Corporate Update to shareholders in Linq Capital, February 2013.

The purpose of this letter is to give all shareholders in Linq Capital Sweden AB (publ) a status update on what's happening in the company and information about our portfolio of holdings.

First and foremost, I would like to remind you that Linq Capital operates with a minimum of resources to keep its costs down. We manage the company's assets, which consist of shares in Bahnhof, VideofyMe and Nitro Food, without any unnecessary expenditure.

Earlier redemption of shares in 2012

As you all know, Linq Capital (formerly Sting Networks) made an offer to its shareholders to buy back their shares at 0.30 SEK per share, which at the time (January 2012) was equal to the value of the company's assets. Linq Capital's single biggest asset at that time consisted of the shareholding in Bahnhof. Shareholders who elected to redeem their shares thereby received a cash payment for each share redeemed.

Under the current circumstances no further redemption is planned. From now on, Linq plans to increase the long-term value of its existing assets and to make new investments using existing capital.

Performance

In 2012, the value of Linq Capital's shares in Bahnhof increased by about 30 percent. As a result Linq´s share value increased by about 20 percent after deducting operating expenses and costs incurred in connection with Linq´s buy back of its own shares.

Unlisted shares

As Linq Capital is a relatively small company, it is not currently feasible to list its shares. Listing implies increased costs, both in terms of services that must be purchased and demands on internal resources. Listing a company at this early stage of its growth is neither of benefit to existing or future shareholders.

The remaining existing shareholders should therefore be aware that shares will remain private indefinitely. In the event that the general economic situation and the company's development and size make a listing appropriate in the future, this decision will of course be reconsidered.

Linq Capital's portfolio of holdings

I will provide the following brief update on the different portfolio holdings.

Bahnhof has already announced that, after a major decline, its share price rebounded and it reported its strongest quarter ever in September 2012.

Bahnhof is now focusing more on their core business and has taken action in relation to unprofitable ventures. Unfortunately, the purchase of Sting's VoIP proved less successful and Bahnhof has decided to give lower priority to this segment. At the end of last year the company announced it has acquired a new operating data center that provides increased capacity. The company has also signed a deal with Netflix, the world's fastest growing player in the online movie space, under which the company buys data capacity from Bahnhof for the entire Nordic region.

Bahnhof is still part of Linq Capital's portfolio of holdings and Bahnhof's stock increased in value during the year by approximately 30%.

Read more about Bahnhof by visiting www.bahnhof.se

VideofyMe is a company offering an online service that makes it easy for anyone to capture, edit and publish video posts. The service is similar to Instagram, but users share video instead of images. Posted videos can easily be shared via its own app, via blogs, Twitter, Facebook and other social networks. As the shares are not listed, the value is difficult to determine.

The company has an advertising-supported business model where short commercials are inserted at the beginning of each video, and where revenue is divided between VideofyMe and whoever posted the video.

Read more about the company at www.videofy.me

Nitro Food is a company that has its own production facility in Thailand producing classic Thai dishes. After cooking, the meals are frozen using liquid nitrogen at -196 degrees. This freezing method allows them to be thawed and cooked without the consumer being able to detect they have been frozen. The method and the concept is unique in the Swedish grocery market and leading wholesalers including Martin & Serve have taken the company´s products into their product lines, providing meals to restaurants, caterers and shipping companies. As the shares are not listed, the value is difficult to determine in the current situation.

The company has only been active since 2012, but in a short time has succeeded in attracting more customers to purchase their ready-made sauce and vegetable bases, and which when cooked, enable them to offer authentic Thai meals on their menus.

Through its ownership in Nitro Food, Linq also provides the management resources of Chairman and CEO during the startup period.

Read more about the company at www.nitrofood.se

Another interesting extension of the investment portfolio is underway. We will get back to you on this a little later in the year.

Other issues dating back to Linq´s time as a Telecoms company

After Linq Capital (formerly Sting Networks) sold its telecom business to Bahnhof, Linq was able to pay off all of its previous debts. Linq is therefore debt free as of today, and have also paid off earlier overdrafts with banks and loans from ALMI. Nevertheless two outstanding issues remain.

As a result of a decision of the Administrative Court in 2011 the Swedish telecoms company Telia was granted the right to levy charges on some of its clients, including the former Sting Networks (today renamed Linq Capital). The background to this is a protracted dispute between the Swedish authority ”Post & Telestyrelsen” and Telia. Telia has indicated that Sting, today Linq, may be required to pay an additional 1-2 million SEK. Although the judgment is unique and has been appealed by all major Swedish telecom companies, after almost 18 months we still have not heard from Telia. We believe that as the judgment has been dismissed in the EU and due to the the time that has elapsed, it will be difficult for Telia to achieve the required support to actually require supplementary tax payments from their customers.

Another dispute that needs to be resolved relates to the 2009 acquisition of a Norwegian company. Under the purchase agreement the price was paid in 36 monthly installments based on operating income. As far as we can tell, Linq has fulfilled all its obligations under the agreement, but the Norwegian sellers have questioned the accounting model that was used for the final settlement that took place in April 2011. Linq participated in the hearing at Oslo Forliksråd in November 2011. The previous owners have demanded that the matter be finally settled by Oslo City Court, which will now take place. Linq believe they have a good chance of winning and has hired Norwegian lawyers. The disputed amount is less than 95 TNOK but Linq has chosen not accept any further payments, as the company claims to have fulfilled its obligations to the seller.

Conclusion

This was a summary of the current situation in Linq. We will come back to you in a short while with a new update, first, on whether or not Linq has to pay taxes from its time as a telecom company, and overall, on the development of our current and future portfolio investments.

Solna, February 7, 2013

Mats Jäderberg
Interim CEO