

**Aspiro AB (publ)**  
**Interim report January – March 2003**

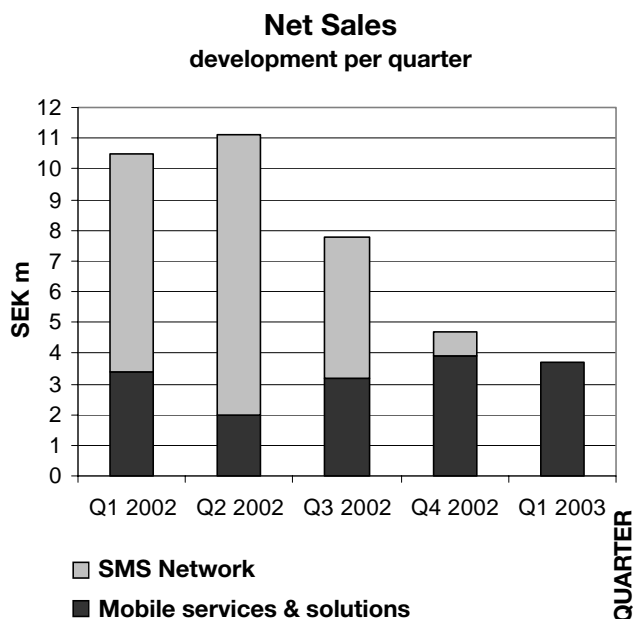
- Net sales totalled SEK 3.7 m (SEK 10.5 m, whereof SMS traffic constituted for SEK 7.1 m).
- The result after financial items amounted to SEK – 6.2 m (SEK – 29.8 m).
- The company's liquid funds amounted to SEK 17.2 m (SEK 60.6 m).  
The period was effected by one-off payments amounting to about SEK 13 m attributable to new share issues, voluntarily compositions and deliveries dated 2002.
- Two cash share issues provided Aspiro with SEK 32.9 m before issue expenses.
- The company reorganisation, which Aspiro was granted in November 2002, was repealed in January as the reorganisation process was successfully accomplished
- During the period, Aspiro signed 10 (11) new sales agreements with customers in Europe and the USA. At the end of the period, Aspiro's customers base included 31 mobile telecom operators and portals.
- After the end of the period, Aspiro announced its intention to merge with Mobilehits.

## Net sales and result

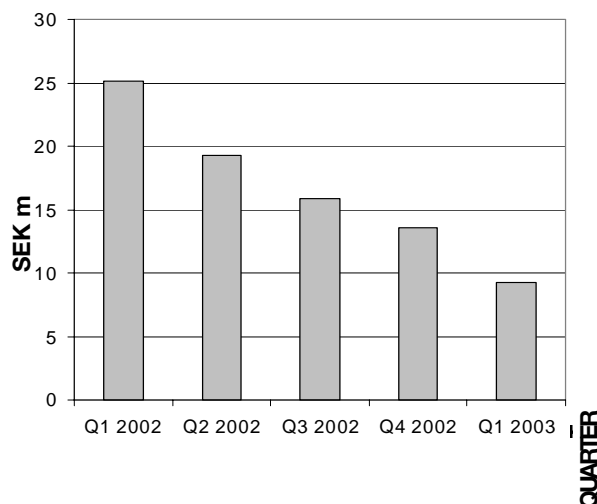
Group net sales totalled SEK 3.7 m (SEK 10.5 m) during the first quarter. Out of the comparing period's net sales, about SEK 7.1 m is attributable to SMS-Network, which was sold off during the fourth quarter of 2002. Of the period's total net sales, 23 % (13%) were attributable to sales in Sweden, 48 % (70 %) in rest of Europe, and 29 % (17 %) in the rest of the world.

The result after financial items amounted to SEK –6.2 m (SEK –29.8 m). For comparison purposes, it should be noticed that the period's result has been affected by restructuring expenses of SEK 3.1 m (SEK 3.1 m) and a write-down of advance payment to supplier of SEK 1.2 m (SEK 0). In addition, the result includes a cost reduction via composition of SEK 4.0 m (SEK 0). In the year-end report the Group's monthly operative costs (indirect operating expenses exclusive of the effects from the composition, depreciations and write-downs, and restructuring expenses) were prognosticated to approximately SEK 2.7 million per month at the beginning of 2003. The average monthly expenses for the first quarter amounted to about SEK 3.1 m. For the month of March, operative expenses amounted to about SEK 2.8 m.

Earnings per share amounted to SEK –0.01 (SEK –0.35). Outstanding option rights have not diluted Aspiro's stock.



## Personnel- & other external expenses development per quarter



## Parent Company

The net sales of the Parent Company totalled SEK 3.0 m (SEK 8.8 m). The result after financial items was SEK –4.9 m (SEK –22.5 m).

## Investments

The Group's total investments during the period amounted to SEK 0 (SEK 0.2 m). Investments in tangible assets amounted to SEK 0 (SEK 0.2 m). Of total investments, SEK 0 m (SEK 0.02 m) was attributable to finance leasing agreements.

## Liquidity and Finance

Liquid assets at the end of the period amounted to SEK 17.2 m (SEK 60.6 m).

In order to secure Aspiro's capital requirements, the Board of Directors decided to carry out a new share issue with preferential rights for the company's shareholders. The new share issue, which was completed in January, was fully subscribed for. Members of the guarantee consortium decided, as a result of the full subscription, to use their right to subscribe for shares via a directed share issue. The share issues provided Aspiro SEK 29.4 m via the new share issue with preferential rights for the shareholders and SEK 3.5 via the directed share issue before issue expenses. Issue expenses amounted to about SEK 4 m. The voluntary

composition and other settlements during the reorganisation resulted in payments of about SEK 5 m. After receiving the payment from the new share issues, further about SEK 4 m, was paid for deliveries made in 2002.

## Reorganisation repealed

On November 19 2002, Aspiro was accorded company reorganisation by the city court of Malmö. The reorganisation work concentrated on:

- focusing on the company's core business and hence reducing the company's expenses
- achieving a settlement with the company's creditors
- acquiring new capital for the company

Aspiro has modified its business according to the reorganisation plan and has managed to reduce its monthly operative expenses (indirect operating expenses excluding depreciations and restructuring expenses) with about SEK 2.5 m.

A composition was completed in January, as the company reached a settlement with all its non-preferential creditors.

As Aspiro has successfully completed its plan for company reorganisation, the city court of Malmö decided to repeal the company reorganisation on January 31 2003, after the end of the period.

## Aspiro's stock

The number of outstanding shares at the end of the period amounted to 755,998,677. If all distributed outstanding option rights are exercised to subscribe for shares, the number of additional shares will amount to 1,015,750 at a nominal value of SEK 0.02.

## Sales & Market

During the period, Aspiro signed 10 (11, whereof 4 with operators and mobile portals, remaining agreements are attributable to the SMS-Network which is disposed since last year) new sales agreements with customers mainly in Europe and North America. After the end of the period, additional five agreements have been signed. This means that Aspiro has a customer base of 31 (10) mobile telecom operators and portals, which together reach about 160 million end-users.

The reorganisation process in January made sales work more difficult, and the company only signed one new sales agreement during that month. In spite of the difficult situation, Aspiro carried through a consultancy project at a major European operator, where Aspiro supported the operator in improving its MMS-offering. The project was well in line with Aspiro's strategy to strengthen its ties with present customers and capitalize on Aspiro's expertise within mobile consumer patterns.

After the repeal of the reorganisation, Aspiro again experienced a great interest for its mobile services, which resulted in seven new sales agreement in February, whereof four with new customers:

- Telstra (Australian operator, 8 million subscribers)
- Westel (Hungarian operator, 3.5 million subscribers)
- Sonera Zed (mobile portals covering six geographical markets)
- Telecom One (mobile portal, UK)

During March another two sales agreements were signed with CSL (Operator in Hongkong and TelecomID (British mobile portal) regarding Java-games.

As a part of the company's focussing process during 2002, all customers were analysed and classified according to several criteria. The most important customers today are T-mobile (USA), Microcell (Canada), Vodafone (Germany), Orange (France), O2 (UK) and 3 (former Hi3G, Sweden).

Aspiro experiences a stable growth of usage of its mobile Internet services among its customers. This trend especially applies for community services, which are built around interactivity and communication between several users. Examples of such services are:

- *Chat* – a service where users chat with each other in real-time, either via the mobile phone or the Internet.
- *Lifestylers* – an interactive role game where users compete with each other in various operations
- *Dating / Love Game* - an interactive matchmaking service where users are matched in couples based upon personality profiles.

As a major part of Aspiro's sales agreements with its customers are built upon revenue sharing dependant on usage, this influences the variable part of revenues positively. Today the company is concentrating on sales of these interactive community services.

Operator customers are demanding Java based solutions for mobile games. Today, Aspiro has a product portfolio containing some 60 Java-games and its own

Java down-load platform for down loading of games and services. By the end of the period, Aspiro had delivered Java-games to nine operators and mobile portals. Aspiro does not expect any extensive usage and hence income from Java-games until the end of this year, when more Java-adapted mobile phones in the right price-level have reached the market.

## Personnel and organisation

At the end of the period Aspiro employed a total of 22 (67) people in 20.85 (60.5) full-time positions.

## Events after the end of the period

After the end of the period, Aspiro has announced its intention to merge with Melody Interactive Solutions AB (publ) ("Mobilehits") by Aspiro making an offer for all shares in Mobilehits. The two companies have since the summer of 2002 cooperated and complement each other both in terms of products and customers. Mobilehits is market leading within the area of music related content for mobile phones. By analysing the customers' interactivity between Internet portals and mobile phones, through in-house developed measuring tools, Mobilehits has gained extensive knowledge of the new generation of mobile phone-users.

With a merged product portfolio and customer base, and the ability of offering the telecom operators solutions targeted at specific customer groups, the Boards and

major owners of Aspiro and Mobilehits, believe that the merged company will gain a more prominent position on the market for mobile services. The merged company will deepen its business relations and eventually get more attractive commercial conditions with the telecom operators.

On condition that the acquisition is approved by Aspiro's shareholders and all other conditions are fulfilled, the merger is expected to be completed in June 2003.

After the end of the period, Aspiro has announced suggestions of changes within the Board of Directors. As from Aspiro's annual general meeting and until the merger with Mobilehits has been completed, the Board of Directors is suggested to consist of present member Johan Lenander and new election of Erik Mitteregger and Håkan Persson (CEO). Tomas Althén and Sven-Åke Bergkvist have declined re-election. After the merger with Mobilehits, further members are anticipated to be elected into the Board

After the end of the period Aspiro has announced that its annual general meeting has been postponed to May 23, 2003.

## Calendar & report schedule for 2003

Annual report for 2002	May 8, 2003
Annual general meeting of stockholders	May 23, 2003
Interim report January-June	August 20, 2003
Interim report January-September	November 13, 2003

## Brief financial summary

	Q 1 2003	Q 4 2002	Q3 2002	Q2 2002	Q1 2002	2002
Net sales (SEK m)	3.7	4.7	7.8	11.1	10.5	34.2
Results after financial items (SEK m)	-6.2	-22.3	-22.8	-25.0	-29.8	-99.9
Solidity (%)	71	16	40	61	77	16
Return on stockholders equity (%)	neg.	neg.	neg.	neg.	neg.	neg.
Earnings per share (SEK)	-0.01	-0.23	-0.60	-1.20	-0.35	-2.32
Average no. Of shares outstanding (000s)	595,466	98,000	90,068	86,038	86,038	90,036
Average no. Of shares outstanding						
And potential shares (000s)	596,482	99,016	91,084	87,054	87,704	91,214

**Income statement - Group**

SEK thousand

	Jan-Mar 2003	Jan-Mar 2002	Full year 2002
<b>Operating revenues</b>			
Net sales	3,708	10,518	34,164
Other operating income	513	449	1,683
<b>Total revenues</b>	<b>4,221</b>	<b>10,967</b>	<b>35,847</b>
<b>Operating expenses</b>			
Services and goods for resale	-303	-8,728	-22,880
Other external costs	-4,460	-12,026	-35,336
Personnel costs	-4,835	-13,085	-38,467
Depreciations and write-downs of tangible assets	-325	-1,426	-5,744
Depreciations and write-downs of intangible assets	-489	-943	-7,468
Write-downs of current assets in excess of normal write-downs	-1,200	-	-2,000
Restructuring costs	-3,066	-3,114	-16,228
Dissolution of negative good-will	-	-	684
Composition	4,049	-	-
Other operating expenses	-71	-209	-498
<b>Total operating expenses</b>	<b>-10,700</b>	<b>-39,531</b>	<b>-127,937</b>
<b>Operating profit/loss</b>	<b>-6,479</b>	<b>-28,564</b>	<b>-92,090</b>
Interest and other financial income	273	776	1,776
Interest and other financial expenses	-42	-1,980	-9,591
<b>Profit/loss after financial items</b>	<b>-6,248</b>	<b>-29,768</b>	<b>-99,905</b>
Tax	-	-13	-15
Deferred tax	-	-	-108,901
<b>Net profit/loss</b>	<b>-6,248</b>	<b>-29,781</b>	<b>-208,821</b>
Earnings per share (SEK)	-0.01	-0.35	-2.32

**Balance Sheet – Group**

SEK thousand

	31/3 2003	31/3 2002	31/12 2002
<b>ASSETS</b>			
Intangible assets			
Goodwill	7,330	14,343	7,819
<i>Total intangible assets</i>	<i>7,330</i>	<i>14,343</i>	<i>7,819</i>
Tangible fixed assets			
Equipment	1,058	10,448	7,075
<i>Total tangible fixed assets</i>	<i>1,058</i>	<i>10,448</i>	<i>7,075</i>
Financial fixed assets			
Other shares	-	7,589	0
Deferred tax, income taxes recoverable	8,461	117,362	8,461
Other long-term receivables	51	127	70
<i>Total financial fixed assets</i>	<i>8,512</i>	<i>125,078</i>	<i>8,531</i>
<b>Total fixed assets</b>	<b>16,900</b>	<b>149,869</b>	<b>23,425</b>
Current receivables	10,004	24,877	17,418
Current investments	-	40,000	-
Cash and bank balance	17,177	20,628	7,313
<b>Total current assets</b>	<b>27,181</b>	<b>85,505</b>	<b>24,731</b>
<b>Total assets</b>	<b>44,081</b>	<b>235,374</b>	<b>48,156</b>
<b>STOCKHOLDERS' EQUITY AND LIABILITIES</b>			
Stockholders' equity			
Restricted equity	322,881	329,548	293,937
Accumulated deficit	-286,162	-118,887	-77,349
Net profit/loss for the period	-6,248	-29,781	-208,821
<b>Total stockholders' equity</b>	<b>31,471</b>	<b>180,880</b>	<b>7,767</b>
Provisions	3,418	16,766	10,914
Long-term liabilities	-	3,307	1,084
Short-term liabilities	9,192	34,421	28,391
<b>Total Provisions and liabilities</b>	<b>12,610</b>	<b>54,494</b>	<b>40,389</b>
<b>Total Stockholders' equity and liabilities</b>	<b>44,081</b>	<b>235,374</b>	<b>48,156</b>

**Cash flow statement – Group**

SEK thousand

	Jan-Mar 2003	Jan-Mar 2002	Full year 2002
<b>Operating activities</b>			
Profit/loss for the period	-6,248	-29,781	-208,821
Adjustments for items not included in the cash flow statement	-7,939	-166	119,464
<i>Cash flow from operating activities before changes in working capital</i>	<i>-14,187</i>	<i>-29,947</i>	<i>-89,357</i>
Cash flow from changes in working capital	-5,087	-5,150	-6,503
<b>Cash flow from operating activities</b>	<b>-19,274</b>	<b>-35,097</b>	<b>-95,860</b>
<b>Investment activities</b>			
Acquisition/sale of subsidiaries	-	-	5,440
Acquisition of tangible fixed assets	-	-136	-174
Sales of tangible fixed assets	-	-	-
Change in financial fixed assets	197	28	2,068
<b>Cash flow from investment activities</b>	<b>197</b>	<b>-108</b>	<b>7,334</b>
<b>Financial activities</b>			
New share issues	28,944	-	-
<b>Cash flow from financing activities</b>	<b>28,944</b>	<b>-</b>	<b>-</b>
<b>Change in cash position</b>	<b>9,867</b>	<b>-35,205</b>	<b>-88,526</b>
<b>Cash position opening balance</b>	<b>7,313</b>	<b>95,897</b>	<b>95,897</b>
Exchange rate difference in liquid funds	-3	-64	-58
<b>Cash position closing balance</b>	<b>17,177</b>	<b>60,628</b>	<b>7,313</b>

**Quarterly results**

SEK thousand

	Q1 2003	Q4 2002	Q3 2002	Q2 2002	Q1 2002
<b>Operating revenues</b>					
Net sales	3,708	4,685	7,838	11,123	10,518
Other operating income	513	382	349	503	449
<b>Operating expenses</b>					
Services and goods for resale	-303	-982	-5,249	-7,921	-8,728
Other external costs	-4,460	-8,809	-6,915	-7,586	-12,026
Personnel costs	-4,835	-4,748	-8,930	-11,704	-13,085
Depreciations and write-downs					
Tangible assets	-325	-1,423	-1,434	-1,461	-1,426
Intangible assets	-489	-489	-1,449	-4,587	-943
Write-downs of current assets in excess of normal write-downs	-1,200	-2,000	-	-	-
Restructuring costs	-3,066	-4,705	-5,940	-2,469	-3,114
Dissolution of negative goodwill	-	-	684	-	-
Composition	4,049	-	-	-	-
Other operating expenses	-71	10	-130	-169	-209
<b>Operating profit/loss</b>	<b>-6,479</b>	<b>-18,079</b>	<b>-21,176</b>	<b>-24,271</b>	<b>-28,564</b>
Interest and other financial income	273	162	401	437	776
Interest and other financial expenses	-42	-4,430	-2,001	-1,180	-1,980
<b>Profit/loss after financial items</b>	<b>-6,248</b>	<b>-22,347</b>	<b>-22,776</b>	<b>-25,014</b>	<b>-29,768</b>
Tax	-	-1	-1	-	-13
Deferred tax	-	-	-30,901	-78,000	-
<b>Net profit/loss</b>	<b>-6,248</b>	<b>-22,348</b>	<b>-53,678</b>	<b>-103,014</b>	<b>-29,781</b>

### Change in stockholders equity 1/1 - 31/3 2003

SEK thousand

	Share capital	Restricted reserves	Non-restricted reserves	Profit/loss for the period	Total
Beginning of period in accordance with balance sheet	1,960	291,977	-77,349	-208,821	7,767
Allocation for previous period's result			-208,821	208,821	-
New share issue	13,160	15,784			28,944
Translation difference for the period			1,008		1,008
Net profit/loss for the period				-6,248	-6,248
Amount at the end of period	15,120	307,761	-285,162	-6,248	31,471

### Change in stockholders equity 1/1 - 31/3 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			-180,159	180,159	-
Translation difference for the period			254		254
Net profit/loss for the period				-29,781	-29,781
Amount at the end of period	1,721	327,827	-118,887	-29,781	180,880

#### Comments to the accounts

This interim report has been prepared based on the Swedish Financial Accounting Standards Council's recommendation RR 20 regarding interim reports. This report has been prepared applying the same accounting principles and method of calculation as the annual report for 2002. In connection to the company's reorganisation, the Group's leasing agreements were renegotiated and transformed, which has lead to a reclassification from financial- to operational leasing. The effect of the reclassification amounts to SEK -933 thousand and is included in the first quarter's restructuring expenses. The main part of all leasing agreements has earlier been accounted for as financial leasing. As from January 1, 2003 all agreements are accounted for as operational.

When accounting for deferred tax attributable to losses carried forward, a calculation has been made based on a prudent estimate of the accumulated tax losses that could be expected to be utilized over the next three to four years. Reported deferred tax receivable has not changed during the period. 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 substantially higher than the shares' actual value.

#### 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

Malmö April 29, 2002

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

### **Aspiro in brief**

Aspiro develops and markets game services, message services and entertainment services for mobile terminals. Aspiro currently provides around 100 mobile services, based on Java, SMS, MMS and WAP technology, which are distributed via operators and portals to mobile phone users mainly in Europe and North America. The company has a customer base of some 30 operators and portals, distributed over 19 geographical markets, making Aspiro one of the major players in this market. The company also provides consultancy services in areas including product strategies and marketing mobile services.

Aspiro was founded in 1998, and since June 2001 it has been listed on the Stockholm Stock Exchange O-list. The company employs 22 people and has offices in Sweden and Luxembourg.

### **For further information about Aspiro, please contact:**

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