

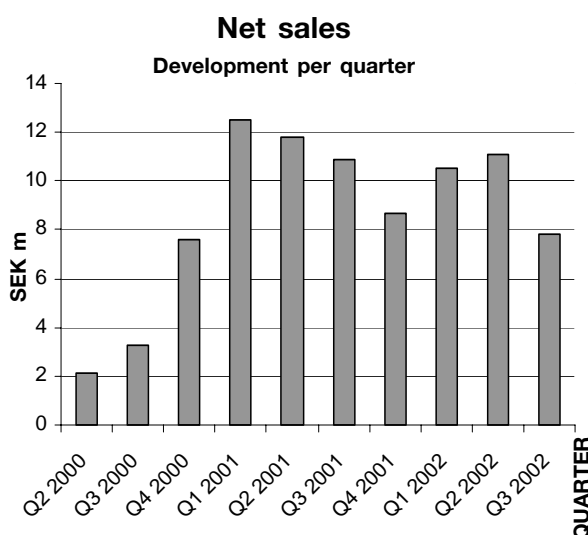
## **Aspiro AB (publ)**

### **Interim report January-September 2002**

- Net sales amounted to SEK 29.5 m (SEK 35.2 m).
- The result after financial items amounted to SEK - 77.6 m (SEK - 132.5 m).
- The Group's liquid funds totaled SEK 19.6 m (SEK 47.3 m) at the end of the period, whereof SEK 8.5 m available for the parent company.
- Aspiro signed 32 new sales agreements during the period including nine in the last three months. Sales within the core business area, mobile applications, are proceeding according to plan.
- In August, Aspiro acquired Picofun AB. The agreement doubled Aspiro's customer base and considerably expanded the company's product range, with amongst others items, Java-based mobile games.
- In August, Aspiro decided to carry out additional cost saving measures of SEK 12-15 m annually. 17 employees were affected by the measures.
- In September, the subsidiary Aspiro Mobile TextPhone AB was divested as part of Aspiro's continuing process to focus its activities.
- Aspiro is presently in discussions regarding an infusion of capital to strengthen the company's financial position. The discussions also involve possible industrial consolidations, in accordance with Aspiro's earlier stated consolidation strategy.

## Net sales and result

The Group's result during the first nine months amounted to SEK 29.5 m (SEK 35.2 m). Third quarter net sales amounted to SEK 7.8 m (SEK 10.9 m). Of net sales for the period, 16 % (41 %) are attributable to sales in Sweden, 59 % (55 %) in Europe and 25 % (4 %) to the rest of the world. Sales within the core business area, mobile applications, are proceeding according to plan, while the business area, SMS traffic, has experienced decreased volumes.

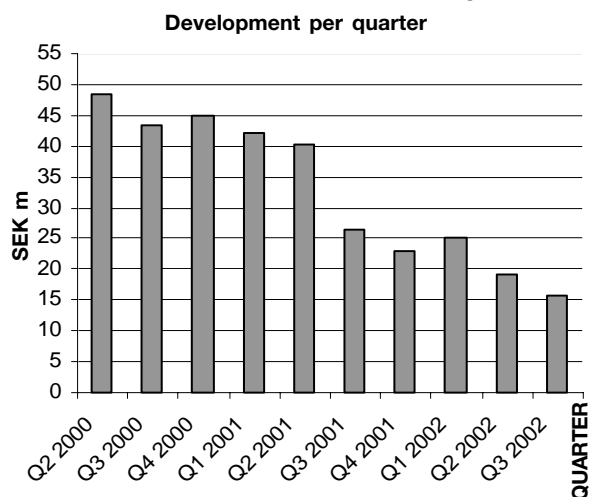


The result after financial items amounted to SEK -77.6 m (SEK -132.5 m). The period's result has been affected by restructuring costs totaling SEK 11.5 m (SEK 22.8 m) and a write-down in goodwill totaling SEK 4.7 m (SEK 16.4 m).

The result after financial items for the third quarter amounted to SEK -22.8 m (SEK -48.0 m). Compared with the second quarter of 2002 operating result, excluding write-downs, restructuring costs, and dissolution of negative goodwill, improved by SEK 3.0 m. Other external costs and personnel costs have been reduced by SEK 0.7 m and SEK 2.8 m respectively compared with the second quarter.

The sale of Aspiro Mobile TextPhone AB resulted in a groupwise loss of SEK 0.09 m, which has been taken as a restructuring cost.

## Personnel- & other external expenses



The divestment of the Fleet Management business area announced in the interim report for January – March 2002 has not yet been carried out.

Earnings per share amounted to SEK -2.14 (SEK -2.09). Earnings per share are effected by the write-down in deferred taxes reported in the second and third quarters as this key ratio is calculated based on the recorded result after tax. Outstanding option rights involve no dilution of the company's stock.

In order to adjust the company's costs to its earnings capacity, additional cost-saving measures have been carried out. In August, the company decided to adopt a comprehensive plan of action aimed at retaining its delivery capacity despite a reduction of 17 employees. This will be achieved by, among other things, fewer internal development projects and the distribution of products and services via third parties. Total annual cost-savings from these measures are estimated at SEK 12-15 m.

## Parent Company

The Parent Company's net sales during the period amounted to SEK 25.3 m (SEK 30.9 m) yielding a result after financial items of SEK -67.1 m (SEK -127.7 m).

## **Investments**

Group investments during the period amounted to SEK 0.8 m (SEK 9.5 m). Investments in tangible assets totaled SEK 0.8 m (SEK 5.6 m). Of total investments, SEK 0.7 m (SEK 4.6 m) is related to finance leasing agreements.

## **Liquidity and financing**

The Group's liquid funds totaled SEK 19.6 m (SEK 47.3 m) at the end of the period, whereof SEK 8.5 m available for the parent company.

Aspiro is presently in discussions regarding an infusion of capital to strengthen the company's financial position. The discussions also involve possible industrial consolidations, in accordance with Aspiro's earlier stated consolidation strategy.

## **Aspiro's stock**

Aspiro's stock is traded on Stockholmsbörsen's O-list.

The number of outstanding shares at the end of the period amounted to 97,999,811. If all outstanding option rights are exercised to subscribe for shares, the number of additional shares will amount to 1,015,750, each with a nominal value of SEK 0.02.

At an extra general meeting of shareholders, in August, an increase in the company's share capital through two new directed share issues for a total of 12,900,000 new shares in connection with the acquisition of Picofun AB, was authorized. The new share issues generated a dilution effect of approximately 15% for current shareholders.

## **Market situation and sales achievements**

The market for mobile consumer services was dominated during the period by the prevailing financial crisis among telecommunication

companies, lower forecasts for mobile phone usage and the risk that the rollout of 3G will be delayed still further. However, the operators' revenues from mobile data continue to rise, indicating a steadily growing market.

Operators have expressed a significant interest for Aspiro's MMS and Java based services. In particular interest has been exhibited for game and entertainment applications, which are Aspiro's core business.

During the third quarter Aspiro signed nine commercial agreements. Aspiro had, at the end of the period, agreements with 34 operators and portals within the business area Mobile Applications and with over 40 customers for SMS traffic.

Aspiro's drop in sales during the third quarter is primarily the result of reduced SMS traffic. The business area for SMS traffic has had problems with spamming. In addition, activities to improve the margins for SMS traffic have also had an effect upon traffic volumes. The business area is presently under review. Revenues for the Aspiro's core business, Mobile Applications, have increased compared to the second quarter.

### *Application Sales*

Proximus (Belgium) has purchased additional mobile services from Aspiro. Vodafone D2 (Germany) has upgraded their Mobile Chat service from Aspiro (former Mgage). T-Mobile has during the third quarter launched its first Java game from Aspiro in the United Kingdom. mmO2 (United Kingdom) has signed a frame agreement with Aspiro for the delivery of mobile games to mmO2's operators in the United Kingdom, Germany, the Netherlands and Ireland. The first applications are scheduled for launch in October. AT&T Wireless (USA) has during the third quarter launched two new services. MMS trials have been sold to Telefonica (Spain), Polkomtel (Poland) and Etisalat (United Arab Emirates).

### *SMS Traffic Sales*

New agreements for SMS traffic have been signed with Sonera ZED, Kiala (Belgium), SMS.ac (USA) and Unimobile (USA).

### **Personnel and organization**

At the end of the period Aspiro had a total of 54 (67) employees spread over 50.1 (64.1) full-time positions. Aspiro's cost savings measures, announced in August, have proceeded according to plan. The result of this, as per the 29<sup>th</sup> of October, is that Aspiro has 39 employees and four short-term contract employees spread over 38.7 full-time positions. A further three individuals will leave the company within a month.

Aspiro's subsidiary Aspiro Mobile TextPhone AB was sold in September as a part of the company's strategy to focus upon core business areas.

In August, Aspiro acquired PicoFun AB. PicoFun is a leading distributor of mobile games and entertainment applications with a portfolio of some 80 different applications. It boasts a customer base of 27 mobile operators to whom PicoFun delivers games and entertainment services regularly, thus complementing perfectly Aspiro's own existing portfolio of products and customer base. The acquisition of PicoFun also gives Aspiro invaluable knowledge of the youth sector. The acquisition, which was financed by

two new non-cash share issues totaling 12.9 million shares and a cash purchase sum of SEK 5.5 million, will have a marginal effect on Aspiro's results and liquidity during 2002.

Aspiro intends to continue its strategy of being a leading player in the present industry consolidation to maintain its position as leading supplier of mobile services to operators as well as increase its market share. Aspiro is holding discussions with other companies that could further strengthen Aspiro's customer base and distribution network.

### **Events after the end of the period**

Aspiro has signed a further two sales agreements with Comtrade (Serbia) and TNC (Dubai) after the end of the period. TNC will also be a reseller of Aspiro services in the Middle East. In addition, a consulting agreement has been signed for MMS service strategies with a leading European operator.

The Asian market is judged to be one of the fastest growing for mobile applications. Aspiro has signed a Memorandum of Understanding with Hong Kong-based Imoeba Ltd for mutual distribution of each company's respective applications after the end of the third quarter. Imoeba will sell Aspiro's products in China, Hong Kong, Singapore as well as Taiwan. Aspiro will become a reseller of Imoeba's products in Europe and North America.

<b>Brief financial summary</b>	<b>Q3 2002</b>	<b>Q2 2002</b>	<b>Q1 2002</b>	<b>Q4 2001</b>	<b>Q3 2001</b>	<b>Q2 2001</b>	<b>Q1 2001</b>	<b>2001</b>
Net sales (SEK m)	7.8	11.1	10.5	8.7	10.9	11.8	12.5	43.9
Profit/loss after financial items (SEK m)	-22.8	-25.0	-29.8	-87.5	-48.0	-52.7	-31.8	-220.0
Solidity (%)	40	61	77	77	74	82	85	77
Return on stockholders' equity	neg.	neg.	neg.	neg.	neg.	neg.	neg.	neg.
Earnings per share (SEK)	-0.60	-1.20	-0.35	-1.35	-0.74	-0.89	-0.46	-3.50
Average no. of shares outstanding (000s)	90,968	86,038	86,038	55,861	50,024	50,024	50,024	51,483
Average no. of shares outstanding and potential shares (000s)	91,084	87,054	87,704	59,289	53,472	53,472	53,472	54,926

## Income statement - Group

SEK thousand	Jan-Sept 2002	July-Sept 2002	Jan-Sept 2001	July-Sept 2001	Full year 2001
<b>Operating revenues</b>					
Net sales	29,479	7,838	35,201	10,867	43,944
Other operating income	1,301	349	1,529	438	1,620
<b>Operating expenses</b>					
Services and goods for resale	-21,898	-5,249	-14,109	-4,013	-20,680
Other external costs	-26,527	-6,915	-43,382	-10,246	-54,457
Personnel costs	-33,719	-8,930	-65,481	-16,102	-77,314
Depreciation of tangible assets	-4,321	-1,434	-5,603	-2,003	-7,567
Depreciation and write-down of intangible assets	-6,979	-1,449	-20,562	-1,256	-79,515
Restructuring costs	-11,523	-5,940	-22,806	-25,682	-26,266
Dissolution negative goodwill	684	684	-	-	-
Other operating expenses	-508	-130	-1,019	-519	-1,265
<b>Operating profit/loss</b>	<b>-74,011</b>	<b>-21,176</b>	<b>-136,232</b>	<b>-48,516</b>	<b>-221,500</b>
Interest and other financial income	1,614	401	4,408	760	4,511
Interest and other financial expenses	-5,161	-2,001	-698	-264	-3,056
<b>Profit/loss after financial items</b>	<b>-77,558</b>	<b>-22,776</b>	<b>-132,522</b>	<b>-48,020</b>	<b>-220,045</b>
Tax	-14	-1	-14	-2	-16
Deferred tax	-108,901	-30,901	27,900	11,000	39,902
<b>Net profit/loss for the period</b>	<b>-186,473</b>	<b>-53,678</b>	<b>-104,636</b>	<b>-37,022</b>	<b>-180,159</b>
Earnings per share (SEK)	-2.14	-0.60	-2.09	-0.74	-3.50

## Balance Sheet - Group

SEK thousand	30/9 2002	30/9 2001	31/12 2001
<b>ASSETS</b>			
Intangible assets			
Goodwill	8,307	64,466	15,287
<i>Total intangible assets</i>	<i>8,307</i>	<i>64,466</i>	<i>15,287</i>
Tangible fixed assets			
Equipment	8,539	16,228	11,732
<i>Total tangible fixed assets</i>	<i>8,539</i>	<i>16,228</i>	<i>11,732</i>
Financial fixed assets			
Other shares	6,000	11,040	9,040
Deferred tax, income taxes recoverable	8,461	96,900	117,362
Other long-term receivables	121	175	138
<i>Total financial fixed assets</i>	<i>14,582</i>	<i>108,115</i>	<i>126,540</i>
<b>Total fixed assets</b>	<b>31,428</b>	<b>188,809</b>	<b>153,559</b>
Current receivables	24,319	21,202	24,662
Current investments	-	30,769	70,000
Cash and bank balance	19,550	16,538	25,897
<b>Total current assets</b>	<b>43,869</b>	<b>68,509</b>	<b>120,559</b>
<b>Total assets</b>	<b>75,297</b>	<b>257,318</b>	<b>274,118</b>
<b>STOCKHOLDERS' EQUITY AND LIABILITIES</b>			
Stockholders' equity			
Restricted equity	213,546	235,511	329,548
Non-restricted reserves/Accumulated deficit	2,822	60,579	61,018
Profit/loss for the period	-186,473	-104,636	-180,159
<b>Total stockholders' equity</b>	<b>29,895</b>	<b>191,454</b>	<b>210,407</b>
Provisions	12,647	27,806	19,530
Long-term liabilities	1,602	6,311	4,637
Short-term liabilities	31,153	31,747	39,544
<b>Total provisions and liabilities</b>	<b>45,402</b>	<b>65,864</b>	<b>63,711</b>
<b>Total stockholders' equity and liabilities</b>	<b>75,297</b>	<b>257,318</b>	<b>274,118</b>

## Cash flow analysis - Group

SEK thousand

	Jan-Sept 2002	July-Sept 2002	Jan-Sept 2001	July-Sept 2001	Full year 2001
<b>Operating activities</b>					
Profit/loss for the period	-186,473	-53,678	-104,636	-37,022	-180,159
Adjustments for items not included in the cash flow analysis	114,151	35,493	7,724	11,745	47,325
<i>Cash flow from operating activities before changes in working capital</i>	<i>-72,322</i>	<i>-18,185</i>	<i>-96,912</i>	<i>-25,277</i>	<i>-132,834</i>
Cash flow from changes in working capital	-9,309	-4,378	-11,626	-6,170	-7,833
<b>Cash flow from operating activities</b>	<b>-81,631</b>	<b>-22,563</b>	<b>-108,538</b>	<b>-31,447</b>	<b>-140,667</b>
<b>Investment activities</b>					
Acquisition/sale of subsidiaries	5,502	5,502	-	-	2,855
Acquisition of tangible fixed assets	-174	-	-331	-49	-537
Sales of tangible fixed assets	-	-	109	-	155
Change in financial fixed assets	17	21	-3,442	97	-3,395
<b>Cash flow from investment activities</b>	<b>5,345</b>	<b>5,523</b>	<b>-3,664</b>	<b>48</b>	<b>-922</b>
<b>Financing activities</b>					
New share issue/sales of options	-	-	143	14	78,231
<b>Cash flow from financing activities</b>	<b>0</b>	<b>0</b>	<b>143</b>	<b>14</b>	<b>78,231</b>
<b>Change in cash position</b>	<b>-76,286</b>	<b>-17,040</b>	<b>-112,059</b>	<b>-31,385</b>	<b>-63,358</b>
<b>Cash position opening balance</b>	<b>95,897</b>	<b>36,576</b>	<b>159,016</b>	<b>78,603</b>	<b>159,016</b>
Exchange rate difference in liquid funds	-61	14	350	89	239
<b>Cash position closing balance</b>	<b>19,550</b>	<b>19,550</b>	<b>47,307</b>	<b>47,307</b>	<b>95,897</b>

## Quarterly results

SEK thousand

	Q3 2002	Q2 2002	Q1 2002	Q4 2001	Q3 2001	Q2 2001	Q1 2001
<b>Operating revenues</b>							
Net sales	7,838	11,123	10,518	8,743	10,867	11,807	12,527
Other operating income	349	503	449	91	438	341	750
<b>Operating expenses</b>							
Services and goods for resale	-5,249	-7,921	-8,728	-6,571	-4,013	-4,999	-5,097
Other external costs	-6,915	-7,586	-12,026	-11,076	-10,246	-16,992	-16,144
Personnel costs	-8,930	-11,704	-13,085	-11,833	-16,102	-23,356	-26,023
Depreciations and write-downs:							
Tangible assets	-1,434	-1,461	-1,426	-1,963	-2,003	-1,880	-1,720
Intangible assets	-1,449	-4,587	-943	-58,953	-1,256	-17,829	-1,477
Restructuring costs	-5,940	-2,469	-3,114	-3,460	-25,682	-	2,876
Dissolution negative goodwill	684	-	-	-	-	-	-
Other operating expenses	-130	-169	-209	-246	-519	-214	-286
<b>Operating profit/loss</b>	<b>-21,176</b>	<b>-24,271</b>	<b>-28,564</b>	<b>-85,268</b>	<b>-48,516</b>	<b>-53,122</b>	<b>-34,594</b>
Interest and other financial income	401	437	776	103	760	644	3,004
Interest and other financial expenses	-2,001	-1,180	-1,980	-2,358	-264	-209	-225
<b>Profit/loss after financial items</b>	<b>-22,776</b>	<b>-25,014</b>	<b>-29,768</b>	<b>-87,523</b>	<b>-48,020</b>	<b>-52,687</b>	<b>-31,815</b>
Tax	-1	-	-13	-2	-2	-	-12
Deferred tax	-30,901	-78,000	-	12,002	11,000	8,000	8,900
<b>Net profit/loss for the period</b>	<b>-53,678</b>	<b>-103,014</b>	<b>-29,781</b>	<b>-75,523</b>	<b>-37,022</b>	<b>-44,687</b>	<b>-22,927</b>

## Change in stockholders' equity 1/1 - 30/9 2002

SEK thousand

	Share capital	Restricted reserves	Non-restricted reserves	Profit/loss for the period	Total
Beginning of period in accordance with balance sheet	1,721	327,827	61,018	-180,159	210,407
Allocation for previous period's result		-120,786	-59,373	180,159	0
New share issue, acquisition Picofun AB	239	4,545			4,784
Translation difference for the period			1,177		1,177
Profit/loss for the period				-186,473	-186,473
Amount at end of period	1,960	211,586	2 857	-186,473	29,895

## Change in stockholders' equity 1/1 - 30/9 2001

SEK thousand

	Share capital	Restricted reserves	Non-restricted reserves	Profit/loss for the period	Total
Beginning of period in accordance with balance sheet	1,001	419,835	-1,274	-190,471	229,091
Changed accounting principles			10,000	59,000	69,000
Adjusted amount at beginning of period	1,001	419,835	8,726	-131,471	298,091
Allocation for previous period's result		-185,468	53,997	13, 471	0
Stock options		143			143
Translation difference for the period			-2,144		-2,144
Profit/loss for the period				-104,636	-104,636
Amount at end of period	1,001	234 510	60,579	-104,636	191,454

### Comments to the accounts

This interim report has been prepared based on the Swedish Financial Accounting Standards Council's recommendation RR 20 regarding the reporting of interim reports. This interim report has been prepared applying the same accounting principles and method of calculation as the annual report for 2001. When accounting for deferred tax attributable to losses carried forward, a calculation has been made based on an estimate of the accumulated tax losses that could be expected to be utilized over the next three to four years. During the second and third quarter, deferred taxes recoverable have been written down by SEK 109 m. The accumulated losses carried forward in the Group amounted to approximately SEK 430 m at the end of 2001.

Outstanding option rights do not at present lead to any degree of share dilution as the current subscription price is higher than the shares' actual value. The lowest issue price is SEK 26.90.

First- and second quarter results have been affected by restructuring costs totaling SEK 5.6 m. In the third quarter a total of SEK 5.9 m was recorded as restructuring costs of which personnel costs constituted the main part. The company's stated refocusing of its business operations has also affected the goodwill that was attributable to the acquisition of Midab Data AB and InfoCreator i Höganäs AB (acquired at the beginning of 2000). Since this goodwill was mainly personnel-related, the value has been written-down in its entirety.

The negative goodwill resulting from the acquisition of Picofun AB has in its totality been written off against accrued losses of the company during the third quarter.

### 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

### Report schedule for 2002

Year-end report 2002      February 13, 2003

*Malmö October 29, 2002*

Håkan Persson  
CEO  
Aspiro AB (publ)  
corporate identity number: 556519-9998

Aspiro offers mobile telecom operators, portals, companies and organizations a wide range of attractive services designed to meet the consumer's needs for information, entertainment and communication via mobile media. With a customer base of more than 30 operators and portals in Europe and North America, and some 40 customers utilizing Aspiro's SMS-network, Aspiro is today an important international player in the mobile services market.

Aspiro was founded in 1998 and its business concept, organization and operations are based on many years of experience gained in the mobile telecommunications and IT sectors. Aspiro is stock quoted on Stockholmsbörsen's O-list since June 2001.

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The CEO's regular letter to stockholders can be ordered by contacting [investor-relations@aspiro.com](mailto:investor-relations@aspiro.com).

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