

## P R E S S   R E L E A S E

Stockholm, April 17, 2001

### **Intentia changes accounting standards**

**Basic changes to Swedish accounting standards as of 2001 and 2002. Intentia has decided to adapt its accounting and reporting to all of these changes beginning in 2001.**

As of January 1, 2001, a number of new Swedish Financial Accounting Standards Council (Redovisningsrådet) recommendations take effect. These changes are part of a more thoroughgoing revision of Swedish accounting standards to comply with International Accounting Standards (IAS). The changes will affect the accounting practices of many listed Swedish companies. Given the complexities involved in implementing some of the changes, Redovisningsrådet decided in late 2000 to postpone them until January 1, 2002. Among the areas covered by recommendations taking effect as of 2001 are income taxes, construction contracts and similar assignments, revenue, affiliated companies, earnings per share and interim reporting. The areas covered by recommendations taking effect as of January 2002 include consolidated financial statements, intangible assets, write-downs, and provisions for contingent liabilities and impairment of assets. Intentia's decision to follow all of these recommendations as of January 1, 2001 will affect the company's accounting and reporting practices.

Intentia has always adopted a conservative approach to accounting. One manifestation of that caution is the fact that production development expenses have not been capitalized. Since the new recommendations prescribe capitalization of product development, and as an adaptation to US GAAP, Intentia has decided to follow more conservative accounting practices in specific upgrade agreements so as to include monthly revenue recognition over the period of an agreement. The upgrade fees may be regarded as a contracted advance payment of product development expenses, which beginning now will be capitalized in part.

As a result of this change and of stricter revenue recognition, the difference between signed and – revenue-recognized license agreements will be considerably greater. That difference generates an influx of orders and a backlog of orders. The backlog of orders, which is defined as contracted but not yet recognized license revenue, totaled SEK 551 million (after translation) at the end of 2000. Of the opening backlog of orders in 2001, approximately 55% is expected to affect license revenue during the year. The change in accounting principles will moderate Intentia's seasonal variations, while the establishment of a backlog of orders will improve predictability. In accordance with current accounting principles, revenue recognition has been revised retroactively to facilitate comparability among the various years.

Product development expenses that arise during the development phase will be capitalized and therefore appear as an asset in the balance sheet. A total of 25-35% of product development expenses is expected to be capitalized over time. Although the adjustment of figures from previous years would enhance comparability, Intentia has not done so in deference to the fact that Redovisningsrådet's recommendations do not so permit.

The combination of the retroactive recalculation of revenue recognition and the absence of a similar adjustment for product development expenses reduces operating earnings for those particular years. The negative impact on 1999 and 2000 operating earnings totals SEK 135 million. If product development expenses had been capitalized for those two years, the positive impact on operating earnings is estimated to have been more than SEK 100 million.

Tax accounting has changed in that deferred tax is reported separately in the consolidated income statement, while deferred tax refund claims and tax liabilities are reported in the balance sheet. Long-term tax assets, which are reported in the balance sheet, were in excess of SEK 330 million at the end of 2000. The corresponding amount for the years through 2000 has had a positive impact on stockholders' equity.

Intentia complies with Redovisningsrådet's recommendations for preparing interim reports and annual reports and has decided to follow the new recommendations as of January 1, 2001. The changes will affect Intentia's accounting practices, primarily in the areas of license revenue, product development and taxes. Following is a review of Intentia's fundamental accounting principles in these areas.

#### License revenue

One basic prerequisite for Intentia to recognize a license revenue in earnings is that neither the license revenue nor its payment is conditional on a specific milestone in a project or on commitments other than the actual delivery of the license. Agreements for which at least 80% of the total contracted license carries payment terms of 12 months or less are recognized in earnings, whereas agreements with longer times of payment are not recognized in earnings until they meet that criterion. For Intentia to recognize a license revenue in earnings, a number of other basic conditions must be met. The product being sold must be fully developed, and delivery must have been made. The purchaser cannot be entitled to return all or part of the license rights, and it must be deemed probable that payment will be made. Delivery is considered to have been made once the customer has received the merchandise or gained access to it on a customary data medium.

In addition to the Movex system itself, Intentia sells upgrade rights that entitle its customers to obtain future releases of specific Movex application components. But the agreements that grant these rights do not entail any obligation on Intentia's part to develop those releases. Despite the absence of such obligations, Intentia has decided to linearly report revenue related to this kind of agreement over the period of the agreement.

#### Product development

According to Redovisningsrådet's Recommendation 15, a development project must be capitalized if it meets certain criteria. Intentia's development effort consists of three phases: research, development and maintenance. Only expenses that arise during the development phase will be capitalized and therefore appear as an asset in the balance sheet. There are a number of criteria that must be met during the development phase for all or part of a project to appear in the balance sheet. It must be technically feasible to turn the project into a marketable or internally usable product, and the project must be expected to entail financial benefits for Intentia. Moreover, expenses for the intangible assets must be calculable and attributable to assets, and Intentia must be expected to have the resources required to complete the development effort.

The acquisition value of the intangible asset is the sum of the expenses that arise as of the date that the asset first meets all of the above criteria. Among the expenses that are capitalized and therefore included in the acquisition value are those for salaries and other employment-related personnel costs, as well as for materials, services and other costs directly related to the development phase. Indirect expenses that are needed to produce the asset and that can be attributed to the asset in a consistent, reasonable manner will also be capitalized.

The depreciation period for capitalized product development is based on the nature of the asset and will not exceed five years.

#### Income taxes

Deferred tax is reported separately in the consolidated income statement. Deferred tax claims are reported as a fixed asset and deferred tax liabilities are reported as a provision. Deferred tax claims attributable to deficit deductions are reported insofar as it is probable that the deductions can be applied against surpluses for future tax purposes. Deficit deductions deemed as meeting these criteria totaled SEK 193 million at the end of 2000.

Impact on Intenia's reported earnings and shareholders' equity

Intenia is revising its accounting principles in accordance with Redovisningsrådet's Recommendation 5 on the revision of accounting principles, including the adjustment of opening shareholders' equity. For the sake of comparability, revenue recognition for 1998, 1999 and 2000 has been recalculated in accordance with the new principles. That process normally involves the retroactive introduction of a new accounting principle and the adjustment of data for all comparison years. However, Recommendation 15 prohibits the application of this principle to intangible fixed assets. As a result, product development expenses for previous years have not been adjusted.

In terms of Recommendation 9 on income taxes, Intenia has adjusted only the 1999 and 2000 comparison years, since it is deemed unfeasible to recalculate earlier years with sufficient accuracy.

Recalculated income statements, balance sheets and cash flow analyses for 1999 and 2000

In accordance with the Recommendation on the revision of accounting principles, Intenia's interim report for January-March 2001 will specify the change in shareholders' equity and the impact of the new principles in their entirety. Previous years will have been recalculated and financial ratios adjusted. Prior to the publication of the interim report, the recalculated figures for previous years will be available at [www.intenia.com](http://www.intenia.com).

The following income statements, balance sheets and cash flow analyses contain the recalculated figures for 1999 and 2000.

<b><u>Development Backlog License</u></b>	<b>1999</b>	<b>2000</b>
Opening backlog license	426	408
Orders received	756	1,157
<u>Recognized new principles</u>	<u>774</u>	<u>1,005</u>
Closing backlog	408	560

	<b>As stated in the Annual Report 2000</b>		<b>Restated based on the new recommendations</b>	
<b><u>Income Statement Group</u></b>	<b>1999</b>	<b>2000</b>	<b>1999</b>	<b>2000</b>
License revenue	756	1,157	774	1,005
Net revenue	3,062	3,398	3,080	3,245
Gross earnings	1,253	981	999	1,101
Indirect expenses	-1,379	-1,420	-1,379	-1,420
<u>Items affecting comparability</u>	<u>56</u>		<u>56</u>	
Operating earnings	-260	-137	-242	-290
Earnings before tax	-277	-244	-259	-396
Current tax	-65	-55	-65	-55
Deferred tax	8	1	-9	110
<u>Minority interests</u>	<u>-9</u>	<u>-2</u>	<u>-12</u>	<u>-3</u>
Loss for the year	-343	-300	-345	-344

<b><u>Balance Sheet Group</u></b>	<b>12-31-1999</b>	<b>12-31-2000</b>	<b>12-31-1999</b>	<b>12-31-2000</b>
Long-term tax assets	—	—	228	336
Other fixed assets	695	682	695	682
Total fixed assets	695	682	923	1,018
<u>Current assets and liquid funds</u>	<u>2,201</u>	<u>2,265</u>	<u>2,103</u>	<u>2,113</u>
TOTAL ASSETS	2,896	2,947	3,026	3,131
Total stockholders' equity	642	355	471	133
Minority interests	14	14	10	13
Long-term liabilities and provisions	1,164	952	1,164	952
<u>Current liabilities</u>	<u>1,076</u>	<u>1,625</u>	<u>1,381</u>	<u>2,033</u>
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	2,896	2,947	3,026	3,131

<b><u>Cash Flow Statement Group</u></b>	<b>1999</b>	<b>2000</b>	<b>1999</b>	<b>2000</b>
Cash flow from operating activities before change in working capital	-198	-149	-180	-302
<u>Change in working capital</u>	<u>-91</u>	<u>-377</u>	<u>-109</u>	<u>-224</u>
Cash flow from operating activities	-289	-526	-289	-526

**For further information, please contact:**

**Håkan Gyrulf**

Chief Financial Officer

Intentia International AB

Telephone: +46-8-555 258 25

Fax: +46-8-555 259 99

Cell phone: +46-8-708 54 56 25

e-mail: hakan.gyrulf@intentia.se

**Thomas Ahlerup**

Director Corporate Communications and Investor Relations

Intentia International AB

Telephone: +46-8-555 257 66

Fax: +46-8-555 259 99

Cell phone: +46-8-708 54 56 66

e-mail: thomas.ahlerup@intentia.se

**About Intentia International AB (publ)**

Over the past few years, Intentia International AB has concentrated on positioning itself to meet the demands it anticipated would arise from the new e-economy era. Intentia has developed its Movex product from a traditional ERP system to a complete e-collaboration solution that can manage all the demands of the new economy. Movex offers Intentia's customers the key to success, with its applications for customer relationship management (CRM), enterprise resource planning (ERP), supply chain planning & execution (SCPE), partner relationship management (PRM), business performance management (BPM) and e-business.

Intentia is well-positioned to respond to market needs when the "e" (electronic) evolves into "c" (collaboration), working hard to satisfy customers through its organization of more than 3,800 professionals serving in excess of 3,500 customers in over 40 countries around the world. Intentia is a public company traded on the Stockholm Stock Exchange (XSSE) under the symbol INT B.

Visit Intentia's Web site at [www.intentia.com](http://www.intentia.com)