

## **Aspiro AB (publ)**

### **Interim report January-June 2000**

- Net sales amounted to SEK 4,223 thousand (SEK 1,905 thousand).
- The result after financial expenses was SEK -82,913 thousand (SEK -7,194 thousand).
- Development costs of SEK 25,000 thousand have affected the income statement.
- Orders received amounted to SEK 25,494 thousand (SEK 3,418 thousand). Orders received to date total SEK 32,550 thousand and are expected to reach SEK 85,000 thousand by the end of 2000.
- A focus on core business activities is expected to lead to a positive result during 2001, approximately 12 months earlier than had previously been announced.
- Decision taken regarding a preferential rights issue, which will provide the company with approximately SEK 70 million. The entire issue is fully underwritten.
- Lena Wittbjör was appointed as CEO and President of the Parent Company.

### **Development over the period**

Orders received increased by SEK 22,076 thousand compared with the same period last year and by the end of the period amounted to SEK 25,494 thousand (SEK 3,418 thousand). New international customers account for approximately 60% of the increase in orders.

The Group's result after financial expenses amounted to SEK -82,913 thousand (SEK -7,194 thousand). The organizational improvements that have been implemented have substantially affected the company's result. New recruitment has been focussed on strengthening the sales and product development divisions.

### **Net sales**

The Group's net sales rose during the period to SEK 4,223 thousand (SEK 1,905 thousand). Net sales during the second quarter amounted to SEK 2,158 thousand (SEK 1,507 thousand).

### **Result**

The Group's operating loss for the first six months amounted to SEK -84,003 thousand, (SEK -7,210 thousand). All costs for sales and product development have affected the operating loss. Consultancy fees of a one-off nature for, among other things, products and marketing development also affected the operating loss by approximately SEK 10,000 thousand. During the second quarter the operating loss amounted to SEK -49,597 thousand (SEK -3,586 thousand).

The result after financial items amounted to SEK -82,913 thousand (SEK -7,194 thousand). The positive net financial income for the period totaling SEK 1,090 thousand is attributable to interest income from liquid assets.

The quarterly result has been affected by goodwill amortization totaling SEK 2,877 thousand (SEK 0 thousand) as well as depreciation of fixed assets totaling SEK 442 thousand (SEK 10 thousand). The depreciation principles relating to goodwill have been changed to those applied during

the first quarter of 2000. A depreciation period of 10 years was applied during the first quarter. The income statements below have been adjusted to reflect a five-year depreciation period for operational acquisitions and 20 years for strategic acquisitions. The change to goodwill depreciations has meant that the result after financial expenses during the first quarter is positively affected by SEK 821 thousand. The full difference in results after financial expenses for the first quarter, compared to earlier published reports, amounts to SEK 975 thousand. In addition to the depreciations in goodwill, the difference also includes minor adjustments to the acquisition analyses.

### **Cash flow and investments**

The change in liquid assets during the period was SEK -73,022 thousand (SEK 6,884 thousand). The negative cash flow is attributable to the expansion of the organization. The Group's investments during the period amounted to SEK 8,823 thousand (SEK 23 thousand). Investments in fixed assets amounted to SEK 1,539 thousand (SEK 23 thousand). Investments in Group goodwill totaled SEK 90,224 thousand (SEK 0 thousand), which is attributable to the acquisition of Midab AB, Aspiro Mobile TextPhone AB (previously Sundbyberg ITcenter AB), Advox AB and InfoCreator AB during the first quarter. Issues of new shares in Aspiro AB financed the acquisitions. During the second quarter Aspiro acquired a minority holding in Norwegian company, Colibria AS. The acquisition increased financial assets by SEK 3,031 thousand. Aspiro's participating interest amounts to 7.5 percent of capital and votes. Aspiro also has a seat on the board of directors.

### **Financing and liquidity**

Cash and cash equivalents including short-term investments amounted to SEK 8,585 thousand at the end of the period compared to SEK 81,607 thousand at the beginning of the year.

### **New share issue**

It was announced on June 26 that Aspiro's Board of Directors, with the authorization of the general meeting of shareholders held May 18, 2000, planned to carry out an issuance of a maximum of 3,887,327 new shares. The subscription price was set at SEK 20 per share. The issue will provide Aspiro with proceeds amounting to approximately SEK 70 million after expenses. The issue proceeds will be used on sales and product development, and to amortize a short-term banking facility totaling SEK 35,500 thousand. The new shares were offered to Aspiro's shareholders with preferential rights, of which ten (10) old shares gave the right to subscribe for one (1) new share. The subscription period is from August 7 to August 25, 2000. The entire issue is underwritten through pledges and guarantees from the company's principle shareholders and a consortium under the management of Hagströmer & Qviberg Fondkommission AB.

### **Key ratios**

Earnings per share were SEK -2.14 (SEK -0.30). With the assumed dilution effect of all outstanding issued warrants taken into account, earnings per share were SEK -1.97 (SEK -0.29).

The return on equity was negative. Solidity amounted to 72 percent (73).

### **Aspiro's stock**

On May 9, Aspiro's stock was listed on the OM Stockholm Stock Exchange's New Market. The company's sponsor was Cheuvreux Nordic.

In May, a 5:1 share split was carried out, which meant that every shareholder in exchange for one (1) old share with a par value of SEK 0.10 received five (5) new shares with a par value of SEK 0.02. The first day of trading in the new number of shares was Friday May 26.

The number of outstanding shares at the end of the period was 38,873,265. If all the outstanding warrants are used to subscribe for shares the total number of shares amount to 4,216,670, each with a par value of SEK 0.02.

### **Parent company**

The Parent Company's net sales during the period amounted to SEK 619 thousand (SEK 1,905 thousand). The result after financial expenses fell to SEK -80,428 thousand (SEK -7,194 thousand). Liquid assets at period-end amounted to SEK 4,569 thousand, compared with SEK 81,318 thousand at the start of the year.

### **The market, deliveries and products**

#### *The market*

By the end of the report period the market for mobile Internet had picked up and is now growing quickly. During 2000, Japan has positioned itself as the world's leading market for mobile Internet. Through a strategic alliance with the Japanese company, Cybird, Aspiro has obtained an insight and understanding of the business models that will be of value in other markets.

Also during this period, Aspiro has received international acceptance for its products in six different markets. The majority of these customers have preferred a hosting solution whereby Aspiro hosts and operates the services it sells. The advantages of this arrangement are that Aspiro is able to establish long-term customer relations with the added possibility of further sales. Owing to this, the revenue flow is spread out over a longer period (often 24 months).

At present there is a good availability of mobile devices capable of handling mobile Internet services in both the European and American markets.

### Strategic alliances increase sales

As part of the company's strategy to become a world-leading department store for mobile Internet and SMS services, Aspiro is increasing its market presence by building alliances for the resale of its services. A number of such alliances were signed during the period.

Aspiro and the Japanese company, Cybird, have signed a letter of intent regarding collaboration covering the mutual sale and marketing of the companies' respective services as well as joint development of new services. The collaboration is progressing according to plan. Cybird is a leading mobile Internet company in the Japanese market, which today totals some 11 million users.

Aspiro and Nokia Networks have signed a collaboration agreement regarding the marketing and sales of Aspiro's mobile Internet services to operators and Internet portals. The agreement means that Nokia will offer its customers services and applications developed by Aspiro and integrated into the Nokia Artus MAX platform.

Additional agreements concerning sales collaboration and the resale of Aspiro's products have been entered into with Telia Mobile International, Europolitan Stores, Kipling and Turkish provider Enter.

### Major delivery agreements

The following major delivery agreements were signed during the second quarter:

**BLU**, Italian mobile operator, partly owned by British Telecom: 24-month agreement for complete mobile Internet solution incorporating six Aspiro services. The solution was delivered in May.

**Mobyson**, virtual operator in the Scandinavian market, partly owned by StartUpFactory: 24-month agreement for complete mobile Internet solution including six Aspiro services. The solution was delivered in August.

### New products

Twelve new services have been launched including eight during the second quarter. Among these:

- City Guide: a complete city guide with information about accommodation, entertainment, restaurants, etc.
- Fun & Facts: a service offering simple and informative services such as an international etiquette guide, time zones, currency converter, etc.
- At the Movies: offering information about cinemas and presentations and reviews of films.
- TV Guide: offering all the latest TV information about scheduled programs

A joint development project with Hewlett-Packard has resulted in a service for last-minute flights, holidays, etc. The concept was ready in May and presented at the Telekomdagarna trade fair in Sollentuna, Sweden.

Aspiro's product portfolio has expanded through agreements with a number of leading content providers like Agence France-Press (AFP), Standard & Poor's Comstock, AFX News, SMHI, Wcities and Smart.

### Personnel and organization

The average number of employees during the period was 107 (17). At the end of the second period the total number of employees was 148. 40 new employees were recruited during the second quarter.

On June 15, Lena Wittbjer was appointed as CEO of Aspiro AB and President of the Aspiro Group. Lena Wittbjer was most recently Sales Director and CEO of Aspiro International in Luxembourg where she worked with building up Aspiro's international presence and global sales organization. Wittbjer was previously employed by the Kinnevik/Millicom Group where she was active in establishing the world's largest GSM clearing house, MACH. Among her other duties she was responsible for leading the sales work as well as business development and corporate communications.

### Significant events after the end of the period

- Against the background of actual marketing and sales development (including new buyer behavior towards Aspiro's

hosting solutions) and the rapid expansion of the company's operations, the Board of Directors and management have decided to carry out a market adaption of the company's resources. Today, Aspiro's customers mostly ask for mass-market products, which has meant that the company has adapted its product portfolio and decided to sell off vertical applications such as Fleet manager and Wireless Trader.

The Board of Directors and management have decided to refocus the company's activities and are therefore considering phasing out a number of offices, among them Oslo, Gothenburg and Boston. The company's business activities will be tailored and adapted in accordance with the direction chosen for the company. This decision means greater focus on sales, products and deliveries and creates a cost saving in the region of SEK 50,000 thousand. Aspiro is confident to meet the planned objective of 85 000 KSEK in total order value for the year 2000. As a result, Aspiro will make break even earlier, already in Q4 2001, 12 months ahead of earlier predictions.

- On August 1, Aspiro released a new generation of its demo platform which improves the opportunity for customers to evaluate Aspiro's services. The demo platform is expected to facilitate the sales process considerably.

- Aspiro's product portfolio now has two new services: mobile chess and a news service offering information from the Summer Olympics in Sydney.

- The following major orders have been received:

**Scandinavia On Line**, leading portal owner: delivery of a SMS solution to Passagen's customers for an initial three-month period.

**Simple Mobile Solutions**, independent Dutch supplier of SMS and WAP services: 24-month agreement for three Aspiro services and Aspiro's SMS solution, International SMS Network. The services will be delivered at the end of august.

**Tall Ship's Race**, an international yachting ocean race to which Aspiro's subsidiary, Advox, has supplied its Omnigate Messaging Server.

This means that Aspiro's accumulated order intake during the current year up to the middle of August amounts to SEK 32,550 thousand.

- The following content providers have been contracted to expand Aspiro's portfolio of services:

**World Wide Events**, A British company delivering news and information about events around the world over the coming two years.

**Sports.com**, leading Internet provider of sports news from Europe.

**Sports Network**, leading provider of real-time sports information in the North American market.

## PRO FORMA ACCOUNTS

The pro forma financial statements for 1999 have been prepared on the presumption that the subsidiaries acquired during the beginning of 2000, Midab Data AB, Aspiro Mobile TextPhone AB with subsidiaries, Aspiro Inc and Advox AB, were acquired at the beginning of 1999. InfoCreator AB is included in the company's start in 1999-09-01. Pro forma financial statements are prepared with the acquisition analyses that were made at the actual time of acquisition for each acquisition. Since pro forma financial statements are prepared with the aim of creating an historical depiction of developments, the combined totals offer another picture of the development of stockholders' equity than the true financial statements. This is because stockholder's equity in acquired companies have been included in their entirety without elimination taking place for stockholders' equity. The group's stockholders' equity however does not correspond with what it actually should have been if the companies had been acquired at an earlier date.

## Brief financial summary

	Q2	Q1	Jan-June 2000	Jan-June 1999
Net sales (SEK thousand)	2,158	2,065	4,223	1,905
Result after				
Financial items	- 48,747	- 34,166	- 82,913	- 7,194
Solidity (%)	72	84	72	73
Earnings share (SEK)	- 1.25	-0.88	-2.14	-0.30

## Income statement – Group

SEK thousands	Jan-June 2000	Jan-June 1999	Year 1999	Jan-June pro forma 1999	Year pro forma 1999
<b>Operating revenues</b>					
Net sales	4,223	1,905	7,540	9,708	21,029
Other operating income	57	0	0	0	0
<b>Operating expenses</b>					
Goods for resale	-530	0	-599	-973	-2,651
Other external expenses	-42,046	-4,279	-16,337	-5,731	-23,560
Personnel costs	-42,292	-4,822	-16,336	-11,291	-27,674
Depreciations:					
Fixed assets	-442	-10	-39	-353	-661
Non-tangible assets	-2,877	0	0	-2,757	-5,634
Other operating expenses	-96	-4	-1	-4	-1
<b>Operating loss</b>	<b>-84,003</b>	<b>-7,210</b>	<b>-25,772</b>	<b>-11,401</b>	<b>-39,152</b>
Interest and other financial income	1,218	39	338	58	444
Interest expenses	-128	-23	-25	-78	-320
<b>Result after financial items</b>	<b>-82,913</b>	<b>-7,194</b>	<b>-25,459</b>	<b>-11,421</b>	<b>-39,028</b>
Tax	-1	0	0	-52	-5
<b>Net profit/loss for the year</b>	<b>-82,914</b>	<b>-7,194</b>	<b>-25,459</b>	<b>-11,473</b>	<b>-39,033</b>

## Balance sheet – Group

SEK thousands	00 06 30	99 06 30	99 12 31	Pro forma 99 06 30	Pro forma 99 12 31
<b>ASSETS</b>					
Non-tangible assets	87,351	0	0	85,666	84,590
Fixed assets	2,329	90	132	945	1,339
Financial fixed assets	3,352	0	381	0	381
<b>Total fixed assets</b>	<b>93,032</b>	<b>90</b>	<b>513</b>	<b>86,611</b>	<b>86,310</b>
Current receivables	9,270	2,412	8,737	5,471	10,944
Current investments	2,911	5,734	80,021	5,799	80,021
Cash and bank balances	5,674	2,107	1,586	4,245	3,545
<b>Total current assets</b>	<b>17,855</b>	<b>10,253</b>	<b>90,344</b>	<b>15,515</b>	<b>94,510</b>
<b>Total assets</b>	<b>110,887</b>	<b>10,343</b>	<b>90,857</b>	<b>102,126</b>	<b>180,820</b>
<b>STOCKHOLDERS' EQUITY AND LIABILITIES</b>					
Stockholders' equity	79,477	7,582	81,603	89,639	155,639
Provisions	116	0	0	161	116
Long-term liabilities	0	0	0	1,120	5,805
Short-term liabilities (non interest bearing)	31,294	2,761	9,254	11,206	19,260
<b>Total stockholders' equity and liabilities</b>	<b>110,887</b>	<b>10,343</b>	<b>90,857</b>	<b>102,126</b>	<b>180,820</b>

## Cash flow analysis – Group

SEK thousands	Jan-June 2000	Jan-June 1999	Year 1999
Net cash from operating activities	-60, 220	-7,672	-24, 739
Cash flow from investment activities	-8, 823	-23	-1, 466
Cash flow from financing activities	-3, 979	14,579	106,855
<b>Change in cash position</b>	<b>-73,022</b>	<b>6,884</b>	<b>80,650</b>

## Quarterly results

SEK thousands	2000 Q 1	Q 2	1999 Q 1	Q 2
<b>Operating revenues</b>				
Net sales	2,065	2,158	398	1,507
Other operating income	0	57	0	0
<b>Operating expenses</b>				
Goods for resale	-28	-502	0	0
Other external expenses	-17, 852	-24,194	-1, 956	-2,323
Personnel expenses	-16, 990	-25,302	-2, 062	-2,761
Depreciations:				
Fixed assets	-182	-260	-5	-5
Non-tangible assets	-1, 409	-1,469	0	0
Other operating expenses	-10	-85	0	-4
<b>Operating loss</b>	<b>-34,406</b>	<b>-49, 597</b>	<b>-3,625</b>	<b>-3, 586</b>
Interest and other financial income	328	890	6	33
Interest expenses	-88	-40	-2	-20
<b>Result after financial items</b>	<b>-34, 166</b>	<b>-48,747</b>	<b>-3, 621</b>	<b>-3,573</b>
Tax	-1	0	0	0
<b>Net profit/loss for the year</b>	<b>-34, 167</b>	<b>-48,747</b>	<b>-3, 621</b>	<b>-3,573</b>

### Auditor's comments

I have reviewed this interim report on behalf of Aspiro AB (publ) and in doing so followed the recommendation issued by the Swedish Institute of Authorized Public Accountants (FAR). A review is considerably more limited in scope compared to an audit. I have found nothing to indicate that this interim report contravenes the laws of the Annual Accounts Act.

Ingvar Ganestam  
Authorized public accountant, Ernst & Young

### Scheduled reports

Interim report Jan – Sep 2000	November 15 2000
Year-end report 2000	February 2001

Malmö August 23, 2000

Lena Wittbjer  
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An open telephone conference will be held at 16.00, August 23, 2000, with Aspiro's CEO, Lena Wittbjer, who will be available to answer questions regarding Aspiro's half-yearly report. To take part in the conference, please call +46 8 737 8981, and quote code number: 187141. The conference will be held in English.

Aspiro provides mobile applications and services promoting Life in Motion using cutting-edge knowledge and technologies. Aspiro offers operators, content providers and mobile organizations a wide range of solutions, from pre-packaged portal services to industry-specific solutions.

Founded in 1998, Aspiro is today an important player in the global mobile Internet market. On June 30 the company had 148 employees and offices in Sweden, Norway, Luxembourg and USA. Aspiro's business concept, organization and operations are based on many years of experience gained in the mobile telecommunications and IT industries.

**For more information about Aspiro, please visit [www.aspiro.com](http://www.aspiro.com).**