-97,1	-9.1	-104,2	-14.0
OSE Systems*	198.9	228.7	-100.0	-219.8	-192.1	-229.9	-202.1	-237.1
Parent company. Gw. other	-29.6	-55.3	-6.8	9.1	-98,6	-10.5	14,0	19.9
<b>Enea Group</b>	<b>684.4</b>	<b>885.5</b>	<b>-177.6</b>	<b>-207.9</b>	<b>-387,8</b>	<b>-249.5</b>	<b>-292,3</b>	<b>-231.2</b>

January – December (%)	Operating margin. excl gw amort		Operating margin. incl gw		Net margin	
	Actual	Actual	Actual	Actual	Actual	Actual
	2002	2001	2002	2001	2002	2001
Enea Realtime	-14%	2%	-22 %	0%	-24%	-2%
Enea Business Software	-34%	-13%	-36%	-14%	-39%	-15%
Enea TekSci	3%	9%	3%	9%	4%	9%
Consulting business	-14%	0%	-19%	-1%	-20%	-2%
OSE Systems*	-50%	-96%	-97%	-101%	-102%	-104%
<b>Enea Group</b>	<b>-26%</b>	<b>-23%</b>	<b>-57%</b>	<b>-28%</b>	<b>-43%</b>	<b>-26%</b>

\* OSE Group incl Polyhedra from May 1, 2001. Transfer of OSE's USA part to TekSci affected net sales by SEK 6.2 million and the operating profit/loss by SEK 0.6 million. Any summation variances are due to figures being rounded up.

### Enea Embedded Technology (EET)

Enea Embedded Technology is our new service- and product-based operations covering what was previously OSE Systems, Enea TekSci and parts of Enea Realtime. Operations target customers who develop embedded systems and need real-time operating systems. The business is located in Sweden, Germany, France, the UK, USA and Japan. The number of employees will be barely 300 persons.

### Enea Systems (ES)

Enea Systems is the name of our restructured Swedish consultancy operations. The business is specialized in a number of niche markets:

- Health Care sector
- Testing
- Industrial sector
- Energy and public administration
- Redina/Uppsala
- Epact/Linköping
- Öresund

The business is located in Täby (Stockholm), Uppsala, Linköping and Malmö and the

number of employees will be around 300 persons.

## **Accounting Principles**

This interim report has been prepared in accordance with the Annual Accounts Act and Recommendation 20 of the Swedish Financial Accounting Standards Council. As a result of the recommendations that came into force on 1 January 2001, the accounting principles applied have been changed since our latest Annual Report. The following Swedish Financial Accounting Standards Recommendations have now been applied:

RR 1:00 Consolidated financial statements  
RR 15 Intangible assets  
RR 16 Provisions, contingent liabilities and contingent assets  
RR 17 Impairment of assets  
RR 21 Borrowing costs  
RR 23 Related party disclosures

The only material effects of the new recommendations apply to RR 17 Impairments of assets. There is no need to restate previous year according to RR 1:00, Consolidated financial statements. RR15 Intangible assets, has not caused any need for capitalization of development expenditure.

## **Next General Meeting of Stockholders**

At the next general meeting of stockholders, the board intends to table the following proposals:

- No dividends (previous year: 0:00)
- Renewed authority to carry out a directed new share issue in order to finance acquisitions

The meeting will be held on Wednesday May 14, 2003 at 3 p.m. at Täby Park Hotel.

Suggestions from stockholders concerning the nomination of board members can be forwarded to the Chairman of the Board Jan Rynning at the company's address Enea Data AB, Box 232, SE-183 23 TÄBY, Sweden.

## **Future Information Opportunities**

The annual report will be distributed to those stockholders who have registered their interest with VPC in receiving the annual report, and it will additionally be available from Head Office in Täby, Stockholm, until April 11<sup>th</sup> 2003 at the latest.

It will also be available from our web site at [www.enea.com](http://www.enea.com).

Interim report for the first quarter:	2003-05-09
Interim report for the second quarter:	2003-08-08
Interim Report for the third quarter:	2003-11-07
Preliminary Report on Earnings for 2003:	2004-02-06

Ola Berglund  
CEO

Please direct questions to Ola Berglund, ph: +46 8 507 140 00

# Income Statement (SEK million)

	Group			
	Jan-Dec 2002	Jan-Dec 2001	Oct-Dec 2002	Oct-Dec 2001
Net sales	684.4	885.5	164.6	203.4
Changes in work on contract	0.0	-19.2	1.1	2.0
Other operating income	<u>31.3</u>	<u>11.2</u>	<u>7.5</u>	<u>12.8</u>
<b>Operating income</b>	<b>715.7</b>	<b>877.5</b>	<b>173.2</b>	<b>218.2</b>
Raw materials and warehouse supplies	-52.2	-73.5	-17.8	-15.8
Other external costs	-181.0	-233.4	-52.1	-54.3
Personnel costs	-585.4	-729.7	-138.3	-170.4
Depreciation and amortization excl goodwill	-18.9	-20.8	-4.2	-5.0
Items affecting comparability **)	-21.0	-20.3	-20.6	-0.5
Other operating costs	<u>-34.8</u>	<u>-7.7</u>	<u>-6.1</u>	<u>-5.3</u>
<b>Operating loss before amortization of goodwill</b>	<b>-177.6</b>	<b>-207.9</b>	<b>-65.9</b>	<b>-33.1</b>
Amortization of goodwill *)	<u>-210.2</u>	<u>-41.6</u>	<u>-91.6</u>	<u>-11.6</u>
<b>Operating loss</b>	<b>-387.8</b>	<b>-249.5</b>	<b>-157.5</b>	<b>-44.7</b>
<i>Profit/loss from financial income and expense</i>				
Profit from shares in associated companies	91.5	9.6	0.0	3.8
Profit from other securities and receivables	-0.5	1.2	-0.3	1.4
Other interest income and similar revenue	5.1	7.7	0.5	1.8
Interest expense and similar costs	<u>-0.6</u>	<u>-0.2</u>	<u>-0.2</u>	<u>3.1</u>
<b>Pre-tax profit</b>	<b>-292.3</b>	<b>-231.2</b>	<b>-157.5</b>	<b>-34.6</b>
Tax on profit	-19.7	19.4	3.7	2.2
Minority	<u>0.0</u>	<u>-0.2</u>	<u>0.0</u>	<u>0.0</u>
<b>Net profit</b>	<b>-312.0</b>	<b>-212.0</b>	<b>-153.8</b>	<b>-32.4</b>
Earnings per share (SEK)	-1:75	-1:20	-0:86	-0:18
Earnings per share with full dilution (SEK)	-1:75	-1:20	-0:86	-0:18

\*) Goodwill write-down in the period January-December 2002 of SEK 173 million.

\*\*) Including reversed reservation regarding stock option program in OSE Systems of SEK 38 million.

## Balance Sheet (SEK million)

### Group

#### ASSETS

**2002 2001**

##### Fixed assets

Intangible fixed assets

148.8 392.8

Tangible fixed assets

33.7 57.3

Financial assets

3.6 38.4

186.1 488.5

##### Current assets

Current receivables

172.2 212.2

Current investments

0.0 10.0

Cash and bank balances

73.3 103.3

245.5 325.5

#### TOTAL ASSETS

**431.6 814.0**

## SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' equity

221.3 561.7

Minority interests

0.0 0.7

Provisions

0.0 4.5

Long-term liabilities \*)

11.6 59.3

Current liabilities \*\*)

198.7 187.8

#### TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES

**431.6 814.0**

\*) Not interest-bearing

\*\*) Interest-bearing 0.0:(5.0)

## Change in Shareholders' Equity (SEK million)

### Group

**2002 2001**

At the beginning of the period

561.7 728.0

New issue

0.1 0.1

Non-cash issue

5.0 42.2

New issue of shares

0.1 -0.5

Dividend

0.0 -8.7

Translation difference for the period

-33.6 14.3

Other changes in equity

0.0 -1.7

Profit for the period

-312.0 -212.0

**At the end of the period**
**221.3 561.7**



## Cash Flow Analysis (SEK million)

	Group			
	Jan-Dec 2002	Jan-Dec 2001	Oct-Dec 2002	Oct-Dec 2001
Cashflow from operating activities before change in working capital	-201.8	-188.9	-126.9	-30.1
Cashflow from change in working capital	<u>90.4</u>	<u>118.5</u>	<u>98.4</u>	<u>12.5</u>
<b>Cashflow from operating activities</b>	<b>-111.4</b>	<b>-70.4</b>	<b>-28.5</b>	<b>-17.6</b>
<b>Cashflow from investing activities</b>	<b>79.2</b>	<b>-8.0</b>	<b>-0.1</b>	<b>36.3</b>
<b>Cashflow from financing activities</b>	<b><u>5.1</u></b>	<b><u>-30.9</u></b>	<b><u>0.0</u></b>	<b><u>-22.2</u></b>
<b>Cashflow for the period</b>	<b>-27.1</b>	<b>-109.3</b>	<b>-28.6</b>	<b>-3.5</b>
Liquid funds at the beginning of the period	113.3	236.1	105.7	131.0
Exchange rate difference on liquid funds	<u>-12.9</u>	<u>-13.5</u>	<u>3.8</u>	<u>-14.2</u>
<b>Liquid funds at the end of the period</b>	<b>73.3</b>	<b>113.3</b>	<b>73.3</b>	<b>113.3</b>

**Period in summary**

	<b>2002</b>	<b>2001</b>
<b>Net sales (SEK million)</b>	684.4	885.5
<b>Sales (SEK million)</b>	715.7	877.5
<b>Operating profit before amortization of goodwill (SEK million)</b>	-177.6	-207.9
<b>Operating profit after amortization of goodwill (SEK million)</b>	-387.8	-249.5
<b>Profit after financial items (SEK million)</b>	-292.3	-231.2
<b>Operating margin %</b>	-56.7	-28.2
<b>Net margin %</b>	-42.7	-26.1
<b>Shareholders' equity (SEK million)</b>	221.3	561.7
<b>Balance sheet total (SEK million)</b>	431.6	814.0
<b>Capital employed (SEK million)</b>	221.3	566.7
<b>Equity/assets ratio %</b>	51	69
<b>Earnings per share (SEK)</b>	-1.75	-1.20
<b>Earnings per share with full dilution (SEK)</b>	-1.75	-1.20
<b>Equity per share (SEK)</b>	1.24	3.19
<b>Number of outstanding shares as per balance day (thousands)</b>	178 404	177 470
<b>Number of outstanding shares with full dilution (thousands)</b>	178 404	177 470
<b>Average number of outstanding shares (thousands)</b>	178 289	176 126
<b>Average number of outstanding shares with full dilution (thousands)</b>	178 289	176 126
<b>Share price as per balance day (SEK)</b>	1.53	5.45