

Year-end report. May 1999 – April 2000

Connecta AB (publ)

Forecast exceeded – Continued strong growth and profitability

- Net sales rose 80% to SEK 419.3 M (232.3).
- Net sales per consultant was up 10% to SEK 1.2 M
- Operating profit¹ increased 80% to SEK 60.7 M (33.8).
- Earnings per share amounted to SEK 2.56 (1.06)
- The number of employees increased during the period by 273, totalling 589 (316) at the end of the period.

Sales, earnings and financial position

Connecta's net sales during the fiscal year amounted to SEK 419.3 M, up 80% compared with the preceding fiscal year. Net sales during the year exceeded the previously announced forecast by about SEK 20 M.

Operating profit before goodwill amortization and items affecting comparability rose 80% to SEK 60.7 M (33.8), which was about SEK 6 M higher than in the forecast released earlier. The operating margin, before goodwill amortization and items affecting comparability, was 14.5% (14.5).

Profit after financial items amounted to SEK 53.2 M (25.3). After taxes, consolidated net profit amounted to SEK 40.5 M (15.5). Net profit for the year was charged with SEK 2.0 M pertaining to costs in conjunction with the merger with Information Highway AB (publ), which are reported among items affecting comparability. Issue cost of about SEK 16 M incurred in conjunction with the exchange listing were taken into account in calculating tax for the year. As a result, tax expenses were reduced by about SEK 4.5 M.

Earnings per share rose 141% and amounted to SEK 2.56 (1.06).

The cash flow from operating activities amounted to SEK 36.4 M (22.6) during the period.

Liquid funds amounted to SEK 134.0 M (44.7) at the end of the period. The new issue of shares in connection with the exchange listing provided a net contribution of SEK 106 M. Liquid assets have been charged with SEK 30 M pertaining to the sales consideration for Itvision AB and SEK 7.4 M pertaining to dividends for the 1998/99 fiscal year.

Investments, excluding acquisitions, amounted to SEK 15.7 M (6.8).

¹ Operating profit before goodwill amortization and items affecting comparability

Rolling 12-month figures

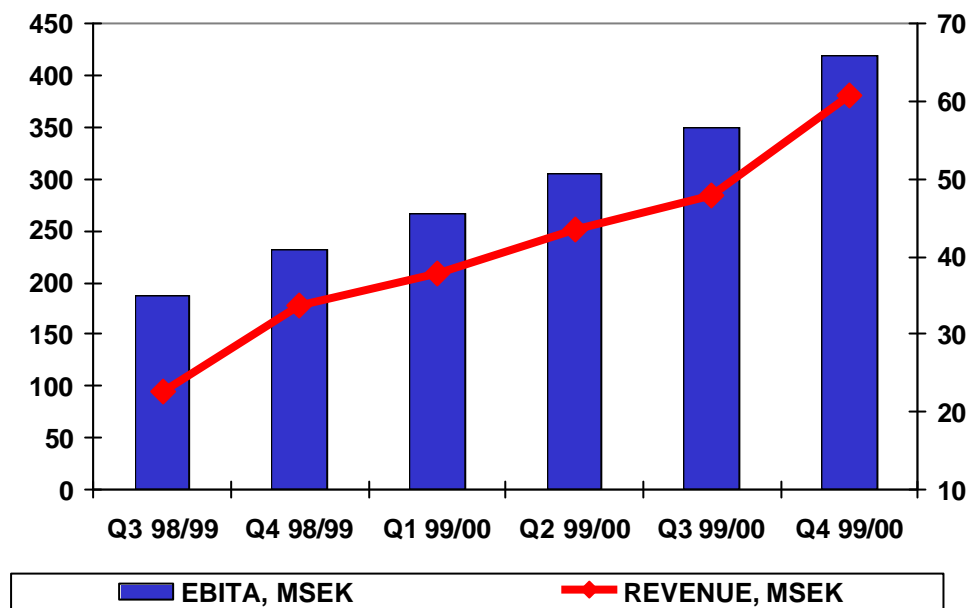


Fig 1: Rolling 12-month figures, net sales and operating profit before amortization of goodwill and items affecting comparability.

Changes in the Group

During the fiscal year, two Internet companies with a total of 60 employees were acquired, Albatross Network A/S in Denmark and Itvision AB in Sweden. Albatross Network, a leader within B2B in Denmark works mainly with customers in the banking and finance, industrial and retailing sectors. Albratros Network was consolidated in the Group effective April 30, 2000. Itvision develops customized interactive training that is delivered via the Internet and intranet. Itvision was consolidated as of November 1999.

A strong European Internet consulting company is formed through the merger of Connecta and Information Highway being completed on May 9 after more than 90% of the shareholders accepted the offer to exchange their shares in Connecta with new shares in Information Highway. The share exchange has been implemented and it is proposed that the name of the newly merged company be changed to Adcore AB. Compulsory redemption of remaining shares in Connecta, about 150,000, has been initiated and the company will be delisted from the OM Stockholm Exchange during June.

Employees

The number of employees increased during the year by 273, amounting on April 30, 2000 to 589.

**Condensed, consolidated income statement,
SEK M**

	1999/00	1998/99
	12 mos	12 mos
	May-April	May-April
Net sales	419,3	232,3
Operating expenses	-353,8	-196,7
Operating profit before depreciation	65,5	35,6
Depreciation, tangible fixed assets	-4,8	-1,8
Operating profit before amortization of goodwill	60,7	33,8
Amortization of goodwill	-6,8	-7,5
Items affecting comparability	-2,0	-
Operating profit	51,9	26,3
Financial items	1,3	-1,0
Profit after financial items	53,2	25,3
Taxes ¹	-12,7	-9,8
Net profit for the year	40,5	15,5

¹ Incalculating the taxes for the period, the issue costs of about SEK 16 M are taken into account. Accordingly, the tax charge was reduced by about SEK 4.5 M.

Consolidated income statement, quartely trend, SEK M

	1999/00 3 mos Feb-Apr	1999/00 3 mos Nov-Jan	1999/00 3 mos Aug-Oct	1998/99 3 mos May-Jul	1998/99 3 mos Feb-Apr	1998/99 3 mos Nov-Jan
Net sales	147,7	108,9	93,7	69,0	78,2	64,5
Operating expenses	-117,8	-93,2	-81,2	-61,6	-61,9	-54,2
Operating profit before depreciation	29,9	15,7	12,5	7,4	16,3	10,3
Depreciation, tangible fixed assets	-1,8	-1,3	-1,0	-0,7	-1,0	-0,2
Operating profit before amotization of goodwill	28,1	14,4	11,5	6,7	15,3	10,1
Amortization of goodwill	-1,7	-2,1	-1,5	-1,5	-2,4	-1,7
Items affecting comparability	-2,0					
Operating profit	24,4	12,3	10,0	5,2	12,9	8,4
Financial	0,5	1,0	-0,1	-0,1	-0,2	-0,1
Profit after financial items	24,9	13,3	9,9	5,1	12,7	8,3
Taxes	-3,6 ¹	-4,2	-3,2	-1,7	-5,3	-2,7
Net profit for the period	21,3	9,1	6,7	3,4	7,4	5,6

¹ In calculating the taxes for the period, the issue costs of about SEK 16 M are taken into account. Accordingly, the tax charge for the quarter was reduced by about SEK 4.5 M.

Condensed, consolidated balance sheet, SEK M

	April 30, 2000	April 30, 2000
Assets		
Intangible assets	155,0	5,1
Tangible assets	23,5	9,8
Current receivables	128,3	56,6
Liquid funds	134,0	44,7
Total assets	440,8	116,2
Shareholders' equity and liabilities		
Shareholders' equity	290,3	26,1
Provisions and liabilities	35,7	28,7
Current liabilities	114,8	61,4
Total shareholders' equity and liabilities	440,8	116,2

Cash flow analysis, SEK M

	1999/00 12 mos May-April	1998/99 12 mos May-April
Cash flow from operating activities	36,4	22,6
Cash flow from investing activities	-176,8	-6,8
Cash flow from financing activities	229,7	19,6
Change in liquid funds	89,3	35,4

Key ratios	1999/2000	1998/99
	12 mos	12 mos
Operating margin before amortization of goodwill	14,5%	14,5%
Operating margin	12,4%	11,3%
Profit margin	9,7%	6,7%
Return on shareholders' equity	38,4%	51,1%
Return on capital employed	29,3%	64,9%
Number of employees at end of period	589	316
Average number of employees	418	253
Sales/employee, SEK'000	1004	918
Sales/consultants, SEK'000	1159	1053
Added value/employee, SEK'000	816	708
Equity/assets ratio ²	71%	43%
Equity/assets ratio before conversion	66%	23%

Per-share data

Average number of shares	15 794 039	14 350 000
Earnings per share after tax, SEK	2,56	1,06
Shareholders' equity per share, SEK	17,19	1,78

Per-share data after full dilution

Average number of shares	19 058 078	16 831 111
Earnings per share after tax, SEK	2,30	1,00
Shareholders' equity per share, SEK	17,38	3,95

² Equity/assets ratio. In calculating the equity/assets ratio, shareholders' equity has been adjusted by SEK 24 M related to convertible debenture loans outstanding.

Forthcoming reports and dividend

As a result of the merger between Connecta and Information Highway, the schedule of forthcoming reports for the new company and the Annual General Meeting will be released at a later date. Connecta's Board will not propose that a dividend be paid for the 1999/2000 fiscal year.

Stockholm, June 6, 2000
Connecta AB (publ)
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Merger of Connecta and Information Highway

Connecta AB and Information Highway AB have merged. This will create one of the leading consulting companies in Europe with a focus on strategic Internet solutions. The new Group will have a very strong platform for continuing rapid international expansion. The two companies combined today have approximately 1,400 employees and the objective is to have at least 2,000 employees by the end of the year.

Connecta [www.connecta.se]

Connecta AB is an international consulting company that works in the area of business development with the Internet. The company offers services in the following areas: Strategy, Internet and Human Resource Management. With its "total approach" concept, Connecta can be a full-service supplier to large companies and organizations and can offer consulting services that strengthen its customers' business ability in the new digital economy. Connecta, which was founded in 1993, today has approximately 600 employees. The company's shares are listed on the O-List of the OM Stockholm Exchange (stock symbol CNTA). The Chief Executive Officer is Christer Jacobsson. Connecta is supplying solutions for SEB, Skandia, Ericsson, Folksam, Scania, Statoil, SAF, Volkswagen and Thompson Travel Group (Fritidsresor), among other clients.

Information Highway [www.ih.com]

Information Highway helps companies take advantage of business opportunities in the new network economy. We strengthen the competitiveness of our customers and make them successful in the digital arena by supplying Internet-based solutions that are characterized by business acumen, creativity and cutting-edge technical expertise. "A safe ride to the new economy." Information Highway was founded in 1994 and over 600 persons are currently employed in ten locations in Sweden, as well as in Norway, Denmark, Finland, Germany and England. The company's shares are listed on the O-List of the OM Stockholm Exchange (stock symbol IHXY). The Chief Executive Officer is Göran Wägström. Information Highway provides solutions for ABB, Ericsson, Telia, SAS, Vattenfall, Lufthansa, Codan, Telenor and Swiss Valore.