



LEDSTIERNAN

**Press Release September 5, 2000**

## **Interim Report January –September 2000**

*(This interim report relates to the seed and venture capital activities conducted by Ledstiernan AB to support entrepreneurs and start-ups. It does not relate to the business activities formerly carried on by The Empire AB.)*

### **January – June 2000**

- **Stock market flotation on April 14, 2000**
- **New board**
- **New share issue of MSEK 725**
- **Investments of MSEK 223**
  - **22 companies**
  - **MSEK 91 in mobile communication**

### **July – September 2000**

- **Five new investments to a total value of MSEK 25, which 52 per cent within the mobile communication investment sector**
- **New unit opened in London**
- **Strengthened organisation with additional technical and strategic competence and support for future financing of portfolio companies**
- **MSEK 568 in liquid funds**
- **Total investments at September 30 amounted to MSEK 360 in 35 companies.**

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*Ledstiernan is the leading Nordic seed and venture capital company focusing specifically on Mobile Communication.*

# Significant events during the period

## Flotation on the OM Stockholm Stock Exchange's "O" list

Ledstiernan's Series "B" shares were listed on the Stockholm Stock Exchange's "O" list on April 14, 2000.

## New board members with international experience and networks in the IT, telecom and mobile communication sector

- Lars Berg**, formerly with Mannesmann, Frankfurt, Telia and Ericsson. Currently member of the Boards of several IT- and telecom-related companies, among others Telefonica, Spain.
- Tomas Isaksson**, Vodafone Airtouch, San Fransisco. Head of Global Platform and Internet Services.
- Birgitta Klasén**, Pharmacia Corporation, New York. Senior Vice President, Corporate Officer and Chief Information Officer with responsibility for Pharmacia Corporation's IT activities.
- Kaj-Erik Relander**, Sonera, Helsinki. Executive Vice President (prospective CEO as of January 1, 2001) with responsibility for Mobile & Media Business Area.
- Jan Carlzon**, Chairman and Founding Partner, Ledstiernan.
- Per Lundberg**, Founding Partner, Ledstiernan.
- Olof Stenhammar**, Founding Partner, Ledstiernan, Chairman of OM Gruppen and Ratos.

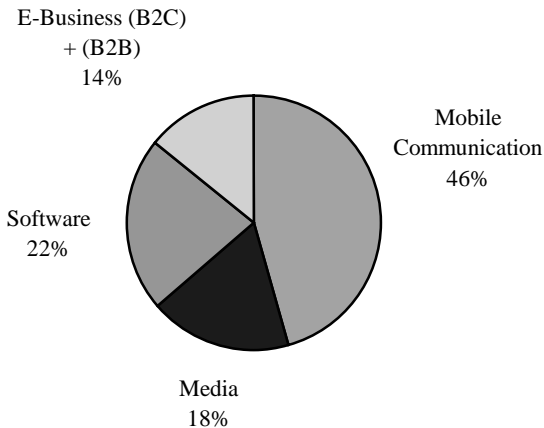
## Share issue

An MSEK 725 share issue was carried out in June to broaden ownership of the company's shares and improve market liquidity. As of September 30 this year, Ledstiernan had 108,954,383 shares in issue owned by more than 7,000 shareholders.

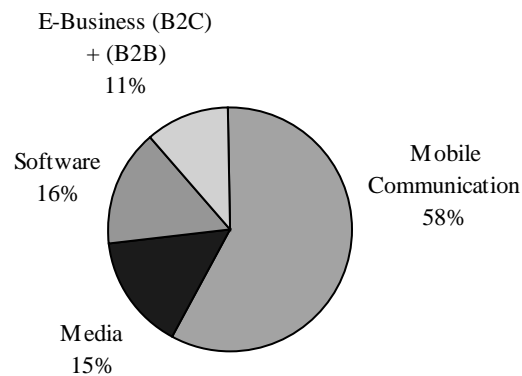
## Investments

At the end of the period, Ledstiernan had investments in 35 portfolio companies and two wholly owned incubators: Ledstiernan Mobile Ventures and New World Technology Ventures. As of September 30, 2000, Ledstiernan had 13 portfolio companies in the mobile communication investment sector, which represented 46 per cent of its invested capital.

**Breakdown of acquisition value of portfolio companies by investment sector at September 30, 2000**



**Breakdown of acquisition value of portfolio companies (including options) by investment sector at September 30, 2000**



### **Nordic alliances**

In April, Ledstiernan set up Global Venture Alliance (GVA) together with Norway's Telenor Venture and the Danish company 2M Invest. The role of GVA is to exploit synergies between the owners and to co-invest in certain projects. GVA will eventually be expanded to include leading players on other geographical markets.

### **Significant events during the third quarter**

#### **The following investments/agreements were made during the third quarter:**

**Ambio** (formerly CareTec) Provides efficient property management with the aid of mobile IT support. (Mobile communication sector).

**Incomit**, which has developed two products: A platform that simplifies the development of sophisticated telecom-based services in an internet environment, and a "lock" which guarantees secure telecom networks in connection with the use of external internet-based services (Mobile communications sector).

**CCNOX:** Start-up consulting company providing information security in digital environments. CCNOX focuses on mobile Internet, e-business, B2B. (Software sector).

**Start and Run:** Tools and information on the Internet for starting and running a business. Also ASP provider. (Software & E-business sectors).

**Avisator:** Scandinavia's largest independent media sales company, concentrating on specialist magazines in digital media. A placement of shares with Ledstiernan and Skandia generated MSEK 25. Since 1997 Avisator companies have been developing and providing a service known as **Linkpool** for banner advertising on the Internet. With the object of streamlining the business, Linkpool has been spun off into a separate company financed by Avisator's shareholders and outside financiers. In view of the changed market prospects for banner advertising, further development of Linkpool has been discontinued. In connection with this Ledstiernan has written off its MSEK 4 investment.

## International developments

Ledstiernan has opened an **office in London** to support the portfolio companies' contacts with international capital markets in connection with investments in the future. This unit is managed by **Jan Risberg** (formerly of Enskilda Securities). Ledstiernan's chairman Jan Carlzon will also carry out some of his activities from this office.

As previously announced, the **unit in Helsinki** is expected to be up and running during the fourth quarter.

Ledstiernan has signed a preliminary agreement with Oresa Ventures on joint ownership of the venture capital company **i-start** to handle investments in the TIME sector (Telecom, IT, Media and Entertainment). **i-start** has opened an office in Warsaw with local management.

## Strengthened organisation

**Jan Snygg**, formerly responsible for Ericsson Datacom Networks and IP Services, Silicon Valley, joined the company in August as President of its wholly owned incubator Ledstiernan Mobile Ventures. Jan Snygg also has responsibility for Ledstiernan's overall investment strategy within the mobile communication sector. **Arne Nabseth**, formerly Senior Manager of KPMG Consulting, Line of Business High Tech, Silicon Valley, has been appointed operational manager of Mobile Ventures.

**Marcus Bäcklund**, formerly President and CEO of Cell Network, was appointed Senior Partner in July with the main task of managing the build-up of B2B activities within mobile internet and of strengthening the management of Ledstiernan's strategic alliances.

**Anna Carnefeldt** (formerly UBS Warburg), **Katalin Gereny** (formerly Europolitan), **Jonas Lindgren** (formerly Aros Securities) and **Jan Risberg**, who is also responsible for the business in London, have joined the company as investment managers. This has deepened and broadened the competence of the investment organisation.

Ledstiernan consists of 23 people with experience from newly started companies, mobile communication, and the financial sector, and who also possess strategic technical competence.

## Incentive programme

An Extraordinary General Meeting held on August 15 voted in favour of the proposed option programme for key employees and external board members. In accordance with this decision, a wholly owned subsidiary has subscribed to loan stock involving a total of 1,200,000 options to subscribe to an equal number of Series "B" shares in Ledstiernan, which will be sold to those who have received an allotment. By September 30, 1,050,000 options had been subscribed to. The price at which the stock options may be exercised is SEK 43.50. The subscription period is August 1-29, 2003.

The EGM also decided in favour of the Board's proposal concerning the principles for the issue to partners of options to acquire shares in portfolio companies. A maximum of 5 per cent of the shares that Ledstiernan will own in investments made after the EGM's decision on August 15, 2000, shall be subscribed to by each founding partner at market prices. This is an obligation as well as a right. As of September 30, options had been issued to acquire shares in CCNOX AB.

## Financial developments January – September 2000

Ledstiernan's operating income before depreciation will consist of capital gains on divestments (sales of shares and companies) and its interest in the earnings of associate companies, as well as administrative costs. During the first nine months of 2000, Ledstiernan invested a total of MSEK 274.

This, together with previous investments, gives it an accumulated invested capital of MSEK 360. Ledstiernan has options to increase its holding in existing portfolio companies by an aggregate amount of MSEK 282.

Most of the portfolio consists of newly started companies, most of which have not yet shown an operating profit.

Only minor divestments were made during the period, which resulted in capital gains of MSEK 5.1. The presentation of the portfolio (see table) therefore mainly contains information concerning invested capital and, in those cases where issues have been made or the companies are listed on a stock market, the latest share prices paid as of September 30, 2000.

Ledstiernan's result before tax for the period was a loss of MSEK 86, of which MSEK 70 relates to its interest in the losses of associate companies. Research and development costs are taken into the income statement regularly along with the interest in associate company earnings. MSEK 76 of the result have no effect on cash flow (interest in earnings of associates, and depreciation).

Ledstiernan's operating expense consists primarily of personnel costs and rent, both of which are higher than in the previous quarter on account of the expanded organisation.

### **Liquid funds and financing**

Closing liquid funds amounted to MSEK 568. Approved credit facilities amounted to MSEK 25, of which MSEK 0 had been utilised as of September 30, 2000. Ledstiernan has no external loan liabilities.

### **Parent company**

The parent company's result before allocations was a loss of MSEK 7.2. Investments in fixed assets during the period amounted to MSEK 251, of which MSEK 230 relates to the acquisition of Ledstiernan Investment AB financed by a share issue.

The business has been conducted through Ledstiernan AB since July 1, after having been conducted through a wholly owned subsidiary Ledstiernan Investment AB.

Closing liquid funds amounted to MSEK 560.

## **Significant events after the end of the period**

### **Further restructuring at Landsteinar**

Landsteinar Svenska and Landsteinar International have merged to form Landsteiner International, which then merged with Icelandic company GoPro in October. The new international company will have some 550 consultants. GoPro is Iceland's largest firm of consultants in e-business and e-document management systems. The principal shareholder in the new company will be Icelandic Software. Ledstiernan's interest is approximately 6 per cent.

### **Investments**

A preliminary agreement with a Madrid-based Spanish **venture capital company Grupo Kanguru** (formerly Pinta 2) that is active in mobile communication has been finalised and resulted in the investment of MSEK 7.6 in October, giving Ledstiernan a 49 per cent holding in the company.

Ledstiernan's part-owned incubator, Mobile Garden, has invested MSEK 2 in a 15.2 per cent interest in **Voice Provider**, a newly started company in mobile communication and voice control. Ledstiernan

also has options to make direct investments in the company, Voice Provider that would bring its direct interest up to 27 per cent.

### **Future prospects**

Ledstiernan has a strong portfolio that is concentrated on technology and mobile communication, and with limited exposure to the Internet and e-business sectors where problems are currently being experienced. Cash reserves are ample, and no additional financing is expected to be required during the coming 12-16 months. In 2001, measures will be concentrated on streamlining the existing portfolio and selling all or part of the investments in companies that are deemed to have reached maturity.

### **Next financial report**

The year-end report for the fiscal year 2000 will be released on February 15, 2001.

Coming reports will also be available on [www.ledstiernan.com](http://www.ledstiernan.com)

Stockholm, November 10, 2000

Ledstiernan AB (publ)  
Johan Wachtmeister  
President and CEO

*This report has not been subject to a general examination by the company's auditors.*

## Portfolio holdings at September 30, 2000

Listed holdings						
Company	List	Date of acquisition	Current interest	Interest after exercise of options	Acquisition value in SEK'000	Market value SEK '000
Cellpoint	Nasdaq	Dec 99	0.2 %	0.2 %	293	4,241
Unlisted holdings						
Company		Date of acquisition	Current interest	Interest after exercise of options	Acquisition value in SEK '000	Value in external transactions SEK '000
Nordic Circle AB		July 99	35.8 %	30.8 %	37,011	61,331
e-respect		Dec 99	23.8 %	27.1 %	15,100	19,051
Avisator		Jul 99	39.6 %	39.6 %	26,003	65,328
Chinsay		April 00	1.9 %	1.9 %	1,485	
Columbitech		May 00	4.8 %	4.8 %	3,000	
CCNOX		Sept 00	30.1 %	49.6 %	2,530	
Digital Mobility Ltd <sup>1)</sup>		Oct 99	51.4 %	40.2 %	55,470	
Ekonomi24		April 00	11.4 %	10.1 %	10,000	
Euroflower.net		March 00	15.0 %	18.4 %	10,000	
FM Fond- marknaden		Oct 99	24.5 %	22.9 %	17,458	
GCC		Aug 00	0.0 %	36.0 %	0	
Hotvision		April 00	25.0 %	36.4 %	3,800	
Infomakers		July 99	25.0 %	35.8 %	5,401	
Incomit		Aug 00	9.6 %	34.9 %	8,050	
Infonation		March 00	12.5 %	12.0 %	15,000	
ip Unplugged		Jan 00	25.0 %	50.7 %	10,091	
Iquity Systems <sup>2)</sup>		Jan 00	2.2 %	2.1 %	8,442	
Kimoda <sup>3)</sup>		March 00	10.0 %	9.0 %	10,065	
Landsteinar Int hf		Aug 00	12.7 %	12.2 %	24,931	
LinkPool <sup>4)</sup>		July 00	33.2 %	47.7 %	3,978	
Millennium Media Group		Dec 99	18.0 %	32.4 %	9,058	
Mint		May 00	27.5 %	49.0 %	15,033	
MGON		Feb 00	38.0 %	38.0 %	6,000	
International The Phone Pages		March 00	20.0 %	25.7 %	8,690	
Roaminfo		Dec 00	36.9 %	51.7 %	11,619	
Start and Run		Jan 00	33.3 %	30.0 %	5,500	
Steget						
Ten Four		March 00	3.3 %	3.1 %	7,428	
Travis		Feb 00	20.3 %	16.4 %	6,746	

**Incubators**

Ledstiernan Mobile Ventures	March 00	100.0 %	100.0 %	
*Ambio (formerly Care Tec)	Sept 00	21.7 %	34.5 %	5,000
Mobile Garden AB	March 00	48.0 %	48.0 %	10,000
* Repeat IT	March 00	0.0 %	40.1 %	0
NWT Ventures	March 00	100.0 %	100.0 %	
* Adventagon	March 00	20.0 %	20.0 %	3,007
* InfoAccelerator	June 00	30.0 %	30.0 %	3,000
* AB VsMarket	June 00	0.8 %	5.0 %	642
* LinkPool <sup>4)</sup>	July 00	16.7 %	8.9 %	22
<b>Total invested capital portfolio companies</b>				<b>359,853</b>
<b>September 30, 2000 <sup>5)</sup></b>				

<sup>1)</sup> As Ledstiernan controls 38.4% of the votes, the company is not treated as a subsidiary.

<sup>2)</sup> The company was previously valued at latest paid price prior to its delisting. As this happened more than one year ago, a decision has been made to value the company at acquisition price pending a new listing.

<sup>3)</sup> Ledstiernan has an option to sell 100 % of its holding in Kimoda to Karl Stockman AB, and Karl Stockman AB has an option to buy 30 % of Ledstiernan's holding.

<sup>4)</sup> Ledstiernan has written down the value of this holding to zero..

<sup>5)</sup> In addition to investments in portfolio companies, MSEK 48.85 has been invested in Ledstiernan's wholly owned subsidiaries. These were previously stated among total portfolio investments.

## Portfolio holdings by investment sector

Mobile Communication	Software	Media	E-Business
Ambio	Adventagon	Avisator	B2C
CellPoint/Unwire	CCNOX	Ekonomi24	FM Fondmarknaden
Columbitech	e-respect	Hotvision	Kimoda
Digital Mobility	Info Accelerator	Infomakers	B2B
GCC	Infonation	Linkpool	EuroFlower.net
Incomit	Iquity Systems	Millenium Media Group	Chinsay
ipUnplugged	Landsteinar International	MGON	TRAVIS
Mint	Start and Run		
Mobile Garden	TenFour		
Nordic Circle	AB Vs Market		
The Phone Pages			
Repeat-IT			
RoamInfo			
Grupo Kanguru			
Voice Provider			

## Consolidated income statement

Amounts in SEK '000	January- September 2000	Pro forma June-September 1999 1)
<i>Operating Revenue</i>		
Income from sales of other shares and participations	5,854	0
<i>Operating Expense</i>		
Interest in results of associate companies before tax	-70,551	-1,553
Administrative expense	-21,391	-3,881
Depreciation <sup>2</sup>	-5,110	-12
<b>Operating Loss</b>	<b>-91,198</b>	<b>-5,446</b>
Financial net	5,130	0
<b>Loss before tax</b>	<b>-86,068</b>	<b>-5,446</b>
Tax	0	0
<b>Net loss for the period</b>	<b>-86,068</b>	<b>-5,446</b>

<sup>1)</sup> As the business commenced in June 1999, comparative figures cover 4 months only.

<sup>2)</sup> Equipment 192 (12), goodwill 4,918 (0).

## Consolidated balance sheet

Amounts in SEK '000	Sept 30, 2000	Pro forma December 31, 1999
<b>ASSETS</b>		
Subscribed capital not yet paid up	-	2,625
Intangible fixed assets, goodwill	44,925	-
Tangible fixed assets	1,222	765
Interests in associate companies	172,004	61,884
Other shares and participations	108,400	15,288
Total financial fixed assets	280,404	77,172
<b>Total fixed assets</b>	<b>326,551</b>	<b>77,937</b>
Current assets	7,573	2,129
Cash and bank	568,115	48,061
<b>TOTAL ASSETS</b>	<b>902,239</b>	<b>130,752</b>
	<b>902,239</b>	<b>130,752</b>
<b>LIABILITIES AND EQUITY</b>		
Equity	870,089	128,052
Interest-bearing liabilities	-	-
Interest-free liabilities	32,150	2,700
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>902,239</b>	<b>130,752</b>

## Consolidated cash flow analysis

Amounts in SEK '000	January- September, 2000	Pro forma June- September, 1999 <sup>1)</sup>
Funds provided from operations	-15,435	-3,881
Change in working capital	-561	-182
<b>Cash flow from business operations</b>	<b>-15,996</b>	<b>-4,063</b>
<b>Cash flow from investment operations</b>	<b>-281,206</b>	<b>-28,857</b>
FINANCING OPERATIONS		
Shareholder contribution	164,124	45,225
Share issue and Premium over book value of options <sup>2)</sup>	653,132	0
<b>Cash flow from financing operations</b>	<b>817,256</b>	<b>45,225</b>
<b>Cash flow for the period</b>		
Opening liquid funds	<b>520,054</b>	<b>12,305</b>
<b>Closing liquid funds</b>	<b>48,061</b>	<b>0</b>
	<b>568,115</b>	<b>12,305</b>

<sup>1)</sup> As the business commenced in June 1999, comparative figures cover 4 months only.

<sup>2)</sup> Issue liquidity of MSEK 730, with deductions for costs.

## Financial ratios

	Sept 30, 2000
Earnings/share, SEK	
Invested capital/share, SEK <sup>1)</sup>	Neg.
Equity/share, SEK <sup>1)</sup>	3.30
Equity ratio, %	7.99
Closing listed price, SEK	96
	23

<sup>1)</sup> No. of shares after issue: 108,954,383.

On full warrant subscription, a maximum of 1,200,000 will be issued.

## Accounting principles

The consolidated financial statements are made up using the purchase method. The transaction whereby The Empire formally acquired Ledstiernan Investment AB is treated in the accounts as a reverse take-over; i.e. based on the fact that Ledstiernan Investment AB actually acquired The Empire. Goodwill of MSEK 16 arose in connection with the acquisition; this will be depreciated over five years.

As Ledstiernan is deemed to be the acquiring company and all the metal wholesaling and distribution activities formerly conducted by The Empire have been distributed to its former shareholders, this business is not included in this interim report. Figures for earlier periods relate to the business conducted by Ledstiernan. As this business commenced in June 1999 meaningful comparative figures are available for four months only. The balance sheet, income

statement and cash flow analysis for 1999 are pro forma, as the business was not consolidated into a group until 2000.

Shareholdings carrying voting rights of 20-50% are stated using the equity interest method, which means that Ledstiernan's interest in the associate companies' result is taken into the income statement. Investments carrying voting rights of less than 20% are stated at acquisition value. The need for write-downs in asset values is reviewed regularly.

Research and development costs are taken into the income statement regularly in the case of companies consolidated using the equity interest method.

Total costs of MSEK 81 incurred on the share issue and the flotation of the company on the OM Stockholm Stock Exchange's "O" list are stated as issue expense, and netted off against the issue proceeds taken to equity.