



CellPoint Reports First Quarter Results

LONDON, November 20th 2001 – CellPoint Inc. (Nasdaq: CLPT), a global provider of mobile location technology and services, announced today results for the fiscal first quarter ended September 30, 2001. The Company reported total revenues from ‘continuing ‘operations’ of \$415,205 compared to \$925,553 in the quarter ended September 30, 2000. Continuing operations and discontinued operations refer to the location technology business and the discontinued telematics business respectively*.

During the quarter, CellPoint continued to expand its worldwide presence. The Company recently announced:

- Group License Frame Agreement for Mobile Location Systems signed with the KPN Group with terms negotiated for other operators within the KPN-Group
- Technology partnership with SiRF to provide GSM/3G operators with an Anytime, Anywhere Location Information Platform based on CellPoint’s technology and A-GPS
- Launch of Location Developers’ Zone for third-party development of applications and services based on CellPoint’s mobile location platforms

CellPoint continues to improve its financial position and during the quarter announced:

- Private placements launched to raise further capital
- Restricting of Convertible Notes held by Castle Creek Technology Partners, remaining \$6.1 million principal on notes fixed at \$4.00 conversion price
- Liquidation of telematics subsidiary, Unwire AB, and South African subsidiary, CellPoint Systems SA (Pty) Ltd.

In addition, after the end of the quarter, CellPoint announced:

- US\$6.62 million raised through private placements
- Jan Rynning, Swedish legal professional specializing in international business law, appointed to the Board of Directors
- Restructuring completed and further cost-savings programs executed; CellPoint Europe liquidated, UK branch office continues to serve current and future customers, development and support expanded and centralized in Sweden
- Benchmark Challenge – CellPoint sets the standard for the location services industry with an entry-level system performing 504,000 location requests per hour

Financial Results

The location services business area, referred to as continuing operations, reported revenues in the first fiscal quarter of \$415,205, compared to revenues of \$925,553 for the quarter ending September 30, 2000. Total revenue for the quarter, including revenues of \$264,087 from discontinued telematics operations, was \$679,292 compared to total revenues of \$978,121 in the first quarter last year. Reported EBITDA** from continuing operations of -\$5,707,441 includes a non-cash, one-time cost of \$3,049,449 related to the liquidation of the Company’s subsidiary in the UK. EBITDA adjusted for a one-time, non-cash item amounts to -\$2,657,992

for the period compared to -\$1,658,856 for the comparable period in the previous year. All revenues in the quarter came from the European market.

Operating expenses from continuing operations were \$7,111,819, of which \$1,010,219 was depreciation and amortization and \$3,049,499 was related to the liquidation of the UK subsidiary. In the first quarter last fiscal year, operating expenses from continuing operations were \$3,265,550, of which \$909,974 was depreciation and amortization. Selling, general and administrative expenses for continuing operations were \$4,863,818 including the one-time charge of \$3,049,449 for the period, compared to \$1,354,778 in the first fiscal quarter of 2000. Research and development expenses were \$1,072,107 in the current quarter compared to \$779,300 in the comparable quarter last year. Financial items, net of \$1,540,578 includes a non-cash charge of \$1,120,945*** for the debt discount related to recent financings. The Company incurred a loss from continuing operations of \$8,258,238, compared to a loss of \$2,718,473 for the comparable quarter in fiscal 2000. Net loss for the comparable quarter in the previous fiscal year was \$5,347,298, which included a loss from discontinued operations of \$2,628,825.

The total number of staff in continuing operations at the end of the quarter was 76 compared to 93 during the same period last year. The total stockholders' equity at the end of the quarter was \$2,428,667, compared to \$4,026,846 in the first fiscal quarter last year.

Private Placements

CellPoint announced it raised a total of US\$6.62 million to date through initial closings on private placements in Europe and North America. The private placements included 50% warrant coverage with strike prices over two years ranging from \$2.25 per share to \$5.00 per share. Use of proceeds included the prepayment and restructuring of the outstanding convertible notes in the total amount of US\$3.25 million paid in July and September. The remainder of these funds raised will be used for working capital.

Restructuring of Convertible Notes

In September 2001, CellPoint entered into an agreement to restructure the convertible notes held by Castle Creek Technology Partners. CellPoint paid \$2.25 million to buy down a portion of the remaining principal and accrued interest on the notes. The remaining outstanding notes are subject to a fixed conversion price at \$4.00 and are scheduled to be retired in October of 2002 for approximately \$6.1 million plus accrued interest. The outstanding notes are repayable in part or in whole at any time.

Restructuring Programs

In order to be cash flow positive as soon as possible, CellPoint launched several cost-cutting programs. In July, the Company announced a plan to focus on its core business, streamlining the organization with the focus on location platforms and enabling services. The Company liquidated the telematics subsidiary, Unwire, which had operations in Sweden and South Africa and also liquidated CellPoint South Africa. The Company also discontinued the majority of external consulting contracts, primarily on the development side.

CellPoint consolidated its core operations back to its office in Kista, Sweden in November 2001 and Stephen Childs, a director of CellPoint Inc., was appointed interim President while the Company actively recruits for this new permanent position. The Company's UK subsidiary, CellPoint Europe, was liquidated but a branch sales office remains in the UK to serve current and future customers. Immediate cost savings will be achieved as well as ongoing financial, legal and communication cost savings within the consolidated structure.

To further consolidate, CellPoint acquired 100% of its part-owned development company, Micronet MLS AB in Karlskrona, Sweden, purchasing the outstanding 42% of Micronet MLS. Micronet staff has been transferred to CellPoint's payroll ensuring that all development knowledge remains in-house which provides further cost savings going forward.

These combined efforts are estimated to save the company more than \$950,000 per month as compared to the average monthly costs from January to March 2001, and will further strengthen the Company's focus on its core business of Mobile Location Platforms for GSM and 3G operators.

Business Development

In August, CellPoint announced a strategic partnership with SiRF Technology to deliver a platform to GSM cell phone operators that provides highly accurate location information to mobile phone users in any environment. With this agreement, SiRF's Assisted GPS (A-GPS) technology will be integrated with CellPoint's network-based Enhanced Cell-ID (E-Cell-ID) location platform technology, providing consumers and wireless network operators the best of both location-information systems.

CEO Commentary

"The foundation has been built for stable and long-term financial development despite a difficult economic backdrop. We have lowered the cost structure from a high of \$1,700,000 per month in the beginning of the calendar year to \$750,000 by the end of 2001," said Peter Henricsson, Chairman and CEO of CellPoint Inc. "Having passed through the intensive development stage which created our unique and powerful technology, we are now focused on development to further enhance functionality and on commercializing our mobile location technology platforms. Our reorganization creates a lean, cost-effective company prepared to act as a prime mover in this emerging industry."

The Company's full report filed with the SEC on Form 10KSB can be viewed at www.cellpoint.com and www.freedgar.com. The Annual Stockholders' Meeting will be held on December 12, 2001 in Stockholm, Sweden. This Meeting was rescheduled to one week later than previously announced to allow sufficient time for mail delivery of proxy materials. Stockholders of record at the close of business on October 19, 2001 shall be entitled to receive full details in the notice of, and to vote at, the annual meeting.

CellPoint's Financial Calendar for the Fiscal Year

Q2 2001/2002 for the quarter ending December, 2001 - February 14, 2002

Q3 2001/2002 for the quarter ending March 31, 2002 - May 15, 2002

Fiscal Year 2001/2002 for the year ending June 30, 2002 – Preliminary Results August 29, 2002; SEC 10KSB filing September 30, 2002

(*) The previously announced liquidation of the Company's telematics subsidiary, Unwire, requires CellPoint to disclose results of its telematics operations as 'discontinued operations' in accordance with U.S. Generally Accepted Accounting Principles (US GAAP).

(**) EBITDA is defined as: Earnings (loss) before financial items, taxes, depreciation and amortization.

(***) According to US GAAP, the value of the beneficial conversion feature for the Castle Creek notes was recorded as a reduction to the carrying amount of the convertible debt and an addition to paid-in-capital. The fair value of the warrants was recorded as a further reduction to the carrying amount and an addition to paid-in-capital. The Company therefore has recorded a

total debt discount of approximately \$3,514,000 and is amortizing the discount over the term of the debt (approximately 22 months). Amortization is accelerated when conversion and repayment of the debt principal occurs. A non-cash charge of \$1,120,045 was recorded as financial items in the quarter whereof \$1,020,083 refers to amortization, conversion and accelerated repayment of the original amount from December 2000, and \$100,862 refers to the new warrants issued to Castle Creek in the July 2001 restructuring agreements.

CellPoint Inc. (Nasdaq and Stockholmsbörsen: CLPT, www.cellpoint.com) is a US company with operations in Sweden and Great Britain delivering location solutions for GSM/3G cellular operators worldwide, enabling them to provide location services to consumers and business users. CellPoint's products consist of MLS (Mobile Location System), MLB (Mobile Location Broker) and key location applications. CellPoint's entry-level location platform handles over 500,000 location requests per hour.

For information, please contact:

CellPoint Inc.: Lynn Duplessis, Tel: +44 (0)1344 624 565
Info@cellpoint.com

KCSA Public Relations Worldwide:

Sarah Shepard / Michael Cimini

(212) 896-1236 / (212) 896-1233

sshepard@kcsa.com / mcimini@kcsa.com

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CELLPOINT INC. AND SUBSIDIARIES
Consolidated balance sheets
(amounts in USD)

	September 30 2001 (unaudited)	June 30, 2001 (audited)
ASSETS		
Current assets		
Cash and cash equivalents	\$2,312,231	\$687,151
Accounts receivable	642,793	1,366,641
Unbilled receivables	368,451	792,443
Prepaid expenses and other current assets	179,963	383,578
Other receivables	420,576	402,132
Current assets of discontinued operations	<u>634,423</u>	<u>1,361,148</u>
Total current assets	4,558,437	4,993,093
Long-term assets		
Restricted cash	385,720	184,216
Acquired technology, net of accumulated amortization of \$6,212,579 and \$5,411,604, respectively	14,770,026	15,571,001
Other intangible assets, net of accumulated amortization of \$1,408,654 and \$1,311,830, respectively	1,010,377	1,107,201
Property and equipment, net of accumulated depreciation of \$951,999 and \$480,345, respectively	969,760	885,780
Non-current assets of discontinued operations	<u>477,388</u>	<u>521,401</u>
Total long-term assets	<u>17,613,271</u>	<u>18,269,599</u>
TOTAL ASSETS	<u>\$22,171,708</u>	<u>\$23,262,692</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accrued expenses and other current liabilities	\$6,317,372	\$2,337,066
Accounts payable	2,939,457	2,082,257
Current liabilities of discontinued operations	1,126,798	2,982,549
Bank overdraft	<u>705,437</u>	<u>—</u>
Total current liabilities	11,089,064	7,401,872
Long-term debt, net of debt discount of \$1,499,587 And \$1,914,490, respectively	<u>8,605,513</u>	<u>11,785,510</u>
Total liabilities	<u>19,694,577</u>	<u>19,187,382</u>
Minority interest	48,464	48,464
Commitments and Contingencies		
Stockholders' equity		
Preferred shares (\$0.001 par value authorized 3,000,000 shares, nil issued and outstanding)	—	—
Common shares (\$0.001 par value authorized 22,000,000 shares, 11,008,141 shares and 10,824,503 shares issued and outstanding, respectively)	11,008	10,824
Common shares to be issued	6,621,130	—
Additional paid in capital	99,601,633	98,692,254
Cumulative foreign currency translation adjustment	764,584	597,478
Stock subscription receivable	(1,037,740)	—
Accumulated deficit	<u>(103,531,948)</u>	<u>(95,273,710)</u>
Total stockholders' equity	2,428,667	4,026,846
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$22,171,708</u>	<u>\$23,262,692</u>

CELLPOINT INC. AND SUBSIDIARIES
Consolidated statements of operations
(amounts in USD)

	Three months ended	
	September 30, 2001	September 30, 2000
	(unaudited)	(unaudited)
Revenues	\$415,205	\$925,553
Cost of revenues	<u>(21,046)</u>	<u>(228,833)</u>
Gross profit	<u>394,159</u>	<u>696,720</u>
Selling, general and administrative expenses	<u>(4,863,818)</u>	<u>(1,354,778)</u>
Research and development expenses	<u>(1,072,107)</u>	<u>(779,300)</u>
Professional fees	<u>(165,675)</u>	<u>(221,498)</u>
Depreciation and amortization	<u>(1,010,219)</u>	<u>(909,974)</u>
Total operating expenses	<u>(7,111,819)</u>	<u>(3,265,550)</u>
Loss from operations	<u>(6,717,660)</u>	<u>(2,568,830)</u>
Financial items, net	<u>(1,540,578)</u>	<u>(149,643)</u>
Loss from continuing operations	<u>(8,258,238)</u>	<u>(2,718,473)</u>
Loss from discontinued operations	<u>—</u>	<u>(2,628,825)</u>
Net loss	<u>(\$8,258,238)</u>	<u>(\$5,347,298)</u>
Weighted average number of shares outstanding, basic and diluted	<u>10,982,040</u>	<u>8,743,630</u>
Net loss per common share basic and diluted:		
Continuing operations	\$(0.75)	\$(0.31)
Discontinued operations	\$(0.00)	\$(0.30)
Net loss per share	\$(0.75)	\$(0.61)

CELLPOINT INC. AND SUBSIDIARIES
Consolidated statements of cash flows
(amounts in USD)

	Three Months Ended September 30, 2001	Three Months Ended September 30, 2000
	(unaudited)	(unaudited)
Cash flows from operating activities		
Net loss	\$(8,258,238)	\$(5,347,298)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Loss from discontinued operations	—	2,628,825
Depreciation and amortization	1,010,219	909,974
Provision for allowance on accounts receivables	—	(36,732)
Non-cash financing costs	1,120,945	—
Changes in operating assets and liabilities:		
Increase in restricted cash	(201,504)	—
Decrease/(increase) in accounts receivable	(723,848)	(711,106)
Increase in inventory	—	(21,914)
Decrease in unbilled receivables	423,992	—
Decrease in prepaid expenses	203,615	223,536
Decrease/(increase) in other receivables	(18,444)	168,416
Increase/(decrease) in accrued expenses and other current liabilities	3,980,306	(175,424)
Increase/(decrease) in accounts payable	857,200	(95,332)
Decrease in due to affiliate	—	(55,517)
Net cash used in operating activities from continuing operations:	(158,061)	(2,512,572)
Net cash used in operating activities from discontinued operations:	<u>(1,079,392)</u>	<u>(412,787)</u>
Net cash used in operating activities:	(1,237,453)	(2,925,359)
Cash flows from investing activities		
Capital expenditures	<u>(200,911)</u>	<u>(82,980)</u>
Net cash used in investing activities from continued operations:	(200,911)	(82,980)
Net cash used in investing activities from discontinued operations:	<u>(3,429)</u>	<u>(106,728)</u>
Net cash used in investing activities:	(204,340)	(189,708)
Cash flows from financing activities:		
Repayment of note payable	(3,144,900)	—
Net proceeds from private placements	5,336,911	149,800
Bank overdraft	<u>705,437</u>	<u>—</u>
Net cash provided by financing activities from continuing operations:	2,897,448	149,800
Effects of exchange rate changes on cash	171,617	(35,310)
Effects of exchange rate changes on cash from discontinued operations	<u>(2,192)</u>	<u>(43,666)</u>
Increase/ (decrease) in cash and cash equivalents	1,625,080	(3,044,243)
Cash and cash equivalents at beginning of period	<u>687,151</u>	<u>6,624,392</u>
Cash and cash equivalents at end of period	<u>\$2,312,231</u>	<u>\$3,580,149</u>