

· M2S receives record order in Germany worth at least SEK 170 million

· At least SEK 85 million refers to licence sales of standard products

Press conference at 12 p.m. today in M2S' office at No. 18, Linnégatan in Stockholm

M2S has signed an agreement with Deutsche Post, the terms of which will lead to M2S assuming a major responsibility for Deutsche Post's e-learning activities over the next four years. The order has a value of at least SEK 170 million, which is more than the total annual sales of M2S last year and is probably the largest single order ever signed globally in the e-learning industry. As part of the agreement, M2S will acquire the unit in Deutsche Post that has been developing the company's internal e-learning solutions over the last ten years.

Under the agreement M2S will, through its German subsidiary Prokoda AG, become Deutsche Post's main supplier of e-learning products and services over the next four years, as the company builds up its internal training portal, e-university. M2S will be responsible for the development, production, implementation and follow-up of the majority of Deutsche Post's e-learning projects.

The order has a value of at least SEK 170 million, of which half refers to licence sales of M2S' standard e-learning products for the most widely used programs in Deutsche Post, primarily for Desktop and SAP/R3. The remainder refers to Custom productions adapted to Deutsche Post's internal software and to the company's need for training programs in other non-IT-related areas, known as Soft Skills. Approximately 25 per cent of the total order value will be paid each twelve-month period over the next four years.

"Our choice of M2S/Prokoda as a partner was perfectly natural, as there are hardly any other suppliers with the strength, size and capacity that is required to secure our future need for e-learning products and services," Frank von Alten-Bockum, Head of Qualification and Personal Training at Deutsche Post AG, comments.

"We are of course very proud that Deutsche Post has chosen M2S as its partner. The agreement underlines the strength of Prokoda's brand and position in the German-speaking market. It also vindicates our strategy of establishing ourselves as a major international player with the ability and expertise to provide both Standard and Custom products in several countries," Harald Nilsson, M2S' CEO says.

“We also see it as a good example of M2S’ ability to meet the ever-increasing need of global companies to find efficient ways of conveying new working methods to their employees.”

As part of the agreement, M2S will acquire ClipMultimedia, Deutsche Post’s internal unit for e-learning products. ClipMultimedia employs about 20 people, who will now further strengthen M2S’ resources for the production of Custom products.

The purchase price, which will be paid in cash, amounts to SEK 51 million, including restructuring costs, and creates goodwill of SEK 46 million, which will be amortised over a five-year period.

Deutsche Post was one of the first German companies to use, on a larger scale, what is now known as e-learning. It has been using various forms of interactive training for more than ten years. The partnership with M2S will increase the flexibility of its overall production capacity and widen the product range in the Standard segment while also allowing Deutsche Post to benefit from M2S/Prokoda’s long experience in the Custom product segment.

Deutsche Post World Net and the parent company Deutsche Post AG is one of the world’s largest logistics organisations, with more than 320,000 employees in 120 countries. The Group also includes DHL and Danzas.

Out of the total order value, SEK 12 million has been delivered and booked in September. Additional revenues are not anticipated as a result of this deal during the remainder of the current fiscal year. Of the remaining part, at least SEK 158 million, approximately SEK 30 million will be delivered between January – September 2001 and thereafter approximately SEK 40 million for each 12-month period the following three years.

Outlook for the current fiscal year

M2S’ third-quarter sales will exceed SEK 80 million, with a marginally smaller loss than in the second quarter.

Following the conclusion of talks with Deutsche Post, sales for this year are now expected to exceed SEK 290 million. The operating loss will be larger than last year.

The interim report for the third quarter will be distributed on 19 October 2000.

A press conference will be held at 12 p.m. today in M2S’ office at No. 18 Linnégatan in Stockholm.

An exchange rate of DEM 1 = SEK 4.36 has been used.

M2S is Europe’s leading e-learning company in the area of IT training. The programs, which are marketed under the Wit and TutorWIN brands, are available in eleven languages. M2S today has about 470 employees with in-house operations in Denmark, Finland, France, Ireland, Norway, Switzerland, Spain, the United Kingdom, Sweden and Germany. The company has more than 10,000 customers in 22 countries, with Germany accounting for about half of the business. M2S is listed on the O-list of the OM Stockholm Exchange.

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