

# INFONAUTICS FINANCIAL NEWS RELEASE, Q1 1997

## Infonautics Reports First Quarter Financial Results

WAYNE, Pa., April 24 Infonautics, Inc. (Nasdaq:INFO), a provider of premium online content and custom online archive services, today announced financial results for the first quarter ended March 31, 1997.

Revenues for the 1997 first quarter were \$807,000, a 59 per cent increase over revenues of \$506,000 in the preceding quarter ended December 31, 1996, and more than triple the \$190,000 revenue total posted in the first quarter of 1996.

The company had a net loss of \$5.2 million, or \$0.56 per share, in this year's first quarter, as compared to a net loss of \$4.7 million, or \$0.50 per share, for the preceding quarter ended December 31, 1996, and a net loss of \$3.0 million, or \$0.50 per share, a year earlier.

Marvin I. Weinberger, chairman and chief executive officer, said the first quarter of 1997 was marked by an accelerating rate of sales of the company's Electric Library service to its consumer and institutional markets.

Consumer subscription sales responded positively to the adoption of a new approach to enrollment, the promotion of annual subscriptions and the launching of Research Zone on America Online, Inc., allowing seamless access to Electric Library. Additionally, an agreement announced earlier today with NETCOM On-line Communication that allows NETCOM to offer Electric Library as part of its NETCOMplete Advantage Pro service is expected to increase usage of the Electric Library service.

"Towards the end of 1996 our revenue growth was driven largely by the market for EPP-Direct, but in the opening months of this year the gains have been most pronounced in the consumer and institutional areas," Mr. Weinberger said. "This underscores the value to Infonautics of having three distinct markets, each with significant potential but each driven by different dynamics."

He noted that as the company's consumer subscriber base and number of institutional customers grows larger, the amount of recurring revenue increases as significant percentages of customers retain Infonautics services from quarter to quarter.

Total costs and expenses were \$6.4 million in this year's first quarter, compared with \$5.7 million in the fourth quarter of 1996 and \$3.2 million in the first quarter of 1996. Sales and marketing expenses totaled \$2.8 million, triple the \$920,000 in the first quarter of 1996 but up only marginally from \$2.6 million in the fourth quarter. Development expenses and general and administrative expenses also have leveled off in the aftermath of a rapid expansion of the company's staff and capabilities during 1996.

As of March 31, 1997, the company had current assets of \$23.4 million and total assets of \$26.0 million. The comparable totals on December 31, 1996 were \$28.4 million and \$30.2 million.

At the end of this year's first quarter, Infonautics had 31,900 consumer customers for its Electric Library and Homework Helper reference services. This total included 18,300 Electric Library subscribers, 74 per cent higher than the total at the end of 1996, and 5,200 monthly and 8,400 hourly Homework Helper subscribers.

Previously announced events of the first quarter of 1997 included:

- Integration of Electric Library as a service available in connection with IBM's 'The 1997 World Book Multimedia Encyclopedia.'
- Launch of Research Zone, a collection of tips, topics and ideas for school-related research projects, on America Online, Inc.
- An alliance that provides access to Electric Library from within Starfish Software's Internet Utilities 97, a leading Internet utilities package.
- The addition to the Infonautics database of Business Week magazine, TIME magazine and ten other Time Inc. titles, and a number of international news services.

## About Infonautics

Infonautics, Inc. (Nasdaq: INFO) provides premium online content and custom online archive services for the consumers and creators of quality content. The Company's flagship reference service, Electric Library, is available through the Internet at <http://www.electrictlibrary.com> and <http://www.education.elibrary.com> and consumer online services, and is marketed to consumers and educational institutions. The Company also offers Homework Helper to individuals and families through the Prodigy Classic online service. Infonautics' core technology product, Electronic Printing Press (EPP), is used by major publishers through Infonautics' turnkey digital archive hosting system, EPP-Direct. Infonautics was founded in November 1992 and is headquartered in Wayne, Pa.

Additional information on Infonautics can be found at <http://www.infonautics.com>. Infonautics, Electric Library, Homework Helper, Electronic Printing Press, EPP and EPP-Direct are service marks or trademarks of Infonautics, Inc. or its subsidiaries. All other marks are of their respective holders and should be noted as such.

To receive additional information on Infonautics, via fax at no charge, dial 1-800-PRO-INFO and enter code INFO.

This news release contains, in addition to historical information, forward-looking statements that involve risks and uncertainties. These forward-looking statements include statements regarding the Company's growth and expansion plans and the sufficiency of the Company's liquidity and capital. Such statements are based on management's current expectations and are subject to a number of uncertainties and risks that could cause actual results to differ materially from those described in the forward-looking statements. More information about potential factors which could affect the Company's financial results is included in the Company's annual report on Form 10-K for the year ended December 31, 1996, which is on file with the Securities and Exchange Commission.

## INFONAUTICS, INC. SUMMARY FINANCIAL DATA

	Three Months Ended March 31,	
	1997	1996
<b>Statement of Operations Data:</b>		
Total revenues	\$807,000	\$190,000

Total costs and expenses	\$6,367,000	\$3,214,000
Loss from operations	\$(5,560,000)	\$(3,024,000)
Net loss	\$(5,226,000)	\$(3,015,000)
Net loss per share	\$(0.56)	\$(0.50)
Shares used in computing net loss per share	9,391,600	6,062,300

March 31    December 31

1997                  1996

**Balance Sheet Data:**

Cash, cash equivalents and investments	\$22,276,000	\$27,379,000
Working capital	\$19,878,000	\$25,841,000
Total assets	\$26,030,000	\$30,227,000
Total shareholders' equity	\$22,499,000	\$27,688,000