

EDITORIAL

Happy New Year

2005 has been a tremendous year for our firm and we would like to thank all those whom have contributed to our success. From the sale of Skype to the successful launch of our second fund we indeed feel privileged to be involved in such an exciting industry.

Venture capital in Europe in 2006 is poised to go through tremendous positive change. Fuelled by a bullish equity market, positive corporate earnings and a new found belief that early stage technology companies can succeed from Europe, it is our conviction that we will witness further great European stories.

Our portfolio companies, Securewave and Dialcom, for whom we were the earliest backers and our latest investment, BuZZaa are examples of the quality Europe can generate.

Nowhere is this more true than in the consumer sector, where the playing field is significantly more level with the US than in the enterprise sector. How this has changed from but five years ago!

Never have we felt more optimistic than when looking at our current portfolio.

We wish you all the best for 2006.

[ COMPANY IN THE SPOTLIGHT ]

# SecureWave

**SecureWave gained more customers and sold more licenses in 2005 that in its previous 4 years of sales combined. With over 1100 customers globally and over 1.3 Million licenses sold, SecureWave has become a leader recognized by customers, analysts and the media.**

Whether it is new customers searching for a cost effective solution against intrusive malware or internal data theft, or older customers who expand the coverage of Sanctuary because they have been delighted with the results have been achieved, SecureWave has been hitting its stride in 2005. Consider for example:

A **major Regional Medical Center** in the US was fed up with Spyware because of either a.) how much time it takes to clean up, or b) how extreme the quick fix is (i.e. format and reinstall). SecureWave eliminated the Spyware problem completely, and at the same time saved them time and money.

**FBI** purchased 36,000 licenses of Sanctuary because of its simplicity and efficiencies in controlling rogue devices, CD/DVD-RW's, and for its effectiveness in providing an audit record of their use.

**Commerzbank** had been using 4000 licenses for almost 3 years in their headquarters and decided that they wanted to extend the solution to all

their subsidiaries. Because of Sanctuary's ability to react quickly on remote requests and implement temporary rights they acquired an additional 30,000 licenses.

**Bayerische Landesbank / Bavarian National Bank** purchased 4500 licenses after a subsidiary who had been using 850 licenses for about a year without any operational issues.

**Melbourne 2006 Commonwealth Games Corporation** purchased 1000 licenses to provide security and stability to the internal systems needed to manage and coordinate the Games activities.

Cameron Sturdevant a security reviewer for electronic security magazine "eWeek," liked what he saw when he took a look at Sanctuary from SecureWave "The security-conscious part of me really liked the 'allowed' approach to securing my laptop."

"We have had solid growth for the past 12 quarters, each year setting new internal benchmarks for production

and performance, says Bob Johnson, CEO, and 2005 was absolutely incredible: we passed 1M licenses sold and we had our first single order for over 1M Euro. The uptake by the market has been significant and demonstrates that the old approaches are no longer viable. Everyone in the company is excited about the changes going on, especially the relationships that we are developing with leading infrastructure and security software vendors. Our focus for the coming year is on expanding the application of SecureWave's unique default deny enforcement technology to new solutions we can deliver in conjunction with these leading vendors to allow businesses and individuals to efficiently, effectively and securely adopt and use a myriad existing and emerging enterprise IT technologies. We have only just begun."



SecureWave

[www.securewave.com](http://www.securewave.com)

ABOUT MANGROVE

Mangrove Capital Partners is committed to turn entrepreneurial visions into realities as a means to drive capital appreciation for investors. Our hands-on philosophy in all areas of business and technological development is the cornerstone of our investment strategy and positions us as a true partner for growth.

Mangrove Capital Partners is an investor in among other the following companies: Skype ([www.skype.com](http://www.skype.com)), Securewave ([www.securewave.com](http://www.securewave.com)), Dialcom Networks ([www.dialcom.com](http://www.dialcom.com)), Paseosoft ([www.paseosoft.com](http://www.paseosoft.com)), Sapiens Tech ([www.sapienstech.com](http://www.sapienstech.com)), BuZZaa ([www.buzzaa.com](http://www.buzzaa.com)).

Mangrove's Newsletter is a quarterly issue.

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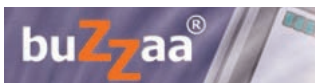
[www.mangrove-vc.com](http://www.mangrove-vc.com)

[ PORTFOLIO  
NEWS ]

SecureWave

WWW.SECUREWAVE.COM

SecureWave will announce their partnership and product support of Microsoft's Network Access Program at the upcoming RSA security conference in San Jose, CA. NAP is Microsoft's major security initiative which has been in development for two years.



WWW.BUZZAA.COM

We are extremely happy to announce the first investment of our new fund NTVIC II: BuZZaa, a mobile to mobile free messaging company. More about BuZZaa in the Interview section.



WWW.DIALCOM.COM

In collaboration with Dialcom Networks, Eastman Kodak Company and Skype™, the global Internet communications company, announced the availability of the latest innovation in digital storytelling - KODAK Photo Voice - that combines live voice and online photo sharing. The beta version of KODAK Photo Voice is now available as a free download at [www.kodakgallery.com/photovoice](http://www.kodakgallery.com/photovoice). The product has been developed by Dialcom and is powered by Dialcom's Spontania.

## [ INTERVIEW ]



**Evert Jaap LUGT,**  
CEO BuZZaa

*Could you describe BuZZaa in a nutshell?*

BuZZaa aims to become the most downloaded and used software for mobile phones. Its first feature set will be to provide users with the ability to exchange unlimited messages for free, thus becoming the free alternative to SMS.

BuZZaa allows people to freely send and receive messages on and from any (mobile) device. Moreover, BuZZaa will innovate by providing a free communication channel between Internet and cell phone users, being the first solution provider to fill the gap between the Internet and the mobile world.

BuZZaa will be releasing their first products in Q2 2006.

*What's your vision of the market for mobile messaging*

The availability of 2.5 and 3G mobile phones and networks (GPRS/UMTS) on a global basis have cleared the path for (cheap) Internet access and IP-based communication.

Although the current market for (text based) mobile messaging is still SMS based this will soon change into a market where IP-based messaging services like Mobile Instant Messaging and E-mail on your mobile will dominate.

Mobile Instant Messaging applications will become extremely popular because they enable fast and cheap communication between M2M and M2PC.

The possibility to install any communication software on your mobile phone and access the Internet anywhere you are, will dramatically change the landscape of the traditional Telecommunication industry in the coming years!

*What's the outlook for BuZZaa in this market*

With more than 2 billion mobile users today, the market for mobile communication is one of the largest and most attractive markets in the world, larger than the Internet market.

The interest for traditional players like the Telco's to defend this market and global VOIP/IM players like Microsoft (MSN), SKYPE, Google, to enter this market are enormous.

## BuZZaa

Seamless integration, free mobile messaging and low cost mobile voice calls on a global basis will give BuZZaa the opportunity to become a major player in this market.

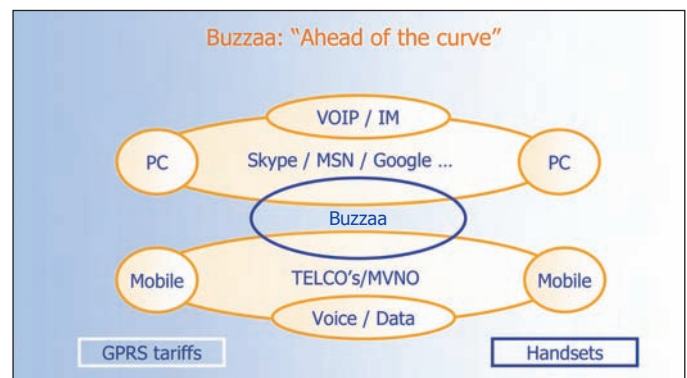
In the coming 12-18 months BuZZaa has an excellent position to establish the largest community of users for mobile messaging in the world.

*How would you describe your relationship to Mangrove?*

Working with Mangrove is constructive and pleasant in many ways!

Mangrove showed such a knowledge and expertise of the technology market in which we operate that they actively contributed in many areas from Strategy definition to Operational issues.

Also their in-dept understanding of what it takes to start a company from the ground has made discussions always fast, valuable and constructive.



The stakes are high and the forces driving these markets are tremendous.

BuZZaa has developed a unique suit of technology products that will truly integrate the world of VOIP/IM on the Internet and the mobile market.

The relationship we have developed over time with Mangrove can best be described as that of a true Partnership!

