

# **INFONAUTICS FINANCIAL NEWS RELEASE, Q4 1998**

## **Infonautics, Inc. Reports Fourth Quarter and Year-End Results - 1998 Revenues Up 118 Percent**

Infonautics, Inc. (NASDAQ:INFO), a rapidly growing Internet information company, today reported revenue of \$4.6 million for the fourth quarter of 1998. This represents an 88 percent increase over \$2.5 million in last year's comparable period.

For the full year ended December 31, 1998, Infonautics had revenue of \$14.9 million, 118 percent more than the \$6.8 million generated during 1997.

"We're extremely pleased with the continued growth of our customer base," said Van Morris, president and chief executive officer of Infonautics. "In just two years, Electric Library has taken its place among the leading information services favored by schools and libraries across the country," he said. "That's really begun to be reflected in the company's revenue numbers."

Commenting on Infonautics' newest product, Mr. Morris said "Reaction to Company Sleuth has been very positive. It has garnered close to 100,000 registered users since its launch last October, and while revenues are not yet significant, it is currently generating over 5 million page views per month. We intend to build on this momentum by launching a new product, Job Sleuth<sup>TM</sup> and a premium version of Company Sleuth, early in the second quarter."

New sales bookings were \$20.7 million in 1998, up 65 percent over the \$12.6 million total bookings of 1997. Sales bookings were \$5.4 million in the fourth quarter, an increase of 15 percent over the same period last year and a decrease of eight percent from the preceding quarter. Sales bookings represent the value of firm, non-cancelable customer commitments that convert to revenue over the life of the contract. Fourth quarter 1998 sales bookings were impacted by the company's shift away from its knowledge management service, Intellibank, and an underperforming remote sales office, but were offset somewhat by increased international sales bookings.

Cash used in operations was \$1.4 million in the fourth quarter compared with \$1.8 million for the same period last year and \$1.5 million in the immediately preceding quarter. At the end of 1998, Infonautics had current assets of \$7.4 million including \$3.3 million of cash and cash equivalents. On February 12th the company announced that it had secured an additional \$3 million of convertible debt financing.

Infonautics' net loss for this year's fourth quarter was \$3.8 million or \$0.36 per share, compared with a net loss of \$4.1 million or \$0.43 per share during the fourth quarter of 1997. Shares of the company's outstanding Common Stock increased 21 percent during the fourth quarter to 11,624,374 as of December 31, 1998, due primarily to the conversion of preferred stock into common stock by the institutional investment fund with which the company entered into a private placement in July of 1998. The company has recently repurchased the remaining unconverted preferred stock from the institutional investment fund and the company and the fund have agreed not to engage in additional financing under the July 1998 private placement.

Operating costs were \$7.0 million during the fourth quarter compared with \$5.8 million in the fourth quarter of 1997 and \$7.3 million in the immediately preceding quarter.

The company's deferred revenue and backlog was \$12.0 million at the end of the year, up 91 percent from \$6.3 million at December 31, 1997.

At the end of 1998, Electric Library was licensed to roughly 10,500 schools and libraries and had more than 60,000 individual subscribers. In addition, paying customers of Electric Library downloaded over 20 million documents in 1998, more than doubling the 9.5 million downloads from the prior year.

### **About Infonautics**

Infonautics, Inc. (NASDAQ: INFO) is a leading Internet information company that provides online information services to schools, libraries, consumers and businesses. Its award-winning Electric Library service was the first reference service of its type on the Internet, and today is one of the fastest growing electronic reference product for schools and libraries, serving more than 10,500 institutions in all 50 states. Electric Library is also one of the largest paid subscription sites on the Web with more than 60,000 paying subscribers. The Company's newest service, Company Sleuth, is a free service that uncovers hard-to-find and seemingly hidden business information on the Internet, and has tens of thousands of registered users. The Company also provides custom content-management and online archive services to major publishers and other content creators. Infonautics was founded in November 1992, and is headquartered in Wayne, PA.

INFONAUTICS and ELECTRIC LIBRARY are registered trademarks of Infonautics, Inc. or its subsidiaries. COMPANY SLEUTH, JOB SLEUTH and INTELLIBANK are trademarks of Infonautics, Inc. or its subsidiaries. All other trademarks and service marks are the properties of their respective holders.

*This new 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 Risk Factors sections of the Company's filings with the Securities and Exchange Commission. All forward-looking statements included in this document are based on information available to the company as of the date of this document, and the company assumes no obligation to update any such forward-looking statements.*

### **INFONAUTICS, INC. SUMMARY FINANCIAL DATA**

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	1998	1997	1998	1997
<b>Statement of Operations Data:</b>				
Total revenues	\$4,612,000	\$2,454,000	\$14,925,000	\$6,832,000
Total costs and expenses	\$8,399,000	\$6,718,000	\$32,527,000	\$25,194,000

Loss from operations	\$ (3,787,000)	\$ (4,265,000)	\$ (17,602,000)	\$ (18,363,000)
Net loss	\$ (3,787,000)	\$ (4,096,000)	\$ (17,448,000)	\$ (17,359,000)
Net loss per common share - basic and diluted	\$ (0.36)	\$ (0.43)	\$ (1.77)	\$ (1.83)
Weighted average shares outstanding - basic and diluted	10,544,400	9,491,600	9,830,900	9,491,600

December 31, 1998	December 31, 1997
-------------------	-------------------

**Balance Sheet Data:**

Cash, cash equivalents and investments	\$3,268,000	\$12,997,000
Working capital	\$(5,563,000)	\$7,163,000
Total assets	\$10,192,000	\$18,794,000
Long-term debt, less current portion	\$47,000	\$404,000
Total shareholders' equity (deficit)	\$(3,298,000)	\$10,460,000