

# INFONAUTICS FINANCIAL NEWS RELEASE, Q3 2000

## Infonautics, Inc. Reports Third Quarter 2000 Results

KING of Prussia, PA, (Oct. 23, 2000 - Infonautics, Inc. (Nasdaq: INFO), a pioneering provider of personalized information agents and Internet sites, today reported results for the three months ended September 30, 2000.

The Company reported net income of \$1.3 million, or \$0.10 per share, in the third quarter, compared to a net loss of \$5.4 million, or \$0.44 per share, sequentially, and a net loss for the corresponding quarter of 1999 of \$2.0 million, or \$0.17 per share. The Company realized a \$6.6 million, or \$0.52 per share, gain on the fair value of the shares of eBay Inc. received during the quarter in exchange for its \$280,000 cost basis investment in Half.com Inc. Offsetting this gain, the Company recorded a \$3.2 million, or \$0.26 per share, loss from its equity interest in bigchalk.com, Inc. in the quarter. This negative pickup is not expected to impact future quarters in excess of \$1.45 million, which is the Company's original investment in bigchalk.com less its equity interest in accumulated losses of bigchalk.com through September 30, 2000.

The operating loss in the third quarter was \$2.2 million, or \$0.18 per share, compared to \$2.0 million, or \$0.16 per share in the second quarter of 2000 and pro forma operating loss of \$712,000, or \$0.06 per share, in the same quarter last year. Pro forma results have been prepared for comparative purposes to the ongoing operations of the Company and reflect the impact of its transaction that created bigchalk.com, a privately held Internet education company.

The Company announced that it had \$18.2 million in cash and marketable securities at quarter-end. During the third quarter, nearly half of a \$3 million convertible debenture was repaid with the remainder converted into approximately 428,000 shares of common stock. Additionally, at September 30, 2000, the Company had an unrealized gain of \$3.4 million from its eBay Inc. securities included in shareholders' equity.

Commenting on the financial results, Van Morris, Infonautics' President & CEO, stated, "This quarter we again benefited from a transaction, this time the exchange of our investment in Half.com into shares of eBay, which generated positive results to our bottom line and strengthened our balance sheet. On the operating side, while the third quarter is traditionally a slow quarter for us, we were nevertheless disappointed with the lack of improvement in our sequential operating results. As a result, we are making changes to bring operating costs down in conjunction with our strategy for our previously announced merger. While there may be some impact from cost reductions in the fourth quarter of this year, we anticipate that the greatest impact from reductions will be apparent in the first quarter of 2001."

Total revenue was \$2.8 million in the quarter, down 6% from \$3.0 million in the prior quarter, and up 19% from pro forma revenues of \$2.4 million in the third quarter of 1999. Advertising and e-commerce revenue was \$547,000 for the quarter, compared with \$499,000 in the second quarter of 2000 and \$262,000 in the third quarter of last year. Subscription revenues in the third quarter were \$2.3 million compared with \$2.5 million sequentially and pro-forma revenues of \$2.1 million in the third quarter of 1999. As of September 30, 2000, the Electric Library site had nearly 100,000 individual paying subscribers. In addition, registered users of the company's Sleuth sites increased to approximately 1.6 million at quarter-end, representing more than 20% sequential growth.

Morris added, "The number one operational objective is to get the operating units to a point where they are each profitable within three quarters, and then grow them on a profitable basis. Our strategy will be to spin off, sell off, or shut down properties that do not meet this criterion."

The Company also announced that it has purchased option collars on approximately 157,000 shares of eBay Inc. stock received in connection with eBay's acquisition of Half.com Inc. Approximately 17,000 additional shares of eBay are held in escrow and are not valued on the balance sheet, included in the income statement, or hedged. These shares will be released to the Company in July 2001, assuming there are no matters for which Half.com is required to indemnify eBay.

## **About Infonautics**

Infonautics, Inc. (Nasdaq: [INFO - news](#)) is a pioneering provider of personalized information agents and Internet services. The Infonautics Network of Web properties includes the award-winning Company Sleuth, Sports Sleuth, Job Sleuth, and Entertainment Sleuth sites. The Infonautics Network also includes Search and Reference Media sites consisting of Electric Library, eLibrary Tracker, Encyclopedia.com and NewsDirectory.com. The Electric Library site was the first reference site of its type on the Internet, and is one of the largest paid subscription sites on the Web, with approximately 100,000 paying subscribers. Infonautics was founded in November 1992, and is headquartered in King of Prussia, Pa.

This news release contains, in addition to historical information, forward-looking statements that involve risks and uncertainties. These forward-looking statements may include statements regarding, for example, the Company's prospects for cost reductions, profitability, achieving profitability within a specific time frame, the strategy for the operating units, the previously announced merger, continued growth, its equity interests and their value, arrangements pertaining to its equity interests, its transactions, its business and Internet strategies, its pro forma estimates, its revenues, its costs and expenses, the profitability of its business and sites, its capital, cash, and cash equivalents, its registered users, user base, subscribers, and personalized e-mails, and the success and results of any of its launches, equity interests, or agreements. 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.

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### INFONAUTICS, INC. SUMMARY FINANCIAL DATA