

# Press Release of Results for 2002

**Pre-tax loss of SEK 11.1 million for 2002**  
**Positive operating cash flow of SEK 2.8 million**  
**Satisfactory inflow of orders in Q4 of SEK 59 million**

<b>SUMMARY (SEK million)</b>	<b>Q4 2002</b>	<b>2002</b>	<b>2001</b>
Bioinformatics business unit	9.0	41.3	
Systems business unit	38.2	140.4	
Other	0.8	3.2	
<b>Net sales</b>	<b>48.0</b>	<b>184.9</b>	<b>234.1</b>
Operating expenses	-50.4	-188.3	-236.0
<b>Operating loss excl. restructuring costs</b>	<b>-2.5</b>	<b>-3.4</b>	<b>-1.9</b>
Restructuring costs 2002	-3.3	-6.4	
<b>Operating loss</b>	<b>-5.8</b>	<b>-9.8</b>	<b>-1.9</b>
Goodwill amortization and write-down	-0.6	-1.9	-25.2
Restructuring costs 2001			-2.0
<b>Operating loss before financial items</b>	<b>-6.3</b>	<b>-11.7</b>	<b>-29.1</b>
Net financial income/expense	0.1	0.6	0.2
<b>Loss before tax</b>	<b>-6.2</b>	<b>-11.1</b>	<b>-28.9</b>

- Turnover for Q4 was SEK 48.0 million (SEK 51.1 million Q4 2001). Loss before tax was SEK 6.2 million (SEK -29.7 million), a -13.0 (-58.1) per cent margin.
- A positive operating cash flow of SEK 2.8 million (SEK 1.0 million) was reported for the year. Operating cash flow for Q4 was SEK -3.0 million (SEK +5.5 million), after the cash component of the purchase price for ICE Sweden AB.
- Equity totalled SEK 53.0 million (SEK 58.8 million) at the year-end, representing an equity/assets ratio of 58 (60) per cent.
- The acquisition and integration of ICE Sweden AB proceeded according to plan and the operations enhanced Prevas' earnings for Q4.
- A satisfactory inflow of orders in Q4 and implemented cost savings resulted in Prevas entering 2003 in a stronger position.



# Operations for 2002

## ORGANIZATIONAL CHART



## Prevas in brief

Prevas AB is organized in two operating business units: Prevas Bioinformatics and Prevas Systems.

The operations of Prevas Bioinformatics are concentrated in the Copenhagen, Lund, Stockholm and Uppsala offices.

Prevas Systems comprises the Gävle, Gothenburg, Linköping and Västerås offices, as well as the operations of Products & Customer Support mainly based in Karlstad.

Customers include ABB, Amersham Biosciences, Arla, AstraZeneca, Atlas Copco, Autoliv, Biacore, Bioinvent, Biovitrum, Bombardier, Ericsson, Exiqon, Findus, Gyros, Haldex, ICA, Nokia, Personal Chemistry, Pharmacia, Pyrosequencing, Saab-Bofors Dynamics, Sandvik, Scania and Volvo.

**Delivery reliability, quality and fixed price** are characteristic of the Prevas Group's solutions.

The financial year 2002 was a year marked by the recession. Prevas therefore continued to adapt its organization and cost level to market demand during the year. Further steps in this direction were taken in Q4, when the company decided to adjust resources in Prevas Bioinformatics, which had previously not been affected by such measures. Moreover, Prevas relocated to smaller and considerably more cost-effective premises in Stockholm during the quarter.

Excluding restructuring costs and acquisitions, Prevas reduced its cost level by 22 per cent in 2002, compared with the previous year, the second half of which was also marked by cost savings.

Fixed-price projects continued to be well controlled, with stable positive earnings throughout 2002. During the year, customers also showed an increased interest in long-term collaboration and fixed-price assignments, which was reflected in an increase in the proportion of fixed-price projects from 28 to 33 per cent.

At mid-year, the company was moreover organized in two operating business units: Prevas Bioinformatics and Prevas Systems. This focused operations on both the market offering and profitability. Together with a satisfactory inflow of orders in Q4 of SEK 59 million, this resulted in Prevas entering 2003 in a stronger position.

The company does not expect the market to improve dramatically during the coming year, but expects to continue to consolidate its market position.

Prevas Bioinformatics continued to feel the impact of the downturn among small, venture capital financed biotech companies in Q4 and has not yet been able to fully offset this with assignments for more established companies in the life science sector. Despite an expanded,

long-term assignment for Amersham Biosciences, cost saving measures were therefore implemented during the quarter. As a result, the business unit's costs are adapted to the current market situation. The deliberate refocus on R&D in major pharmaceutical companies continues. Prevas Bioinformatics thus sees good opportunities for consolidating its market position in a market that is likely to remain stable at the current level in 2003.

In Prevas Systems, the positive trend in the inflow of orders and the invoicing rate continued in Q4. The acquisition of ICE Sweden AB further contributed to this trend by providing both new customers and complementary competence, which strengthened the business unit's offering, particularly in product development. Prevas Systems received expanded assignments in this area from Nokia, Atlas Copco and ABB during the quarter.

In the industrial systems area, the focus on traceability for food production was successful during the quarter, mainly in the form of a strategic product order from Dafgård's. A sharply increasing inflow of orders for materials handling systems, including a large order from Volvo Cars, also contributed to a satisfactory order book for 2003.

Although no clear signs of a turnaround have yet been seen in the market, the favourable developments in Q4 give reason for optimism regarding 2003. Prevas Systems' strong position in product development and industrial systems provides a good basis for growth. The customer support market is expected to be stable overall during the year.

# Business units

## Prevas Bioinformatics

Prevas Bioinformatics' objective is to be a leader in technical IT for the life science industry in the geographical markets where the business unit decides to set up. This will be achieved through a good understanding of the customer's business and effective problem solving, by combining in-depth computer science competence with a broad knowledge of molecular biology, statistics and mathematics.

The trend that began in Q2, with a declining growth rate and uncertainty regarding the availability of venture capital in the biotech sector, continued in Q4. Although Prevas Bioinformatics partly offset this by expanded, long-term assignments for Amersham Biosciences and assignments for new customers, the invoicing rate was not satisfactory. The business unit therefore implemented cost saving measures in the form of both staff cuts and relocation of the Stockholm operations to more cost-effective premises.

New customers comprised Danish Myo Technology and Bioimage (Denmark) in Q4 and KaroBio (Sweden) in early 2003. As part of the development of the customer offering, an agreement was also reached in Q4 with the Danish customers Exiqon and Maxygen for the distribution and user rights for software products. As a result, Prevas Bioinformatics will be able to create integrated solutions based on existing software components jointly with its customers.

Turnover in Bioinformatics was SEK 41.3 million (SEK 62.2 million) for the full year, down 33 per cent. The profitability of the business unit deteriorated during the year, which led to the cost saving measures implemented in Q4.

Developments in the IT support to the

life sciences market are mainly driven by the need for faster and more cost-effective development of new pharmaceutical products, particularly through the more efficient management of ever-increasing data volumes. In the long term, this is therefore a very attractive market, in which Prevas maintained its position during a year when it was negatively impacted by more short-term factors. The company does not expect the market situation to change significantly in 2003. However, Prevas Bioinformatics sees good opportunities for gaining market shares by continuing to refocus deliberately on R&D in major pharmaceutical companies, for example, through the framework agreement signed with AstraZeneca in 2002 and through access to interesting software products.

## Prevas Systems

Prevas Systems creates solutions for industrial customers in the product development - R&D, industrial systems (including products) and customer support areas.

The positive trend in the inflow of orders and the invoicing rate in the business unit continued in Q4. The acquisition of ICE Sweden AB further contributed to this trend, while the customers provided by the acquisition, such as Autoliv, FMV (Swedish Defence Materiel Administration) and FOI (Swedish Defence Research Agency), gained access to a broader range of services.

As a result of the complementary competencies provided by ICE, Prevas Systems now has a more complete offering in product development, comprising both software and electronics design. The business unit received expanded assignments in this area from Nokia,

Atlas Copco, ABB, Sectra and Saab-Bofors Dynamics during the period.

In industrial systems, the development of the next generation of products for the increasingly important traceability area is in progress. The Snitcher product is being developed in different versions for the electronics, pharmaceutical and food sectors. It is gratifying to report that the focus on traceability for food production was successful during the quarter, mainly in the form of a strategic product order from Dafgård.

During the quarter, industrial systems also experienced a sharply increasing inflow of materials handling orders, which resulted in a satisfactory order book for 2003. Orders included one of Prevas' largest orders for the year from Volvo Cars.

In October, a cooperation agreement in industrial IT (TM) was signed with ABB. This strategic cooperation enables Prevas to offer both developers and end customers services based on ABB's new platform for industrial applications. Prevas has also previously delivered solutions in cooperation with ABB Manufacturing & Consumer Industries. The partnership is further broadened by the agreement and led to new projects for Sandvik and ABB Motors in Q4.

Customer support showed stable, satisfactory earning capacity during the year. In Q4, the area won new customers at Scania and Volvo Cars.

Turnover in Prevas Systems for the full year was SEK 140.4 million (SEK 165.5 million, of which Industry accounted for SEK 116.6 million and Telecom for SEK 48.9 million), down 15 per cent. This reduction in turnover was wholly related to the downturn in the former telecom operations, while other areas of Prevas Systems showed growth in 2002. The profitability of Prevas Systems improved

# Business units

## BUSINESS CONCEPT

Prevas' project and IT expertise should help our customers to achieve maximum international competitiveness.

## VISION

Prevas should be a leading supplier to companies based in:

- Sweden for product development
- The Nordic region for industrial systems
- Europe for bioinformatics

## STRATEGY

- Due to its sector and technical expertise, Prevas should be one of the leading suppliers in the markets where it decides to operate.
- Due to its world-class project implementation, documented by established performance indicators, Prevas should be the competitive, secure option for its customers in the procurement of fixed-price projects.
- Sales should be generated by developing direct contacts with customers with a view to achieving good, long-term customer relationships.
- Prevas should grow organically, supported by the acquisition of companies with complementary competence or customer relationships.
- Prevas should be an attractive workplace offering stimulating assignments and a positive environment for personal development with a good work-life balance.
- Prevas' corporate culture should be marked by a businesslike and responsible approach and quality- and cost-consciousness.
- Prevas' employees should be offered a share in the company's financial success.

## ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Thursday, 20 March at 17.30 at Sahlénhuset, Norrlandsgatan 15, Stockholm, Sweden. Notice of the AGM will be placed in Svenska Dagbladet and Post & Inrikes Tidningar.

## DIVIDEND

The Board of Directors proposes no dividend for the financial year 2002 as for the previous year.

## ANNUAL REPORT

The printed version of the annual report will be sent to all shareholders at the end of February. It can also be ordered from Prevas on +46 21 360 19 00.

## FINANCIAL REPORTING

- Interim Report to 31 March, 25 April
- Interim Report to 20 June, 21 August
- Interim Report to 30 September, 23 October
- Press Release of Results for 2003, 5 February 2004
- Annual General Meeting 2004, 22 March 2004

substantially during the year.

The satisfactory order book at the beginning of the year gives Prevas Systems reason for some optimism regarding 2003, although no clear signs of a turnaround have yet been seen in the general market.

The company expects demand from the manufacturing industry to be stable in 2003, with some growth in specific sectors. Prevas Systems' strong position in product development and industrial systems provides a good basis for growth.

The customer support market is also expected to be stable overall in future. Assignments in the electronics sector are likely to decline somewhat due to the economic situation, while the pharmaceutical and food sectors and materials handling customers have good conditions for providing growth.

Prevas Systems focuses on the following areas:

### Product development - R&D

The IT and computer power element in products has increased dramatically in recent years. Ever-increasing demands are made on companies to manage IT elements in the development of new products. Prevas enhances customers' conditions for successful product development and gives them an opportunity to focus on their core competence. The company has the considerable experience and high competence required for the development of advanced IT products. Prevas' areas of competence are electronics development, embedded systems, communications and telematics.

### Industrial systems

Prevas offers IT solutions that increase the efficiency of industrial processes and production and improve profitability through the more efficient utilization of production equipment:

- *Supervisory & control systems* - systems and competence in the control and supervision area for the process industry and the power generation industry in particular.
- *Shop floor control* - systems solutions in production control and manufacturing processes.
- *Materials handling systems* - software solutions for logistics, automated warehousing and driverless trucks.
- *Traceability products* - products and systems solutions in traceability, testing and quality for electronics, pharmaceuticals and food production.

### Customer support

Prevas Customer Support offers a wide range of different support services, including operating responsibility and product administration services.

# Finance

## Tender outcome

During the year, 84 (90) per cent of orders went to Prevas and 16 (10) per cent to a competitor.

## Capacity utilization

Capacity utilization, i.e. solely measured for consultants, was 72 (68) per cent for Q4 and 73 (75) per cent for the full year.

The invoicing rate was 58 (54) per cent for Q4 and 58 (60) per cent for the full year. The invoicing rate, which is one of Prevas' performance indicators, is measured as the number of hours invoiced divided by the total hours used in the company. All employees, including management and administration, are included in the measurement.

## Assignment distribution

During the year, 33 (28) per cent of assignments were charged on a fixed-price basis and 67 (72) per cent on a time basis.

## Employees

The number of employees was 237 (251) at the end of the period, down 6 per cent. Staff turnover was 13 per cent for the full year, excluding employees made redundant. The percentage of female employees was 18 (20) per cent at the year-end.

## Turnover and results for Q4

Turnover for Q4 was SEK 48.0 million (SEK 51.1 million), down 6 per cent. The

number of working days was 62 (62). Operating loss before goodwill amortization was SEK 5.8 million (SEK -6.3 million). Loss after financial items was SEK 6.2 million (SEK -29.7 million). The operating margin was -13.0 (-58.1) per cent after financial items.

The result for the quarter was charged with a total of SEK 3.3 million for the costs of staff cuts and relocation to more cost-effective premises in Stockholm.

## Turnover and results for 2002

Turnover for the year was SEK 184.9 million (SEK 234.1 million), down 21 per cent. The number of working days was 250 (250). Operating loss was SEK 9.8 million (SEK -1.9 million) before goodwill amortization and write-down, and SEK 11.7 million (SEK -29.1 million) after these items. The operating margin was -6.3 (-12.4) per cent after these items.

Depreciation totalled SEK 6.5 million (SEK 9.8 million), SEK 1.9 million (SEK 4.9 million) of which related to goodwill amortization.

Net financial income/expense amounted to SEK 0.6 million (SEK 0.2 million). Loss after financial items was SEK 11.1 million (SEK -28.9 million), representing a profit margin of -6.0 (-12.4) per cent.

Net loss was SEK 9.0 million (SEK -27.6 million). Earnings per share after tax were SEK -1.19 (SEK -3.64), calculated on the average number of

shares during the year.

The result was charged with a total of SEK 6.4 million for restructuring costs. The costs of staff cuts amounted to SEK 4.9 million and the cost of relocation to more cost-effective premises in Stockholm to SEK 1.5 million.

## Liquid assets

Liquid assets totalled SEK 5.9 million (SEK 4.1 million) at the year-end. A positive cash flow of SEK 1.8 million was reported for 2002. Prevas has no interest-bearing liabilities and the Group's two industrial properties are free of charges.

## Financial position

Equity totalled SEK 53.0 million (SEK 58.8 million) at the end of the period, representing an equity/assets ratio of 58 (60) per cent. Equity per share was SEK 6.81 (SEK 7.76), calculated on the number of shares at the year-end.

## Investments

During the year, net investments totalled SEK 6.3 million (SEK 4.9 million). Investments related to both ordinary activities (machinery and equipment) and to the acquisition of ICE Sweden AB.

Stockholm, 5 February 2003

Prevas AB (publ)

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# Consolidated financial statements

<b>SEK thousand, Summary profit and loss accounts</b>	2002 Jan-Dec	2001 Jan-Dec
Net sales	184 864	234 051
Material costs	-2 798	-2 926
Other external expenses	-36 652	-47 240
Staff costs	-150 642	-180 927
Depreciation according to plan	-4 573	-4 904
<b>Profit/loss before depreciation goodwill and items affecting comparability</b>	<b>-9 801</b>	<b>-1 946</b>
Goodwill amortisation	-1 897	-4 880
Goodwill write-down		-20 300
Items affecting comparability *		-2 010
<b>Operating profit/loss</b>	<b>-11 698</b>	<b>-29 136</b>
Net financial income/expense	557	198
<b>Profit/loss after financial items</b>	<b>-11 141</b>	<b>-28 938</b>
Tax	2 102	1 353
<b>Net profit/loss</b>	<b>-9 039</b>	<b>-27 585</b>

\* Costs related to staff cuts

<b>SEK thousand, Quarterly summary profit and loss accounts</b>	2002 Q4	2002 Q3	2002 Q2	2002 Q1	2001 Q4	2001 Q3	2001 Q2	2001 Q1
Net sales	47 985	36 318	52 954	47 607	51 151	53 870	61 057	67 973
Material costs	-808	-412	-1 262	-316	-596	-148	-269	-1 913
Other external expenses	-10 040	-7 373	-7 502	-11 737	-11 775	-9 535	-14 811	-11 119
Staff costs	-41 687	-29 831	-37 127	-41 997	-43 839	-40 628	-48 936	-47 524
Depreciation according to plan	-1 203	-1 122	-1 079	-1 169	-1 265	-1 226	-1 238	-1 175
<b>Profit/loss before depreciation goodwill and items affecting comparability</b>	<b>-5 753</b>	<b>-2 420</b>	<b>5 984</b>	<b>-7 612</b>	<b>-6 324</b>	<b>2 333</b>	<b>-4 197</b>	<b>6 242</b>
Goodwill amortisation	-562	-445	-445	-445	-1 220	-1 221	-1 219	-1 220
Goodwill write-down					-20 300			
Items affecting comparability *	-	-	-	-	-2 010		-	
<b>Operating profit/loss</b>	<b>-6 315</b>	<b>-2 865</b>	<b>5 539</b>	<b>-8 057</b>	<b>-29 854</b>	<b>1 112</b>	<b>-5 416</b>	<b>5 022</b>
Net financial income/expense	92	286	121	58	150	59	-6	-5
<b>Profit/loss after financial items</b>	<b>-6 223</b>	<b>-2 579</b>	<b>5 660</b>	<b>-7 999</b>	<b>-29 704</b>	<b>1 171</b>	<b>-5 422</b>	<b>5 017</b>
Tax	1 247	615	-1 008	1 248	2592	-653	1 193	-1 780
<b>Net profit/loss</b>	<b>-4 976</b>	<b>-1 964</b>	<b>4 652</b>	<b>-6 751</b>	<b>-27 112</b>	<b>518</b>	<b>-4 229</b>	<b>3 237</b>

\* Costs related to staff cuts

<b>SEK thousand, Summary balance sheets</b>	2002 31 Dec	2001 31 Dec
Fixed assets excl. goodwill	30 213	33 350
Goodwill	13 420	10 649
Other current assets	41 893	50 657
Liquid assets incl. short-term investments	5 912	4 136
<b>Total assets</b>	<b>91 438</b>	<b>98 792</b>
Equity	53 038	58 798
Provisions	8 649	10 852
Interest-bearing liabilities	0	0
Non-interest-bearing liabilities	29 751	29 142
<b>Total liabilities and equity</b>	<b>91 438</b>	<b>98 792</b>

<b>SEK thousand, Change in equity</b>	2002 31 Dec	2001 31 Dec
Opening balance	58 798	90 202
Dividend to shareholders	-	-3 787
New share issue	3 239	
Translation difference	40	-31
Net profit for the period	-9 039	-27 585
<b>Closing balance</b>	<b>53 038</b>	<b>58 798</b>

<b>SEK thousand, Capital employed</b>	2002 31 Dec	2001 31 Dec
Non-interest-bearing current assets	41 893	50 657
Non-interest-bearing current liabilities	-29 751	-29 142
<b>Net work capital</b>	<b>12 142</b>	<b>21 515</b>
Fixed assets excl. goodwill	30 213	33 350
Provisions	-8 649	-10 852
<b>Capital employed excl. goodwill</b>	<b>33 706</b>	<b>44 013</b>
Goodwill	13 420	10 649
<b>Capital employed</b>	<b>47 126</b>	<b>54 662</b>

## SEK thousand, Cash flow statements

	2002 Q4	2002 Jan-Dec	2001 Q4	2001 Jan-Dec
Operating profit	-6 315	-11 698	-29 854	-29 136
Depreciation and write-downs	1 766	6 470	22 785	30 084
Provisions	30	-190	124	30
Net financial income/expense	92	557	150	198
Tax paid	1 681	748	3 132	-6 612
Change in current receivables	-323	12 560	6 353	13 246
Change in current liabilities	2 378	-2 580	2 524	-1 853
<b>Cash flow from ordinary activities</b>	<b>-691</b>	<b>5 867</b>	<b>5 214</b>	<b>5 957</b>
Investment in subsidiary	-2 161	-2 161	-	-
Net investment in fixed assets	-100	-913	321	-4 925
<b>Cash flow from investment activities</b>	<b>-2 261</b>	<b>-3 074</b>	<b>321</b>	<b>-4 925</b>
<b>Operating cash flow</b>	<b>-2 952</b>	<b>2 793</b>	<b>5 535</b>	<b>1 032</b>
Loans raised (+) / Repayment of loans (-)	-1 017	-1 017	-5 456	-12 000
Dividend paid	-	-	-	-3 787
<b>Cash flow from financing activities</b>	<b>-1 017</b>	<b>-1 017</b>	<b>-5 456</b>	<b>-15 787</b>
Cash flow for the period	-3 969	1 776	79	-14 755
Opening liquid assets	9 881	4 136	4 057	18 891
Closing liquid assets	5 912	5 912	4 136	4 136
Change	-3 969	1 776	79	-14 755

## Financial key ratios

	2002 Jan-Dec	2001 Jan-Dec
Gross margin	-2.8%	1.3%
Margin before GW amortization and items aff. comp.	-5.3%	-0.8%
Margin after GW amortization and items aff. comp.	-6.3%	-12.4%
Profit margin	-6.0%	-12.4%
Earnings per share after tax *	-1.19 kr	-3.64 kr
Earnings per share after standard tax *	-1.05 kr	-2.75 kr
Average number of shares *	7 625 850	7 573 600
Number of shares at the year-end *	7 782 600	7 573 600
Equity/assets ratio	58.0%	59.5%
Equity per share *	6.81	7.76
Return on capital employed	-16.8%	-33.9%
Return on equity	-19.9%	-37.0%
Average number of employees	235	288
Number of employees at end of period	237	251
Working days	250	250
Chargeability rate	58%	60%
Turnover per employee	787	813

The number of shares does not include 341,950 outstanding staff share options.



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