



Year-end report for Wayfinder Systems AB

1 January – 31 December 2007

Net sales increased by 286% to MSEK 112.4

- Net sales for the full year 2007 amounted to MSEK 112.4 (29.1), an increase of 286%. Revenue from services, Wayfinder's core business, was MSEK 61.6 (21.5), an increase of 187%.
- Net sales for the fourth quarter totalled MSEK 51.7 (8.0), an increase of 543%. Revenue from services, Wayfinder's core business, for the fourth quarter amounted to MSEK 25.4 (6.6) an increase of 285%.
- Loss after tax for the full year 2007 totalled MSEK -50.7 (-74.5).
- Loss after tax for the fourth quarter was MSEK -9.7 (-19.1).
- Earnings per share for the full year 2007 were SEK -3.02 (-6.00).
- By end of 2007 Wayfinder held MSEK 93.1 in cash and cash equivalents.
- The user base grew by 194% to 1,560,000 (530,000).
- The number of paying users rose by 167% to 230,000 (86,000).
- After the close of the period, Sony Ericsson announced two mobile phones with built-in GPS, W760 and C702. Wayfinder Navigator will be factory-installed on both devices when they reach the market in the second quarter 2008.

INVESTOR PRESENTATION

At 10:00 on February 20th 2008, Magnus Nilsson will give a presentation of Wayfinder's performance during trading year 2007. To receive the presentation, please visit <http://webcast.wayfinder.com>. The presentation consists of a PowerPoint slide show combined with a voice commentary. To listen, please ring + 46 46 288 22 70, conference number: 5727, Pin code: 2452. The presentation lasts for about 20 minutes. Questions can be put via e-mail to investorrelations@wayfinder.com. The questions will be answered at the end of the 20-minute presentation.

ABOUT WAYFINDER SYSTEMS AB

Wayfinder is the leading supplier of innovative location and navigation services for mobile phones. User-friendliness, the core attribute of all Wayfinder's applications and services, makes it easy for consumers to take advantage of innovations for both business and leisure use. Our clients include major global mobile handset manufacturers and operators. Wayfinder's base of unique users is growing steadily, and now exceeds 1,5 million users, from India to North America. Wayfinder has offices in Sweden, Finland, Romania and France. Wayfinder Systems AB is listed on the NGM Equity Stock Exchange in Sweden. For more information please visit www.wayfinder.com.

MARKET AND OPERATIONS

During 2007, GPS-enabled handsets have been introduced to an ever increasing extent. This trend will strengthen in 2008. A leading firm of independent analysts estimates that more than 100 million mobile phones with GPS as standard will be launched in 2008, and in 2011 it is estimated that more than 50% of all GSM mobile phones will have embedded GPS. This will rapidly fulfil one of the most important conditions for navigation and location services on mobile phones to reach the mass market. The pace at which new GPS phones are expected to be launched during 2008 is expected to be ten-fold that of 2007.

Wayfinder's goal is to be the leading partner for both handset manufacturers and mobile operators now that GPS phones are being launched on an ever-increasing scale. In recent years, Wayfinder has concentrated on both building up a large user-base and strengthening the brand, and on achieving a strong position with selected handset manufacturers and, in addition, with mobile operators in Europe.

Wayfinder works closely with a range of mobile operators, including Telefonica, Mobilkom, Pannon, Si.mobil, Telenor, Tele 2, O2, 3 Italy, 3 Scandinavia, Vodafone, AT&T and India's leading operator, Bharti Airtel.

One confirmation of Wayfinder's leading position in navigation and location services is that, during 2007, the Company received significant orders from one of the world's largest handset manufacturers, worth SEK 79 million in total. The full order was recognised as revenue during 2007, with about SEK 42 million recognised as revenue during the fourth quarter. Around 40% of the order value relates to Wayfinder Navigator 7 software, and 60% to the hardware, the GPS receivers. The potential for additional sales of services during 2008 is substantial.

At the close of the fourth quarter, Nokia launched its new GPS-enabled N 810 Internet tablet. It contains a pre-installed Wayfinder map application, which customers are able to upgrade to Wayfinder Navigator.

At the International Computer Electronics Show in Las Vegas at the beginning of January 2008, Sony Ericsson showed its first GPS-equipped mobile phone, the W760. At the show, Sony Ericsson announced that Wayfinder Navigator will be factory-installed in the W760. Short after, at the Mobile World Congress in Barcelona, Sony Ericsson announced an additional mobile phone, C702, with built-in GPS and Wayfinder Navigator factory-installed. The handsets are expected to be released during Q2, 2008.

During the fourth quarter of 2007, Wayfinder's user-base continued to grow rapidly. In total, as at 31 December, Wayfinder had 1,560,000 (530,000) users who downloaded and utilised the Company's applications. This is equivalent to an annual growth rate of 194%. The number of paying users rose by 167% to 230,000 (86,000).

	2007-12-31	2006-12-31	Growth
Activated user accounts*	1 560 000	530 000	194%
Number of paying users**	230 000	86 000	167%

* Number of mobile users who have downloaded and installed a Wayfinder application.

** Number of users who have made at least one purchase in the past 18 months.

Canvassing of the growing customer database is being carried out through a number of direct marketing campaigns. The aim is to increase the proportion of paying users and to increase revenue per paying user.

During 2007, Wayfinder's product portfolio was strengthened significantly. In the first quarter, Wayfinder Access™ was launched, a product aimed at simplifying everyday life for the visually impaired. In Q2, Wayfinder Navigator 7 was launched, an upgrade of the previous version of Wayfinder Navigator, with innovations such as 3D mapping, low-light display and a patent-applied-for search functionality which makes it easy for the user to search several databases simultaneously.

In December, the beta version (non-commercial launch) of Wayfinder Active™ was unveiled, a product for GPS tracking and terrain maps for mobile phones.

ACQUISITION OF NAVICORE

At the beginning of the third quarter of 2007, Wayfarer acquired the Finnish navigation company, Navicore Oy (after the acquisition the name was changed to Wayfinder Systems Oy). Wayfinder Systems Oy is the leading developer of interactive on-board navigation products for smartphones and Nokia tablet PCs. The acquisition strengthens Wayfinder strategically, and gives the Company a unique and leading position with the widest technology offering in the location industry.

Wayfinder Systems Oy has been consolidated in the Group with effect from the acquisition date, 3 July, and will, therefore, be included in the 2007 figures from that date. Wayfinder's acquisition cost, i.e. the acquisition price and acquisition expenses, for Wayfinder Systems Oy amounted to SEK 0.5 million. Together with a minor acquisition, a goodwill of MSEK 6,3 arose, whereof MSEK 6,0 relates to the acquisition of Wayfinder Systems Oy.

SALES AND RESULTS JANUARY – DECEMBER 2007

Net sales during the year amounted to SEK 112.4 (29.1) million, an increase of 286%. SEK 5.9 million of this revenue was contributed by the acquired company, Wayfinder Systems Oy. As a result of a significant increase in the number of paying customers, service revenue rose sharply during 2007, reaching SEK 61,6 (21,5) million, an increase of 187%.

The relatively high proportion of hardware sales during the second half of 2007 was due to the fact that Wayfinder, responding to a request from a customer, supplied hardware (GPS receivers) in the major orders Wayfinder won from one of the world's largest handset manufacturers. The margin on hardware sales is limited, and Wayfinder's strategy is to concentrate in the first instance on supplying applications and services, thus significantly growing its service revenue.

The gross margin (defined as net sales minus the cost of goods for resale as a percentage of net sales) amounted to 41% (48%) during 2007. The gross margin was, as mentioned earlier, impacted by the relatively high proportion of hardware sold during the second half of 2007. During the second half of 2008, the gross margin is expected to return to the level Wayfinder enjoyed during the first half of 2007, i.e. exceeding 60%. This trend is also in line with the rapid growth in the number of mobile phones with integrated GPS, which means that the need for a separate GPS receiver will decline significantly in the future. Wayfinder continues to have good gross margins of over 65% in its core activity, services.

Personnel costs and other external costs for 2007 increased by 10% to SEK 95.6 (86.8) million, of which personnel costs and other costs in the acquired company, Wayfinder Systems Oy, totalled SEK 7.6 million.

The operating loss before depreciation/amortisation for the year was SEK -41.7 (-66.0) million. Depreciation/amortisation amounted to SEK -11.3 (-9.4) million, primarily relating to the amortisation of capitalised development costs of SEK -10.2 (-9.2) million. The loss before tax was SEK -50.7 (-74.4). Earnings per share were SEK -3.02 (-6.00).

SALES AND RESULTS, FOURTH QUARTER 2007

During the fourth quarter of 2007, sales amounted to SEK 51.7 (8.0) million, a rise of 543%. Service revenue was SEK 25.4 (6.6), million, up 285%. The relatively high proportion of hardware sales during Q4, as explained above, was the reason for the drop in gross margin during the fourth quarter from 47 % to 38 %.

Personnel costs and other external costs amounted to SEK 31.3 (22.6) million, of which personnel costs and other costs in the acquired company, Wayfinder Systems Oy, totalled SEK 4.2 million. Costs during the fourth quarter were slightly higher than in previous quarters of 2007, largely due to increased marketing expenses and other seasonal costs. The loss before tax in the fourth quarter was SEK -9.7 (-19.0) million.

CASH FLOW AND INVESTMENT

Cash flow from operating activities for the full year amounted to - 39.4 (-65.1), million, which was a consequence of the loss on operating activities. Working capital fell by SEK 10.3 (2.9) million.

Total investment for the year was SEK -15.1(-8.1) million. Investment in intangible assets was SEK -12.7 (-6.8) million, of which SEK 6.5 million represented capitalised development costs and the remainder goodwill arising in connection with the acquisition of Wayfinder Systems Oy. Investment in machinery and equipment during the period was SEK -2.0 (-1.3) million. Cash flow after investment was SEK -44.2 (-70.4) million.

Cash flow from financing activities totalled SEK 68.6 (0.2) million. During the second quarter of 2007, a new issue provided the Company with SEK 66.3 million after issue expenses. The overall cash flow for the period was SEK 24.4 (-70.2) million.

FINANCIAL POSITION AND LIQUIDITY

Cash and cash equivalents as of 31 December 2007 totalled SEK 93.1 (68.8) million. Cash and cash equivalents as of 30 September 2007 amounted to SEK 89.8 million, i.e. cash and cash equivalents rose during the fourth quarter as a result of positive cash flow after investments during the final quarter of 2007. Equity at the end of the period was SEK 112.8 (97.1) million. The equity/assets ratio was 76 (89) percent. The Company's interest-bearing liabilities at the end of the period amounted to SEK 2.1 (0) million.

TAXES

The deficit for tax purposes, including the accrued losses in Wayfinder Systems Oy, amounted to around SEK 245 (160) million. No deferred tax assets in respect of this loss carry-forward have been recognised.

PERSONNEL

The number of employees on December 31st was 97 (73). Of these, 14 are employed in the company acquired during the third quarter, Wayfinder Systems Oy. The average number of employees was 79 (68).

THE PARENT COMPANY

Net sales in the Parent Company for the year amounted to SEK 106.3 (29.1) million, of which 0 (0) related to sales to Group companies. The profit after financial items was SEK -54.0 (-65.9) million. The Parent Company's equity at the close of the period amounted to SEK 118.1 (105.7) million.

SIGNIFICANT RISKS AND UNCERTAINTY FACTORS

Through its operations, the Wayfinder Group is exposed to risks and uncertainty factors. These were described in the prospectus associated with the new issue which was implemented during the second quarter of 2007. For information on these risks, please refer to pages 5 and 6 in that prospectus. No additional risk factors beyond those described in the prospectus have been identified for 2007. The prospectus is available on Wayfinder's website, www.wayfinder.com.

RELATED PARTY TRANSACTIONS

During the period, no transactions took place between Wayfinder and related parties which materially affected the position and results of Wayfinder.

DIVIDENDS

The Board's objective is that dividends should amount, on average over time, to at least 30% of consolidated profits, after full tax. In any decision on proposals for a dividend, however, Wayfinder System's opportunities for expansion, consolidation requirements, liquidity and financial position in general will be taken into account. The Board therefore proposes that no dividend be declared for the financial year 2007.

EVENTS AFTER THE CLOSE OF THE PERIOD

At the International Computer Electronics Show in Las Vegas at the beginning of January 2008, Sony Ericsson showed its first GPS-equipped mobile phone, the W760.

At the show, Sony Ericsson announced that Wayfinder Navigator will be factory-installed in the W760. Short after, at the Mobile World Congress in Barcelona, Sony Ericsson announced an additional mobile phone, C702, with built-in GPS and Wayfinder Navigator factory-installed. The handsets are expected to be released during Q2, 2008.

On February 5th 2008, it was announced that Wayfinder will be calling an extraordinary general meeting on February 22nd 2008 for the purpose of proposing to elect Jon Risfelt as a new member of the Board and Chairman of the Board of Wayfinder Systems AB.

ACCOUNTING POLICIES

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, which is in conformity with the Swedish Financial Accounting Standards Council's recommendation RR 31, Interim Reporting for Groups, and for the parent company in accordance with the Annual Accounts Act. The accounting principles and methods of calculation in the report are the same as those in the last annual report.

FUTURE INFORMATION DATES

Interim report January – March 2008	April 29
Interim report January – June 2008	August 26
Interim report January – September 2008	November 4
Year-end report January – December 2008	February 17 th 2009

The annual report for financial year 2007 will be published and will be available at Wayfinder's office at the beginning of May. The annual general meeting will be held on May 20th 2008.

Wayfinder Systems AB (publ)
Corporate ID number 556526-2929

Board of Directors
2008-02-20

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Report of the Auditors in respect of review

To the Board of Directors of Wayfinder Systems AB (Publ)

Introduction

We have carried out a review of the financial statements included in the year-end report issued on behalf of Wayfinder Systems AB (Publ) as at December 31st 2007. Our review covered the twelve-month period January 1st – December 31st. The Board of Directors and the CEO are responsible for drawing up and presenting this year-end report in accordance with the requirements set out in NGM Equity's listing agreement, which, among other things, require that interim reports are to comply with IAS 34 and the Annual Accounts Act. Our responsibility is to express a view on these financial statements on the basis of our review.

The structure and scope of the review

We have carried out our review in accordance with the Standard for reviews, (SÖG) 2410 *Review of interim financial information carried out by the Company's elected auditors*. A review involves making enquiries, in the first instance to the individuals who are responsible for financial and accounting matters, carrying out an analytical review and taking other measures associated with a review. A review has a different structure and a considerably more limited scope than an audit in accordance with the Swedish Audit Standard (RS) and generally accepted auditing standards in general. The measures taken as part of a review do not make it possible for us to ensure with a sufficient level of certainty that we are aware of all the material circumstances which could have been identified had an audit been carried out. The views expressed on the basis of a review do not, therefore, have the level of certainty of the views expressed on the basis of an audit.

Conclusion

Based on our review, no circumstances have emerged which give us reason to believe that the financial statements have not, in all essentials, been prepared on behalf of the Group in compliance with IAS 34 and the Annual Accounts Act, and, on behalf of the Parent Company, in compliance with the Annual Accounts Act.

Stockholm February 20th 2008

Ernst & Young AB

Göran Neckmar
Authorised Public Accountant

Björn Fernström
Authorised Public Accountant

Consolidated income statement		3 months		Full year	Full year
Amounts in SEK thousands		Oct-Dec		2007	2006
		2007	2006		
Net sales		51 674	8 036	112 448	29 109
Capitalised work on own account		2 218	2 208	6 460	6 772
Other operating income		1 130	0	1 130	0
<i>Operating expenses</i>					
Goods for resale		-31 824	-4 244	-66 137	-15 092
Other external expenses		-15 516	-10 282	-42 204	-41 184
Personnel expenses		-15 791	-12 338	-53 350	-45 629
Loss before depreciations		-8 109	-16 620	-41 653	-66 024
Depreciations on tangible assets		-153	232	-1 091	-240
Depreciations on intangible assets		-2 389	-2 291	-10 246	-9 162
Operating loss		-10 651	-18 679	-52 990	-75 426
Financial items, net		979	-310	2 342	979
Loss after financial items		-9 672	-18 989	-50 648	-74 447
Tax		-63	-98	-63	-98
Net loss for the period		-9 735	-19 087	-50 711	-74 545
Earnings per share before dilution		-0,49	-1,53	-3,02	-6,00
Earnings per share after dilution		-0,49	-1,53	-3,02	-5,95

The Parent Company income statement			
Amounts in SEK thousands		Full year	Full year
		2007	2006
Net sales		106 300	29 109
Capitalised work on own account		6 460	6 772
Other operating income		0	0
<i>Operating expenses</i>			
Goods for resale		-61 597	-15 021
Other external expenses		-52 582	-37 998
Personnel expenses		-43 598	-40 739
Loss before depreciations		-45 017	-57 877
Depreciations on tangible assets		-980	-213
Depreciations on intangible assets		-10 246	-9 162
Operating loss		-56 243	-67 252
Financial items, net		2 253	1 360
Loss after financial items		-53 990	-65 892
Tax		0	0
Net loss for the period		-53 990	-65 892

Consolidated balance sheet			
Amounts in SEK thousands		2007	2006
		31-dec	31-dec
Intangible assets		29 093	26 036
Tangible assets		3 340	2 651
Inventories		1 614	3 370
Accounts receivable		14 039	5 339
Other current assets		8 134	3 057
Cash and cash equivalents		<u>93 115</u>	<u>68 763</u>
Total assets		149 335	109 216
Equity		112 876	97 138
Interest-bearing liabilities		2 105	0
Accounts payable		15 638	3 095
Other liabilities		<u>18 716</u>	<u>8 983</u>
Total equity and liabilities		149 335	109 216

The Parent Company balance sheet

Amounts in SEK thousands	2007	2006
	31-dec	31-dec
Intangible assets	22 251	26 036
Tangible assets	2 854	2 611
Financial assets	2 407	1 377
Inventories	1 241	3 370
Accounts receivable	13 456	5 288
Other current assets	13 858	10 152
Cash and cash equivalents	<u>91 491</u>	<u>67 705</u>
Total assets	147 558	116 539
Equity	118 139	105 680
Interest -bearing liabilities	0	0
Accounts payable	12 403	2 572
Other liabilities	<u>17 016</u>	<u>8 287</u>
Total equity and liabilities	147 558	116 539

Consolidated cash flow

Amounts in SEK thousands	Full year	Full year
	2007	2006
Cash flow from operating activities before changes in working capital	-39 374	-65 144
Change in working capital	10 256	2 875
Cash flow before investments	-29 118	-62 269
Investment activities	-15 084	-8 142
Cash flow after investments	-44 202	-70 411
Financing activities	68 554	168
Cash Flow for the period	24 352	-70 243
Cash and cash equivalents at start of period	68 763	139 006
Cash and cash equivalents at close of period	93 115	68 763

Change in equity

Amounts in SEK thousands	Full year	Full year
	2007	2006
Amount at start of the period	97 138	171 015
New issue	66 326	668
Personnel option program	123	0
Net loss for the period	<u>-50 711</u>	<u>-74 545</u>
Amount at close of the period	112 876	97 138

Data per share

	3 months		Full year	Full year
	Oct-Dec			
	2007	2006	2007	2006
Number of shares at close of period	19 933 936	12 458 710	19 933 936	12 458 710
Number of shares at close of period with full dilution	19 933 936	12 458 710	19 933 936	12 458 710
Number of shares on average during the period	19 933 936	12 458 710	16 819 260	12 433 960
Number of shares on average during the period with full diluti	19 933 936	12 458 710	16 819 260	12 521 418
Earnings per share	-0,49	-1,53	-3,02	-6,00
Earnings per share after full dilution	-0,49	-1,53	-3,02	-5,95
Equity per share			5,7	7,8

Net sales divided per channel	3 months		Full year 2007	Full year 2006
	Oct-Dec			
	2007	2006		
Mobileoperators & Telephone manufacturers	47 258	2 558	92 512	12 294
Distributors	1 457	3 905	9 078	10 042
Others	2 959	1 573	10 858	6 773
Total sales	51 674	8 036	112 448	29 109
% change	543%	25%	286%	-24%

Five -year overview	Full year	Full year	Full year	Full year	Full year
	2007	2006	2005	2004	2003
Return on equity, %	neg	neg	neg	neg	neg
Return on capital employed, %	neg	neg	neg	neg	neg
Operating margin (EBIT), %	neg	neg	neg	neg	neg
Profit margin, %	neg	neg	neg	neg	neg
Equity ratio, % (end of the period)	76%	89%	91%	55%	46%
Sales , SEK , thousand	112 448	29 109	38 310	23 445	13 343
Capitalised development expenses, SEK thousand	6 460	6 772	8 499	6 126	9 699
Investment in tangible assets, SEK, thousand	2 042	1 370	1 125	253	724
Average number of employees	79	68	56	38	30

Aquired group companies

Navicore OY 1527448-5

Purchase Price

Initial Purchase Price*	0
Direct cost in connection with the aquisition	530
Total Purchase Price	530
True value aquired net assets	-5 471
Goodwill and other intangible assets	6 001
Purchase Price	530
Cash in aquired company	60
Impact on the groups cash position	470

<i>Assets and liabilities from the aquired comapany</i>	<i>Book value</i>	<i>Fair value</i>
Goodwill and other intangible assets.	512	6 001
Tangible assets	364	364
Inventory	1 881	921
Recievables	1 339	1 339
Cash and cash equivalents	60	60
Accounts payable	-7 029	-6 046
Other liabilities	-2 250	-2 250
Net assets	-5 123	389
Aquired net assets	-5 123	389

* An Additional Purchase Fee of maximum 550 000EUR is included in the share purchase agreement. Wayfinder does not currently consider the payment of an Additional Purchase Fee to be likely.