



Pressrelease 2001-10-08

M2S's Board of Directors has decided to make a new share issue and to impose further cost-reducing measures

The Board of Directors of M2S Sverige AB (publ) has, pending the approval of a Special General Meeting, decided to carry out a new share issue comprising approximately 38 million Series B shares, with preferential rights for the company's current shareholders. The purpose of the new share issue is to strengthen the company's financial position, thus securing the company's future, and is expected to provide funds of approximately SEK 95 M before issue costs. At the same time, the Board of Directors has decided to carry out a write-down of the company's goodwill and to impose further cost-reducing measures.

Summary of conditions for share issue with preferential rights

- Each existing Series A or B share carries preferential rights for subscription of two Series B shares in the new issue.
- Issue price SEK 2.50 per share.
- Last day for trading in M2S shares, including subscription rights is October 25, 2001.
- As of October 26, 2001, trading in M2S shares will be ex-rights to participation in the present new share issue.
- Record date for receipt of subscription rights is October 30, 2001.
- Trading in subscription rights is to take place during the period November 5 to November 13, 2001.
- The Application period is from November 5 to November 16, 2001.
- Payment for subscription through subscription rights is to take place in connection with application.
- It is expected that a prospectus will be distributed to M2S shareholders on, or around, November 1, 2001.

In connection with the above new share issue decided by the Board of Directors, the company's two Series A shareholders, Harald Nilsonne and Carl Kleman, intend to

convert all of their Series A shares into Series B shares, with the result that the company will only have one type of share, the Series B share outstanding.

Detailed conditions for the issue are given in a separate invitation to a Special General Meeting of M2S. Advisor to M2S in relation to the new share issue is H&Q Technology.

Changes in the composition of the Board of Directors

In connection with the Special General Meeting, changes in the composition of the Board of Directors are suggested, to the effect that it is proposed that the President of the company, Stefan Gardefjord, be appointed as a regular Board member. At the same time, Martin Bjäringer will be co-opted to the Board. Further changes in the composition of the Board are foreseen, taking into account the new ownership conditions that may apply following the new share issue.

Write-down of goodwill

As was previously reported in connection with the six-month report on July 17, the company's goodwill was to be re-evaluated at the latest in connection with preparation of the year-end financial statements. This re-evaluation has now taken place, and the Board has decided to write-down Group goodwill by SEK 426 M, which will be charged against earnings in the third quarter. Following the write-down, the Group's goodwill amounts to SEK 111 M as of September 30, 2001.

Cost-reduction measures carried out

The cost-reduction measures, announced in connection with the six-month report, have largely been carried out, with the result that the Group's costs, with the exception of the supervised training operation in Germany, have been reduced by 20 percent, effective the fourth quarter of 2001. As was previously stated, the costs for these measures are calculated to amount to approximately SEK 25 M, which will be charged to the third quarter profits. The sale of the UK subsidiary to the local management is under way.

Sale of supervised training operation in Germany

Specific negotiations on the sale of the supervised training operation in Germany have proceeded during the summer, although no agreement has yet been reached.

Accordingly, the time plan has been adjusted and the sale is now expected to be finalized during the fourth quarter. As was previously announced, M2S raised loans totaling SEK 50 M during July from SEB and a consortium of founders, principal owners and investors, with primarily the supervised training operations as collateral. Negotiations have begun with the members of the consortium regarding an extension of these loans.

Further cost-reduction measures and future prospects

The measures carried out during the third quarter, which were decided in mid-July, were based on expected zero growth during the second half of the year. During July and August, sales maintained the same level as for the year-earlier period. However, during September, sales were more than 15 percent lower than expected, which has caused a further downward adjustment in the forecast for the remainder of the year. A forecast for 2001 in its entirety will be published in connection with the next quarterly report at earliest. Against the background of the current expectations for both the remainder of 2001 and for 2002, the Board has decided to further reduce the Group's annual costs by SEK 40 M by means of measures involving both cost-reductions and structural changes.

Based on current sales forecasts and measures decided, operations are expected to generate positive cash flow from the first quarter of 2002. The program of measures, corresponding to annual savings of approximately SEK 40 M and the new share issue that has been decided, are judged by the Board to be sufficient to bring about a positive cash flow situation in the Group.

Interim report for third quarter

Due to the above and to the Special General Meetings, the Group's interim report for the third quarter will be brought forward and will be published on October 23, 2001.

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