



Solid start to the year

FINANCIAL AND OPERATIONAL HIGHLIGHTS

JANUARY–MARCH 2015 (FIRST QUARTER)

- License revenue amounted to SKr 115 million (Q1 '14: SKr 107 million), a decrease of 4 percent currency adjusted.
- Maintenance revenue was SKr 291 million (Q1 '14: SKr 249 million), an improvement of 5 percent currency adjusted.
- Consulting revenue amounted to SKr 374 million (Q1 '14: SKr 335 million), an increase of 3 percent currency adjusted.
- Net revenue totaled SKr 782 million (Q1 '14: SKr 694 million), an improvement of 3 percent currency adjusted.
- Adjusted EBITDA was SKr 63 million (Q1 '14: SKr 50 million). EBIT amounted to SKr 51 million (Q1 '14: SKr 25 million).
- Cash flow after investments was SKr 72 million (Q1 '14: SKr 133 million).
- Earnings per share after full dilution amounted to SKr 1.47 (Q1 '14: SKr 0.60).

OUTLOOK

For 2015, IFS expects good growth in both license revenue and EBIT.

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CHIEF EXECUTIVE SUMMARY

Solid start to the year

License revenue for the first quarter was consistent with our expectations, with the outcome more or less in line with the very strong first quarter last year. There was to some extent a positive impact from deals originally expected in the previous quarter. However, this was offset by the soft development in the oil and gas service sector. The continued weakness in this market has required us to take action and rebalance the pipeline with opportunities in more promising areas in the short to medium term. As a result, the pipeline has grown strongly over last year, and stood at a record level at the end of March, currency adjusted. The market for our products and services remains strong across most of our target sectors. Furthermore, our reputation and market profile is steadily improving as a result of strong customer references and the high quality of our partners. This development is gaining us access to larger deals that, even though harder to predict from a timing perspective, increasingly will add to our growth. Consequently, we feel confident and expect to see good license growth for the full year.

Maintenance and support revenue grew by 5 percent, currency adjusted, where the same quarter last year benefitted from a one-off recognition in previously unrecognized revenue. The ‘churn’ in our customer base remains very low and it is expected this will be further improved by the launch of the latest release of our software – IFS Applications 9. This version, which will be launched in May at our upcoming World Conference in Boston, USA, includes impressive new features, even greater user friendliness and a new architecture that will make it easier for our partners to work with our product.

Consulting revenue grew by 3 percent, currency adjusted; the margin increased to 20 percent (Q1 '14: 17 percent). We continue to invest in building our partner ecosystem with the appointing, training, and certification of third-party consultants.

During the quarter, IFS and Accenture announced a strategic cooperation for sales and delivery of IFS Applications. This will involve joint sales and the establishing of a large team of resources within the Accenture organization.

Our partnering is also continuing in our promotion of IFS Applications offered on cloud, where we are providing a number of off-premise cloud-hosted solutions, including our go-to-market partnership with Microsoft Azure.

For 2015, industry analyst firms such as Gartner are optimistic yet cautious and expect the market's development to be in line with the past year's, with a growth in software revenue in the 5 percent range.

Gartner have recently rated IFS as being in the leaders' quadrant for both *Single-Instance ERP for Product-Centric Midmarket Companies*, historically IFS's largest market, and *Field Service Management*, the market that we have most recently targeted. This recognition is resulting in an increased interest in IFS.

We continue to tightly manage our costs with other operating expenses, net, growing just 3 percent over last year, currency adjusted, mainly as the result of an increase in sales & marketing and R&D. Our strong cash flow and strong finances are enabling us to actively seek acquisitions that will complement our market position and increase the value of our business.




We expect to see good growth in both license revenue and EBIT in 2015.

Alastair Sorbie
PRESIDENT & CEO



SIGNIFICANT EVENTS DURING THE QUARTER

A number of significant agreements were signed in the quarter, including:

Aerospace and Defense

-  KVG Stade
-  Portsmouth Aviation
-  Thai Aviation Industries Co. (TAI)

Asset Intensive

-  BillerudKorsnäs
-  SCA Graphic Sundsvall


Automotive

-  CalsonicKansei North America
-  Runner Group
-  Shiloh Industries




Construction and Contracting

-  LKS Ingenieria








Energy and Utilities

-  Caruna
-  Hafslund
-  JSC Energo-Pro Georgia
-  PGNIG Termika
-  Statnett
-  Svenska Kraftnät

High Tech

-  H2O Innovation
-  Teledyne Oil & Gas (formerly Ocean Design)
-  Terumo Cardiovascular Systems Corporation

Industrial Manufacturing

-  CSIC Haizhuang Windpower Equipment Co.
-  Dopag Dosiertechnik und Pneumatik
-  Kaman RWG Germany
-  Loram Maintenance of Way
-  Munters Europe
-  Nordson Medical (formerly Value Plastics)
-  Tomra

Oil and Gas

-  Maersk Drilling Services
-  Maersk Supply Service
-  Yinson Holdings Berhad




Process Manufacturing

-  Isofarma Industrial Farmaceutica
-  Prince Minerals
-  Swedish Orphan Biovitrum (SOBI)
-  Wolf Minerals (UK)





Retail and Wholesale

-  UBM Group

Service Providers

-  Associations (Homeside Properties)
-  JEOL USA
-  SSI Services (UK)

Other

-  Cumfin
-  Savex Computers
-  SII - Société pour l'informatique industrielle
-  Tiga Pilar Sejahtera Food

Finland's largest electricity distributor chose IFS Applications

January 22. IFS announced that Finnish utility Caruna selected IFS Applications to support vital business processes including financials, purchasing, invoicing and HR. The agreement included licenses and services worth in excess of € 1 million.

Launch of plug-and-play CPM solution for power generation

February 9. IFS presented a plug-and-play version of IFS CPM (corporate performance management), which comes preconfigured out-of-the-box with cockpits and KPIs tailored for companies in the complex and highly regulated power generation industry to enable better decision-making and minimal time to value.

Cooperation with Accenture in the Nordic market

March 3. IFS and Accenture will work together to grow IFS's license sales and Accenture's implementation and application management services related to IFS Applications. Accenture will also strengthen its existing IFS practice with training and certification of 100 consultants through the IFS Academy.

Swiss DOPAG Group to implement IFS Applications

March 20. IFS communicated that DOPAG Group, a leading manufacturer of polymer metering and mixing systems, chose to implement IFS Applications to modernize and streamline the company's operations by replacing its legacy ERP system. The order was valued in excess of € 1.2 million.

Nordic manufacturer accelerating global growth with IFS

March 31. A Nordic manufacturer of packaging solutions chose IFS Applications as its comprehensive, single-instance ERP system to support its mixed-mode manufacturing while enabling rapid, global growth. The agreement was won in competition with Microsoft and SAP and is worth approximately SKr 11 million.

FINANCIAL OVERVIEW

SKr million	Q1 2015	Q1 2014	April-March 2014/15	April-March 2013/14	Full year 2014
Net revenue	782	694	3,122	2,785	3,034
<i>whereof</i>					
License revenue	115	107	566	556	558
Maintenance and support revenue	291	249	1,079	930	1,037
Consulting revenue	374	335	1,466	1,287	1,427
Gross earnings	401	335	1,622	1,449	1,556
<i>whereof</i>					
Licenses	109	90	524	508	505
Maintenance and support	217	186	804	684	773
Consulting	76	58	296	251	278
EBIT	51	25	301	318	275
EBIT margin	7%	4%	10%	11%	9%
Earnings before tax	52	21	289	299	258
Earnings for the period	39	15	235	232	211
Cash flow after investment operations	72	133	208	178	269

All comments refer to figures for the quarter unless otherwise stated.

Revenue

Net revenue amounted to SKr 782 million (694), an increase of 3 percent currency adjusted. *Europe North* contributed most with an increase of 7 percent, currency adjusted, with improvements in all revenue streams.

Costs

Operating expenses amounted to SKr 731 million (669), a decrease of 1 percent, currency adjusted. Cost of revenue decreased by 4 percent, currency adjusted, mainly as a result of lower sales of third-party products. Other operating expenses, net, increased by 3 percent, currency adjusted, mainly due to ongoing investment in sales & marketing and R&D.

Earnings

EBIT increased to SKr 51 million (25), and adjusted EBITDA increased to SKr 63 million (50).

Earnings before tax amounted to SKr 52 million (21). Net financial items amounted to SKr 1 million (-4), whereof SKr 5 million (-1) pertain to realized/unrealized exchange gains/losses. Interest expenses were SKr -2 (-2).

Earnings for the period amounted to SKr 39 million (15).

Cash flow and investments

Cash flow after investments amounted to SKr 72 million (133). The change in working capital amounted to SKr 35 million (124). Investments amounted to SKr -65 million (-54), whereof capitalized product development was SKr -55 million (-44).

Cash and cash equivalents totaled SKr 540 million (431) at the end of the period. Available liquid assets, including unutilized lines of credit, amounted to SKr 937 million (791). Liabilities to credit institutions were SKr 103 million (140) at the end of the period.

OUTLOOK

For 2015, IFS expects good growth in both license revenue and EBIT.

OTHER INFORMATION

Parent Company

Net revenue amounted to SKr 5 million (5), with earnings of SKr 0 million (0) before tax. Available liquid assets, including unutilized lines of credit, amounted to SKr 665 million (569).

At the end of the period, 200,000 B shares were in the company's own custody.

Pensions

The movements arising on the revaluation of the defined-benefit pension plans are booked in 'other comprehensive income.' Due mainly to the reduction in the discount rate applied in the quarter (in Sweden from 3.4 percent to 2.7 percent) the actuarial valuation of the pension obligations has been increased in the first quarter by SKr 89 million.

Annual general meeting of shareholders

The annual general meeting of stockholders (AGM) held on March 25 resolved, among other things, in respect of a dividend to stockholders, an incentive program, and the repurchase of treasury shares. The dividend, SKr 4.50 per share, amounted in total to SKr 111 million, which was paid on April 1. A resolution was adopted to establish an incentive program by means of which the company will offer senior executives and key personnel the opportunity to subscribe for warrants in the company. The resolution entails the issue of a maximum of 247,000 warrants, each of which carries the right to subscribe for one (1) B share. The AGM further resolved to authorize the board to acquire, on one or more occasions, during the period leading up to the next AGM, a maximum of 10 percent of the total number of shares in the company.

Miscellaneous

The report for the second quarter of 2015 will be published on July 21, 2015.

Linköping, April 22, 2015

The Board of Directors

Audit report

This report has not been subject to review by the company's auditors.

CONSOLIDATED INCOME STATEMENT

SKr million	Q1 2015	Q1 2014	April–March 2014/15	April–March 2013/14	Full year 2014
License revenue	115	107	566	556	558
Maintenance and support revenue	291	249	1,079	930	1,037
Consulting revenue	374	335	1,466	1,287	1,427
Other net revenue	2	3	11	12	12
Net revenue	782	694	3,122	2,785	3,034
License expenses	-6	-17	-42	-48	-53
Maintenance and support expenses	-74	-63	-275	-246	-264
Consulting expenses	-298	-277	-1,170	-1,036	-1,149
Other net expenses	-3	-2	-13	-6	-12
Cost of revenue	-381	-359	-1,500	-1,336	-1,478
Gross earnings	401	335	1,622	1,449	1,556
Product development expenses	-81	-71	-313	-267	-303
Sales and marketing expenses	-172	-150	-657	-605	-635
Administration expenses	-91	-79	-324	-299	-312
Other revenue	0	1	3	15	4
Other expenses*	-6	-11	-30	-34	-35
Result from joint venture	-	-	-	59	-
Other operating expenses, net	-350	-310	-1,321	-1,131	-1,281
EBIT	51	25	301	318	275
Result from associated companies	-1	0	0	1	1
Interest expenses	-2	-2	-8	-10	-8
Other financial items	4	-2	-4	-10	-10
Earnings before tax	52	21	289	299	258
Tax	-13	-6	-54	-67	-47
Earnings for the period	39	15	235	232	211
Earnings for the period are allocated as follows:					
Owners of the Parent Company (SKr million)	37	15	235	233	213
Non-controlling interests (SKr million)	2	0	0	-1	-2
Earnings per share pertaining to Parent Company shareholders (SKr)	1.49	0.61	9.49	9.41	8.60
Earnings per share pertaining to Parent Company shareholders, after full dilution (SKr)	1.47	0.60	9.33	9.24	8.45
Number of shares (thousands)					
At the end of the period	24,772	24,772	24,772	24,772	24,772
At the end of the period, after full dilution	25,177	25,192	25,177	25,192	25,177
Average for the period	24,772	24,772	24,772	24,772	24,772
Average for the period, after full dilution	25,177	25,192	25,177	25,206	25,202

* Other expenses includes exchange rate differences, net, and other expenses.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SKr million	Q1 2015	Q1 2014	April–March 2014/15	April–March 2013/14	Full year 2014
Earnings for the period	39	15	235	232	211
Other comprehensive income					
<i>Items not to be reversed in the income statement</i>					
Revaluation of defined-benefit pension plans	-89	-32	-157	-3	-100
Revaluation of defined-benefit pension plans related to joint venture	-	-	-	13	-
<i>Items that can later be reversed in the income statement</i>					
Exchange rate differences	32	10	128	20	106
Other comprehensive income for the period, net of tax	-57	-22	-29	30	6
Total comprehensive income for the period	-18	-7	206	262	217
Total comprehensive income allocated as follows:					
Owners of the Parent Company	-20	-7	206	263	219
Non-controlling interests	2	0	0	-1	-2

CONSOLIDATED BALANCE SHEET

SKr million	March 31 2015	March 31 2014	Dec. 31 2014
ASSETS			
Capitalized expenditure for product development	622	596	608
Goodwill	479	402	452
Other intangible fixed assets	78	104	84
Intangible fixed assets	1,179	1,102	1,144
Tangible fixed assets	121	95	115
Participations in associated companies	3	3	4
Deferred tax receivables	180	144	146
Other long-term receivables and other participations	28	24	28
Financial fixed assets	211	171	178
Non-current assets	1,511	1,368	1,437
Accounts receivable	650	527	790
Other receivables	370	271	312
Cash and cash equivalents	540	431	489
Current assets	1,560	1,229	1,591
Assets	3,071	2,597	3,028
EQUITY AND LIABILITIES			
Share capital	499	499	499
Other capital contributed	695	702	694
Accumulated earnings, including earnings for the period and other reserves	149	30	169
Shareholders' equity pertaining to Parent Company shareholders	1,343	1,231	1,362
Non-controlling interests	0	-1	-2
Shareholders' equity	1,343	1,230	1,360
Liabilities to credit institutions	0	0	0
Pension obligations	271	99	168
Other provisions and other liabilities	12	49	14
Non-current liabilities	283	148	182
Accounts payable	105	76	127
Liabilities to credit institutions	103	140	130
Other provisions and other liabilities	1,237	1,003	1,229
Current liabilities	1,445	1,219	1,486
Liabilities	1,728	1,367	1,668
Equity and liabilities	3,071	2,597	3,028
Pledged assets	882	718	903
Contingent liabilities	18	21	17

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SKr, million	Pertaining to parent company shareholders					Non-controlling interests	Total stockholders' equity
	Share capital	Other contributed capital	Reserves	Profit brought forward	Total		
Opening balance January 1, 2014	499	701	-94	131	1 237	0	1 237
Total comprehensive income for the period	-	-	10	-17	-7	-1	-8
Share-based payments	-	1	-	-	1	-	1
Closing balance March 31, 2014	499	702	-84	114	1 231	-1	1 230
Opening balance January 1, 2015	499	694	12	157	1 362	-2	1 360
Total comprehensive income for the period	-	-	32	-52	-20	2	-18
Share-based payments	-	1	-	-	1	-	1
Closing balance March 31, 2015	499	695	44	105	1 343	0	1 343

CONSOLIDATED STATEMENT OF CASH FLOWS

SKr million	Q1 2015	Q1 2014	April–March 2014/15	April–March 2013/14	Full year 2014
Earnings before tax	52	21	289	299	258
Adjustments for items not included in the cash flow	50	42	200	78	192
Cash flow from operations before change in working capital	102	63	489	377	450
Change in working capital	35	124	-38	71	51
Cash flow from current operations	137	187	451	448	501
Acquisition of intangible fixed assets	-54	-48	-198	-239	-192
Acquisition of subsidiaries	-	-	0	-	0
Cash flow from other investment operations	-11	-6	-45	-31	-40
Cash flow after investment operations	72	133	208	178	269
Dividend distributed	-	-	-87	-87	-87
Cash flow from other financing operations	-35	-57	-55	31	-77
Cash flow for the period	37	76	66	122	105
Cash and cash equivalents at the beginning of the period	489	354	431	314	354
Exchange rate differences in cash and cash equivalents	14	1	43	-5	30
Cash and cash equivalents at the end of the period	540	431	540	431	489

CONSOLIDATED ORGANIC NET REVENUE AND OPERATING EXPENSES

SKr, million	Q1			
	Actual 2015	Translation effect	Adjusted 2015	Actual 2014
NET REVENUE				
License revenue	115	-12	103	107
Maintenance and support revenue	291	-29	262	249
Total product revenue	406	-41	365	356
Consulting revenue	374	-29	345	335
Net revenue (including other net revenue)	782	-70	712	694
OPERATING EXPENSES				
Operating expenses	731	-69	662	669
EBIT	51	-1	50	25
Other income/costs net	-2	0	-2	-1
Capital gains/losses	0	0	0	0
Exchange rate gains/losses	-4	0	-4	-6
Restructuring costs/redundancy costs	0	-	0	-5
Amortization of capitalized product development	-44	-	-44	-41
Amortization of acquired intangibles	-9	1	-8	-9
Other amortization/depreciation	-8	1	-7	-7
Capitalized product development	55	-	55	44
Adjusted operating expenses	719	-67	652	644
Adjusted EBITDA	63	-3	60	50
Adjusted EBITDA/net revenue	8%		8%	7%

CONSOLIDATED SEGMENT REPORTING, FIRST QUARTER

SKr million	Europe North		Europe West		Europe Central	
	2015	2014	2015	2014	2015	2014
License revenue	35	30	16	23	11	14
Maintenance and support revenue	97	85	65	51	28	26
Consulting revenue	168	163	51	45	46	37
Other net revenue	0	0	1	1	0	1
Total external revenue	300	278	133	120	85	78
Internal revenue	6	4	19	18	10	7
Total revenue	306	282	152	138	95	85
External operating expenses	-189	-180	-113	-96	-70	-70
Internal operating expenses	-26	-22	-8	-7	-6	-7
Other revenue and expenses, net	1	-1	-1	-5	0	0
Operating expenses	-214	-203	-122	-108	-76	-77
EBIT, undistributed	92	79	30	30	19	8
Numbers of employees						
Average for the period	461	443	324	328	231	197
At the end of the period	464	446	321	328	232	200

SKr million	Europe East		Americas		Africa, Asia, and Pacific	
	2015	2014	2015	2014	2015	2014
License revenue	9	6	28	26	16	8
Maintenance and support revenue	17	16	64	47	20	24
Consulting revenue	18	18	65	52	26	20
Other net revenue	0	1	0	0	1	0
Total external revenue	44	41	157	125	63	52
Internal revenue	5	4	15	14	4	3
Total revenue	49	45	172	139	67	55
External operating expenses	-41	-38	-125	-100	-59	-45
Internal operating expenses	-1	0	-6	-6	-4	-2
Other revenue and expenses, net	-3	-2	0	7	-1	-2
Operating expenses	-45	-40	-131	-99	-64	-49
EBIT, undistributed	4	5	41	40	3	6
Numbers of employees						
Average for the period	207	222	280	282	268	255
At the end of the period	206	221	281	282	271	253

SKr million	Corporate items *		GROUP	
	2015	2014	2015	2014
License revenue	-	0	115	107
Maintenance and support revenue	-	0	291	249
Consulting revenue	-	0	374	335
Other net revenue	0	0	2	3
Total external revenue	0	0	782	694
Internal revenue	-59	-50	-	-
Total revenue	-59	-50	782	694
External operating expenses	-128	-130	-725	-659
Internal operating expenses	51	44	-	-
Other revenue and expenses, net	-2	-7	-6	-10
Operating expenses	-79	-93	-731	-669
EBIT, undistributed	-138	-143	51	25
Numbers of employees				
Average for the period	947	888	2,718	2,615
At the end of the period	957	898	2,732	2,628

* Undistributed corporate revenue and expenses, including eliminations.

INCOME STATEMENT OF THE PARENT COMPANY

SKr million	Q1 2015	Q1 2014	April–March 2014/15	April–March 2013/14	Full year 2014
Net revenue	5	5	19	21	19
Administration expenses	-8	-13	-27	-44	-33
Other revenue	-	-	-	0	-
EBIT	-3	-8	-8	-23	-14
Result from participations in subsidiaries	0	0	118	1	118
Financial revenue	8	13	54	52	58
Financial expenses	-5	-5	-40	-20	-38
Earnings before tax	0	0	124	10	124
Tax	0	0	-14	-3	-14
Earnings for the period	0	0	110	7	110

BALANCE SHEET OF THE PARENT COMPANY

SKr million	March 31 2015	March 31 2014	Dec. 31 2014
ASSETS			
Participations in subsidiaries	994	992	994
Deferred tax receivables	2	10	2
Receivables in subsidiaries	2	73	57
Other long-term receivables and other participations	2	2	2
Financial fixed assets	1,000	1,077	1,055
Non-current assets	1,000	1,077	1,055
Receivables in subsidiaries	798	749	851
Prepaid expenses and accrued income	6	10	6
Cash and cash equivalents	268	209	217
Current assets	1,072	968	1,074
Assets	2,072	2,045	2,129
EQUITY AND LIABILITIES			
Share capital	499	499	499
Statutory reserve	573	573	573
Retained earnings, including earnings for the period and share premium reserve	476	461	476
Shareholders' equity	1,548	1,533	1,548
Provisions for pensions and similar commitments	7	7	7
Non-current liabilities	7	7	7
Liabilities to credit institutions	103	140	130
Liabilities to subsidiaries	379	340	409
Other liabilities	35	25	35
Current liabilities	517	505	574
Shareholders' equity and liabilities	2,072	2,045	2,129

OUTSTANDING SHARES

	Series A	Series B	TOTAL
Number of shares on January 1, 2015	1,084,103	23,887,727	24,971,830
Number of shares on March 31, 2015	1,084,103	23,887,727	24,971,830
Repurchase of shares, in own custody	-	-200,000	-200,000
Number of outstanding shares on March 31, 2015	1,084,103	23,687,727	24,771,830
Number of voting rights on March 31, 2015	1,084,103	2,368,773	3,452,876
Additional shares after full dilution	-	405,468	405,468
Number of shares on March 31, 2015 after full dilution	1,084,103	24,093,195	25,177,298

KEY FIGURES FOR THE GROUP

		Q1 2015	Q1 2014	April–March 2014/15	April–March 2013/14	Full year 2014
Revenue indicator						
Net revenue per employee	SKr, '000	288	265	1,169	1,055	1,147
Expense and expenditure indicators						
Product development expenses/net revenue	%	10%	10%	10%	10%	10%
Sales and marketing expenses/net revenue	%	22%	22%	21%	22%	21%
Administration expenses/net revenue	%	12%	11%	10%	11%	10%
Amortization and depreciation	SKr, M	-61	-57	-246	-217	-242
of which amortization of capitalized product development expenditure	SKr, M	-44	-41	-178	-156	-175
Capitalized product development expenditure	SKr, M	55	44	201	182	190
Margin indicators						
License margin	%	95%	84%	93%	91%	91%
Maintenance and support margin	%	75%	75%	75%	74%	75%
Consulting margin	%	20%	17%	20%	20%	20%
Gross margin	%	51%	48%	52%	52%	51%
EBIT margin	%	7%	4%	10%	11%	9%
Earnings margin	%	7%	3%	9%	11%	9%
Return on average operating capital	%	5%	2%	30%	33%	24%
Capital indicators						
Equity/assets ratio	%	44%	47%	44%	47%	45%
Accounts receivable (average 12 months)/ net revenue (rolling 12 months)	%	18%	18%	18%	18%	18%
Interest-bearing liabilities	SKr, M	374	239	374	239	298
Liquidity indicators						
Net liquidity	SKr, M	437	291	437	291	359
Debt/equity ratio	times	0.3	0.2	0.3	0.2	0.2
Employees						
Average for the period		2,718	2,615	2,670	2,640	2,645
At the end of the period		2,732	2,628	2,732	2,628	2,707

DEFINITIONS

adjusted EBITDA. EBIT before depreciation, net of capitalized product development and adjusted for non-recurring items.

available assets. Cash and cash equivalents plus unutilized lines of credit.

consulting margin. Consulting revenue minus consulting expenses in relation to consulting revenue. In addition to expenses related to sub-contracted consultants, consulting expenses include mainly payroll expenses, travel expenses, and office rental pertaining to personnel staffing the Consulting service.

debt/equity ratio. Interest-bearing liabilities in relation to equity, at the end of the period.

earnings margin. Earnings before tax in relation to net revenue.

equity/assets ratio. Equity in relation to total assets, at the end of the period.

interest-bearing liabilities. Liabilities to credit institutions and pension obligations.

license margin. License revenue minus license expenses in relation to license revenue. License expenses include only expenses related to partners and third-party suppliers.

maintenance and support margin. Maintenance and support revenue minus maintenance and support expenses in relation to maintenance and support revenue. In addition to external expenses related to partners and third-party suppliers, maintenance and support expenses include mainly payroll expenses, travel expenses, and office rental pertaining to personnel staffing the Maintenance and Support service.

net liquidity. Cash and cash equivalents minus interest-bearing liabilities to credit institutions, at the end of the period.

non-recurring items. Non-recurring items comprise capital gains and losses, impairment losses, restructuring programs (costs for phasing out operations and personnel redundancy costs), and other costs with the character of not being part of normal daily operations.

organic change. Year-on-year figures adjusted for currency effects on consolidation as well as changes in structure.

return on average operating capital. EBIT in relation to average operating capital. Operating capital refers to total assets, excluding liquid assets, and other interest-bearing assets, less total liabilities excluding interest-bearing liabilities.

FINANCIAL TREND FOR THE GROUP

SKr million	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2
License revenue	115	185	132	134	107	207	114	128	86	183	109	92
Maintenance and support revenue	291	274	258	256	249	234	221	226	221	231	224	232
Consulting revenue	374	402	336	354	335	337	286	329	304	353	268	327
Other net revenue	2	6	2	1	3	4	2	3	2	2	11	1
Net revenue	782	867	728	745	694	782	623	686	613	769	612	652
License expenses	-6	-8	-13	-15	-17	-11	-7	-13	-9	-7	-6	-8
Maintenance and support expenses	-74	-76	-63	-62	-63	-59	-57	-67	-71	-71	-67	-72
Consulting expenses	-298	-308	-276	-288	-277	-270	-224	-265	-256	-270	-229	-266
Other net expenses	-3	-6	-2	-2	-2	-3	-2	1	-3	-1	-5	-1
Cost of revenue	-381	-398	-354	-367	-359	-343	-290	-344	-339	-349	-307	-347
Gross earnings	401	469	374	378	335	439	333	342	274	420	305	305
Product development expenses	-81	-75	-79	-78	-71	-69	-61	-66	-64	-72	-72	-65
Sales and marketing expenses	-172	-181	-158	-146	-150	-179	-138	-138	-136	-175	-136	-138
Administration expenses	-91	-85	-70	-78	-79	-77	-71	-72	-69	-69	-66	-68
Other revenue	0	1	1	1	1	6	7	1	2	39	2	-2
Other expenses	-6	-12	-5	-7	-11	-16	-6	-1	-98	-12	-4	-5
Result from joint venture	-	-	-	-	-	58	1	0	0	-	-	-
Other operating expenses, net	-350	-352	-311	-308	-310	-277	-268	-276	-365	-289	-276	-278
EBIT	51	117	63	70	25	162	65	66	-91	131	29	27
Result from participations in associated companies	-1	1	-1	1	0	1	0	0	-1	0	0	0
Interest expenses	-2	-2	-2	-2	-2	-3	-3	-2	-2	-2	-2	-2
Other financial items	4	3	-6	-5	-2	0	1	-9	0	1	2	-3
Earnings before tax	52	119	54	64	21	160	63	55	-94	130	29	22
Tax	-13	-12	-13	-16	-6	-34	-14	-13	20	-36	-7	-7
Earnings for the period	39	107	41	48	15	126	49	42	-74	94	22	15
Cash flow after investment operations	72	97	9	30	133	74	-38	9	77	55	-28	-162
Number of employees at the end of the period	2,732	2,707	2,673	2,622	2,628	2,616	2,613	2,656	2,738	2,829	2,839	2,851

Values are adjusted to conform with new IFRS11 as of Q1 2013.

RISKS AND UNCERTAINTIES

In its operations, the IFS Group is exposed to certain risks that can affect earnings to a greater or lesser extent. Apart from the general concern about the economy and the political unrest in North Africa, the Middle East, and Ukraine, the assessment is that no new significant risks or uncertainties have arisen. For a detailed account of risks and uncertainty factors, please see the annual report for fiscal 2014.

ESTIMATES AND CRITICAL ASSUMPTIONS

To present the financial reports in accordance with the IFRS, the management must make certain estimates and assumptions that affect the application of the accounting principles and the reported amounts pertaining to assets, liabilities, revenue, and expenses. Actuals may differ from the estimates and assumptions.

The estimates and assumptions are regularly reviewed. Changes in estimates are reported in the period in which the change is made if the change affects only that period, or in the period in which the change is made and future periods if the change affects both the current and future periods.

ACCOUNTING PRINCIPLES

This consolidated report has been prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. In addition, recommendation RFR 1, Supplementary Accounting Rules for Groups, of the Swedish Financial Reporting Board (RFR) has been applied.

This interim report for the Group has been prepared in accordance with the Swedish Annual Report Act and with IAS 34, Interim Financial Reporting. For the Parent Company, the Swedish Annual Report Act and RFR recommendation RFR 2, Accounting for Legal Entities, have been applied.

For detailed information about the accounting principles: see annual report 2014.

FINANCIAL INFORMATION 2015

Interim report January–June 2015	July 21, 2015
Interim report January–September 2015	October 22, 2015
Year-end report 2015	February 2016

ABOUT IFS

IFS is a globally recognized leader in developing and delivering business software for enterprise resource planning (ERP), enterprise asset management (EAM), and enterprise service management (ESM). IFS brings customers in targeted sectors closer to their business, helps them be more agile, and enables them to profit from change. IFS is a public company (XSTO: IFS) that was founded in 1983 and currently has over 2,700 employees. IFS supports more than 2,400 customers worldwide from local offices and through partners in more than 60 countries.

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