



ConNova completes a basic development process spanning several years, and cuts costs considerably.

Press release

Motala, Sweden, 20 July 2001

ConNova is reducing its organisation by just over 20 individuals. Since 1998, the ConNova Systems AB subsidiary has been pursuing a comprehensive basic development process for the company's flagship product BizManager. Following over a year of running the system operationally in the demanding environment of two major customers in Europe, and the release of the latest version of the product, ConNova now has a complete high quality basic product with comprehensive functionality that can be delivered to customers with no requirements in terms of comprehensive development input. In line with the company's previous decision regarding a partner strategy, a close working relationship within sales and delivery has also been established with Sema Group, Cap Gemini and Soluziona. The result is that in many markets, sales and deliveries can now be carried out using much fewer of ConNova's staff resources. ConNova can also use the services of its partners to supplement its own development resources when needed. The reduced need for in-house staff at ConNova Systems will produce a sharp improvement in the cash flow following certain adjustment costs during Q3, as well as significantly reduced risk exposure in the event of fluctuations in the inflow of orders. A healthy inflow of orders during Q2, which has featured a high degree of long-term agreements, will involve a certain rise in the fixed revenues level as of Q3. The staff reduction does not affect ConNova TVX.

"Following a long period of major development costs and, consequently, a very negative cash flow, it feels great that BizManager's basic development stage is now complete, and that several partner relationships have been established, enabling us to cut costs. However, we are now witnessing a clear recovery in the market, as confirmed by the order we have just received from the Chinese Channel in London, for example. This is our first customer for BizManager within the satellite segment. We are really delighted with this order, because since 1997 the Chinese Channel has been using Smart Manager, our former product. The fact that they have chosen us as their supplier for a second time is a real vote of confidence for ConNova. It means that we will soon be able to launch our third BizManager into operation. Alongside our partners, we are also discussing further deliveries to potential customers for two projects in southern Europe, for example. We believe we will be able to strengthen and develop our collaborative relationship with partners, not least to be in a position to enter new market segments in time," says MD of ConNova, Claes Rossby.

ConNova Group was formerly a successful expertise provider in the form of consultancy services for many years. In the current fast-moving market trend, the company can see the growing need of operators for this type of service. ConNova, with over 15 years of experience from start-up and operations of media operators, is therefore planning to offer management consulting services based on its high level of know-how about the industry.

About ConNova

ConNova specialises in developing and supplying business support systems for multimedia operators handling pay-TV, Internet, broadband, publishing and telecom services. The company has 15 year's experience of the industry. ConNova's services extend from consulting services to the development of software adapted to meet the market's latest requirements. Within the framework of ConNova TVX AB, ConNova also runs customer services on an assignment basis for European pay-TV operators. ConNova's current customers are mainly to be found in the fields of cable TV, DTT (Digital Terrestrial Television), multimedia, publishing and telecommunications.

At the international exhibition for billing systems in London in May 1999, ConNova's customer management system BizManager was awarded two honorable mentions, one for "Overall Best Contribution to Billing" and the other for "Most Innovative Billing Product".

The ConNova Group AB (publ) has been listed on the OM Stockholm Stock Exchange's O list since 1997.

For further information, please contact:

Björn Persson, Chairman of ConNova Group AB (publ.)
Tel: +46 705 38 08 80, Fax: +46 141 564 24
Email: bjpe@connova.se
www.connova.se