

Aspiro AB (publ)

Interim report January-September 2000

- Net sales amounted to SEK 7,565 thousand (SEK 3,240 thousand)
- The result after financial items amounted to SEK -146,223 thousand (SEK -14,211 thousand). Restructuring costs of a one-off nature have burdened the interim result by the amount of SEK 19,298 thousand. Costs are reduced already by October 1 2000.
- Orders received amounted to SEK 36,079 thousand (SEK 3,830 thousand).
- Orders received as of November 13 totaled SEK 50,047 thousand and are expected to amount to SEK 85,000 thousand by the year-end.
- The company's liquid funds amounted to SEK 213,512 thousand at the end of the period. Aspiro's capital requirements are secured.
- Total billings for 2000 are expected to be in the region of SEK 12,000-16,000 thousand.
- The market for Aspiro's mobile Internet services has expanded considerably during the fall and continues to grow steadily. The company's international strategy has resulted in sales of its products and services in nine countries.
- The company's focus on its core business activities during the fall is expected to lead to positive monthly figures by the end of 2001, a full 12 months earlier than originally stated.
- Aspiro's plans for a full listing on the OM Stockholm Stock Exchange's O-list remain unchanged. It is the board of directors' intention to apply for a listing very shortly. The company's ambition is to be listed sometime during the first six months of 2001.

Development over the period

Orders received increased by SEK 32,249 thousand compared with the same period last year and amounted to SEK 36,079 thousand (SEK 3,830 thousand). The increase in orders received is mainly attributable to new international customers. Aspiro has delivered mobile Internet services to customers in nine countries.

The Group's loss after financial items amounted to SEK -146,223 thousand (SEK -14,211 thousand). Expenses amounting to SEK 19,298 thousand for the internal reorganization aimed at reducing the company's costs and increasing its focus on sales, product development and delivery, have affected the result for the period. The one-off winding down costs are attributable to personnel, SEK 9,300 thousand; rents, SEK 7,900 thousand; other external costs SEK 2,100 thousand.

Net sales

The Group's net sales rose during the period January-September to SEK 7,565 thousand (SEK 3,240 thousand). Net sales during the third quarter amounted to SEK 3,342 thousand (SEK 1,335 thousand). Net sales for 2000 as a whole are expected to be in the region of SEK 12,000-16,000 thousand. Aspiro's customers are, to a greater extent than before, requesting hosted solutions whereby Aspiro hosts and operates the services it sells. The advantage of this business model is that Aspiro is able to establish long-term customer relations (normally 24 months), which offers good opportunities for additional sales. At the same time, revenue flows are spread over a longer period compared with sales of traditional systems. This accounts for the difference between orders received and net sales.

Result

The Group's nine-month operating loss amounted to SEK -147,939 thousand (SEK -14,222 thousand).

During the third quarter the operating loss amounted to SEK -63,936 thousand (SEK -7,011 thousand). This includes one-off winding down costs totaling SEK 19,298 thousand.

The loss after financial items amounted to SEK -146,223 thousand (SEK -14,211 thousand). The positive net financial income for the period totaling SEK 1,716 thousand (SEK 11 thousand) is attributable to interest income from liquid assets.

The result has been affected by goodwill amortization totaling SEK 4,346 thousand (SEK 0 thousand) as well as depreciation of fixed assets totaling SEK 700 thousand (SEK 27 thousand).

Cash flow and investments

Liquid assets at the end of the period amounted to SEK 213,512 thousand (SEK 3,768 thousand). The Group's investments during the period amounted to SEK 10,135 thousand (SEK 62 thousand). Investments in tangible assets amounted to SEK 2,370 thousand (SEK 62 thousand). Investments in Group goodwill totaled SEK 90,224 thousand (SEK 0 thousand), which is attributable to the acquisitions during the first quarter of Midab Data AB, Aspiro Mobile Textphone AB (previously Sundbyberg ITcenter AB) Advox AB and InfoCreator AB. The acquisitions were financed through issues of new shares in Aspiro. During the second quarter Aspiro purchased a 7.5 percent holding of capital and votes in Norwegian company, Colibria AS, for SEK 3,040 thousand.

Liquidity

Cash and cash equivalents including short-term investments amounted to SEK 213,512 thousand (SEK 3,768 thousand) at the end of the period.

New share issues

In August Aspiro carried out a new issuance of 3,887,327 shares. The subscription price was set at SEK 20 per share with preferential rights for existing stockholders, which gave them the right to subscribe for one (1) new share for every ten (10) old shares. The subscription period was August 7 -5, 2000. Existing shareholders subscribed for approximately 94 percent of the new share issue. A guarantee consortium under the management of Hagströmer & Qviberg Fondkommission AB subscribed for the remaining 6 percent. The new issue provided Aspiro with funds totaling SEK 71,309 thousand after issuing costs.

Another new share issue took place September 5 when Aspiro carried out a private placement of 6,112,673 new shares to Swedish and international financial institutions and, to a lesser extent, the company's founders. The subscription price of SEK 32 per share was set by a tender procedure. The private placement provided the company with SEK 187,781 thousand after deduction for issuing expenses.

Key ratios

Earnings per share amounted to SEK -3.73 (SEK -0.59). With the assumed dilution effect of all outstanding issued warrants taken into account, and calculated as additional shares, earnings per share amounted to SEK -3.43 (SEK -0.56). The return on stockholders' equity was negative. The proportion of stockholders' equity amounted to 87% (14%)

Aspiro's stock

The number of outstanding shares at the end of the period amounted to 48,873,264. If all outstanding warrants are exercised to subscribe for shares, the total number of shares amount to 4,216,670. Accordingly, the total number of shares and potential shares amount to 53,089,934.

Aspiro's plans for a listing on the OM Stockholm Stock Exchange's O-list remain unchanged. It is the board of directors' intention to apply for a listing very shortly. The company's ambition is to be listed sometime during the first six months of 2001.

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

Parent company

The parent company's net sales during the period amounted to SEK 2,753 thousand (SEK 3,240 thousand). The loss after financial items amounted to SEK -129,900 thousand (SEK -14,211 thousand). Liquid assets at period-end amounted to SEK 209,011 thousand (SEK 81,318 thousand). Stockholders' equity in the Parent Company at period-end amounted to SEK 290,175 thousand (SEK 574 thousand).

The market, deliveries and products

The market

The market for mobile services is constantly growing. Aspiro currently has binding contracts in nine countries. The company is well positioned to meet the accelerating demand.

Regardless of the technical standard (GPRS, UMTS) that emerges as winner, Aspiro's position as a service provider is extremely strong. The added value to users lies not in the choice of technological standard but in the selection of services.

All the major manufacturers of mobile terminals, e.g. Nokia, Ericsson, Siemens, Motorola and Samsung, have launched one or more WAP models, which will increase the use of mobile services. According to Nokia and Ericsson, large

volumes of GPRS-compatible phones will be available during the first quarter of 2001.

The demand for Aspiro's SMS traffic service is accelerating. During August, nine billion SMS messages were sent via GSM operators around the world, a sharp increase from the one billion sent per month some 15 months ago. The GSM operators' own organization (the GSM Association) has therefore raised its forecast to 15 billion SMS messages a month by the end of 2000. At the beginning of the year, Aspiro handled just a few thousand SMS messages a month, but expects to handle more than 100 million messages next year. In October alone, Aspiro handled almost 4.5 million SMS messages

Major sales agreements

During the period, several operators and portals, both within and outside Europe, has chosen to purchase Aspiro's services. 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 and secure recurring opportunities for additional sales. Owing to this, revenue flows are spread over a longer period, normally 24 months.

The following major sales agreements have been signed during the third quarter:

Scandinavia On Line. Leading Scandinavian portal owner in terms of the number of unique users. Aspiro signed a three-month contract for the delivery of a SMS solution for Passagen's users. The service was delivered in July.

Simple Mobile Solutions. An independent Dutch supplier of SMS and WAP services. Aspiro signed a 24-month contract for the delivery of three services (Ring Tones, Icons and Electronic Postcards) and Aspiro's SMS messaging solution, International SMS Network. The services were delivered at the end of August.

Tall Ship's Race. International ocean race for which Aspiro

delivered its Omnigate Messaging Server in July.

Qiuos Inc. An American portal with users in USA, Europe and Asia. Aspiro delivered its Olympic Games news service during September.

Telia Mobile. Danish mobile operator. Aspiro signed an exclusive five-year agreement for the delivery of its Mobile Textphone, a real-time mobile phone service for the deaf, speech- and hearing-impaired. The service will be delivered in December.

In addition, Aspiro has delivered a number of its Aspiro Webmail and Omnigate applications to municipalities, schools and companies.

Products

At period-end, Aspiro's portfolio contained a total of twenty-three products.

During the third quarter, Aspiro has signed arrangements with a number of leading content providers, including:

World Wide Events. A British company delivering news and information about events around the world over the coming 24 months.

Sports.com. Leading Internet provider of sports news from Europe.

Sports Network. Leading provider of real-time sports information in the North American market.

AFP. Global news agency that delivered news to Aspiro's Olympic Games service

Personnel and organization

On August 23, Aspiro announced that it was implementing a far-reaching consolidation program aimed at increasing the company's efficiency and focus on its core business activities at the same time as it cut costs thereby reducing its capital

requirements. Aspiro closed offices in Oslo, Gothenburg and Boston and reduced staff by a total of 45 persons. Aspiro personnel now number 125 and are based at Aspiro's five offices (Malmö, Karlskrona, Stockholm, Luxembourg and San Francisco). Of these, approximately 50% work with development and hosting, 25% with sales, 15% with commercial product development and 10% with management and administration.

In financial terms, the consolidation program creates annual cost savings in the region of SEK 50,000 thousand and a reduction in the previously stated capital requirements of more than SEK 200,000 thousand to approximately SEK 130,000 thousand before the company reaches breakeven. This the company expects to achieve on a monthly basis during Q4 2001.

The consolidation program began in August and was concluded in October.

The average number of employees during the period was 124 (28). At the end of the third period the total number of employees was 170, including the forty-five who were laid off.

Significant events after the end of the period

Aspiro's portfolio of products has been expanded by a further 32 services, including Comic Strip, Stockgame, Mobile Translator and an updated version of City Guide containing maps and route descriptions. The company today offers customers 55 different mobile Internet services.

Aspiro has signed agreements with the following third-party suppliers:

- Iomo Ltd (Dating Game)
- Digital Avenue AS (games)
- Sandstone (Mobile Translator)
- RegiSoft Ltd (e-coupons, e-vouchers & e-tickets)

Aspiro has signed agreements with the following content providers:

- Borsa Italiana S.p.A. (for delivery of Italian stock news to Stock Watch)
- Filmweb (for delivery of Norwegian film news to At the Movie)
- Emap Online (for delivery of news to the Snow Report service)
- PIB Copenhagen (for delivery of content to Comic Strips)

The following major sales have taken place:

- A major West European mobile operator has purchased seven of Aspiro's mobile Internet services. The contract runs for three years.
- Three agreements have been signed for Aspiro's SMS traffic service. These agreements are expected to increase Aspiro's SMS traffic by some 4 million SMS messages a month.

Orders received as of November 13, 2000 total SEK 50,047 thousand.

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 subsidiary Aspiro Inc and Advox AB, were acquired at the beginning of 1999. InfoCreator AB is included from 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 description of developments, the combined totals offer another picture of the development of stockholders' equity than the true financial statements. This is because stockholders' 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

	Q3	Q2	Q1	Jan-Sept 2000	Jan-Sept 1999
Net sales (SEK thousand)	3,342	2,158	2,065	7,565	3,240
Profit/loss after financial items (SEK thousand)	-63,310	-48,747	-34,166	-146,223	-14,211
Solidity (%)	87	72	84	87	14
Earnings per share (SEK)	-1.57	-1.25	-0.88	-3.73	-0.59
Orders received	10,585	16,968	8,526	36,079	3,830

Income statement – Group

SEK thousands	Jan-Sept 2000	Jan-Sept 1999	Full year 1999	Jan-Sept Pro forma 1999	Full year Pro forma 1999
Operating revenues					
Net sales	7,565	3,240	7,540	13,169	21,029
Other operating income	311	0	0	0	0
Operating expenses					
Services and goods for resale	-1,099	0	-599	-1,504	-2,651
Other external costs	-63,366	-8,349	-16,337	-11,494	-23,560
Personnel costs	-66,818	-9,086	-16,336	-18,458	-27,674
Depreciations					
Tangible assets	-700	-27	-39	-477	-661
Intangible assets	-4,346	0	0	-4,166	-5,634
Restructuring costs	-19,298	0	0	0	0
Other operating expenses	-188	0	-1	-11	-1
Operating profit/loss	-147,939	-14,222	-25,772	-22,941	-39,152
Interest and other financial income	2,950	39	338	63	444
Interest expenses	-1,234	-28	-25	-82	-320
Profit/loss after financial items	-146,223	-14,211	-25,459	-22,960	-39,028
Tax	-1	0	0	-52	-5
Net profit/loss for the period	-146,224	-14,211	-25,459	-23,012	-39,033

Balance sheet – Group

SEK thousands	00 09 30	99 09 30	99 12 31	Pro forma 99 09 30	Pro forma 99 12 31
ASSETS					
Intangible assets	85,882	0	0	86,058	84,590
Tangible assets	2,902	112	132	1,245	1,339
Financial fixed assets	3,834	0	381	0	381
Total fixed assets	92,618	112	513	87,303	86,310
Current receivables	10,436	1,331	8,737	4,234	10,944
Investments	170,000	1,434	80,021	1,499	80,021
Cash and bank balances	43,512	2,334	1,586	4,447	3,545
Total current assets	223,948	5,099	90,344	10,180	94,510
Total assets	316,566	5,211	90,857	97,483	180,820
STOCKHOLDERS' EQUITY AND LIABILITIES					
Stockholders' equity	273,850	724	81,603	79,852	155,639
Provisions	18,527	0	0	160	116
Long-term liabilities	0	0	0	4,232	5,805
Short-term liabilities (non-interest bearing)	24,189	4,487	9,254	13,239	19,260
Total stockholders' equity and liabilities	316,566	5,211	90,857	97,483	180,820

Cash flow analysis – Group

SEK thousands	Jan-Sept 2000	Jan-Sept 1999	Full year 1999
Net cash from operating activities	-111,664	-11,866	-24,739
Cash flow from investment activities	-10,135	-62	-1,466
Cash flow from financing activities	253,704	14,738	106,855
Change in cash position	131,905	2,810	80,650

Quarterly results

SEK thousands	2000 Q3	Q2	Q1	1999 Q3	Q2	Q1
Operating revenues						
Net sales	3,342	2,158	2,065	1,335	1,507	398
Other operating income	254	57	0	0	0	0
Operating expenses						
Services and goods for resale	-569	-502	-28	0	0	0
Other external expenses	-21,320	-24,194	-17,852	-4,070	-2,323	-1,956
Personnel costs	-24,526	-25,302	-16,990	-4,263	-2,761	-2,062
Depreciations						
Tangible assets	-258	-260	-182	-17	-5	-5
Intangible assets	-1,468	-1,469	-1,409	0	0	0
Restructuring costs	-19,298	0	0	0	0	0
Other operating expenses	-93	-85	-10	4	-4	0
Operating profit/loss	-63,936	-49,597	-34,406	-7,011	-3,586	-3,625
Interest and other financial income	1,732	890	328	0	33	6
Interest expenses	-1,106	-40	-88	-6	-20	-2
Profit/loss after financial items	-63,310	-48,747	-34,166	-7,017	-3,573	-3,621
Tax	0	0	-1	0	0	0
Net profit/loss for the period	-63,310	-48,747	-34,167	-7,017	-3,573	-3,621

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

Year-end report 2000	February 14, 2001
Annual report	April 2001
Annual General Meeting	May 9, 2001
Interim report, Jan-Mars 2001	May 9, 2001
Interim report Jan-June 2001	August 22, 2001

Malmö November 15, 2000

Lena Wittbjer
Chief Executive Officer
Aspiro AB (publ)
Corporate identity number: 556519-9998

Aspiro provides mobile Internet 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. 125 people currently work for the company, which has offices in Sweden, 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 further information, please contact:

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