

Industri-Matematik International Announces Second Quarter 2003 Results

MT. LAUREL, New Jersey – November 19, 2002 – Industri-Matematik International Corp. (Nasdaq: IMIC) – the Order Company – today announced results for its second fiscal quarter ended October 31, 2002.

Revenues for the three months ended October 31, 2002 were \$13.3 million as compared to \$15.3 million for the same period in fiscal 2002. License revenue was \$0.5 million as compared to \$1.9 million a year earlier, and service and maintenance revenue was \$12.5 million as compared to \$12.8 million in the prior year. The reported net loss for the three months ended October 31, 2002 was \$5.8 million, or \$0.18 per share (including the restructuring charge referred to below of \$0.12 per share). For the corresponding quarter a year earlier the Company had a net loss of \$0.8 million, or \$0.02 per share. The second fiscal quarter results do not include any material expenses related to the tender offer referred to below.

On October 10, 2002, the Company announced a restructuring designed to substantially reduce costs by approximately \$2.0 million per quarter. As a result of these expense reductions, management believes that the Company will achieve break-even operating results (excluding any acquisition related charges) on a quarterly basis in the fourth quarter of fiscal year 2003 (ending April 30, 2003). The restructuring has resulted in a charge of \$3.8 million, which has been recorded in the second quarter of fiscal year 2003. As of October 31, 2002, \$3.7 million of that amount remains as a liability and has not yet been paid. The Company anticipates that approximately \$1.7 million and \$1.2 million of that amount will be paid in the third and fourth quarters of fiscal year 2003, respectively. The remaining amount of \$0.8 million will be paid in fiscal year 2004.

Revenues for the six-months ended October 31, 2002 were \$23.8 as compared to \$28.8 million for the same period last year. License revenue for the six-months ended October 31, 2002 was \$0.8 million as compared to \$2.6 million a year earlier. Service and maintenance revenue was \$22.3 million for the six-months ended October 31, 2002 as compared to \$25.0 million a year earlier. For the six-months ended October 31, 2002 the Company had a net loss of \$10.2 million, or \$0.32 per share (including the restructuring charge referred to above of \$0.12 per share) as compared to \$2.2 million, or \$0.07 per share, during the same period last year.

“During the second quarter we continued to focus our efforts on creating value for our customers. Before the restructuring charge, our operating results improved as compared to last quarter and this is proof that our customers value our products and services”, said Lin Johnstone, President and Chief Executive Officer of Industri-Matematik.

On November 4, 2002, the Company announced that it entered into a definitive merger agreement with certain subsidiaries of Symphony Technology Group. On November 12, 2002, pursuant to the merger agreement, STG OMS Acquisition Corp. launched a tender offer to purchase all of the outstanding shares of the Company’s Common Stock for a purchase price of \$.35 per share, net to the seller, in cash, subject to certain conditions including the condition that at least 65% of the Company’s outstanding shares are tendered. The tender offer is scheduled to

expire at midnight, New York City time, on December 10, 2002, unless extended. The complete terms and conditions of the offer are set forth in the Offer to Purchase, copies of which are available by contacting the information agent, D.F. King & Co., Inc., at (800) 735-3591. If less than all of the outstanding shares are acquired in the offer, the remaining shares will be acquired in a second step merger.

Management will host a conference call to discuss the Company's results for the second quarter of fiscal 2003 at 10:30 a.m. Eastern Time, today, November 19, 2002. To participate in the call, dial (800) 553-0351 in the U.S. or +1 (612) 332-0523 from outside the U.S. This information is also available at the Industri-Matematik site on the World Wide Web at:
[http:// www.industri-matematik.com](http://www.industri-matematik.com).

About Industri-Matematik

Industri-Matematik International – The Order Company – is a provider of high-performance supply chain solutions for the retail value chain which turn supply chain friction into smooth order flows. Its software enables companies to manage order and replenishment business processes based on actual customer demand to enable best-in-class, pull-driven supply chain practices. The Company's software includes collaborative order management, fulfillment, customer relationship management (CRM), distribution center and store replenishment, supply chain analytics, visibility, and event management capabilities.

Industri-Matematik customers cover the entire retail value chain from manufacturers to logistics and business service providers to wholesalers and retailers. They include some of the world's leading brands such as AstraZeneca, British Airways, Campbell Soup, Canadian Tire, Foster's, Kellogg's, Royal Ahold, Schenker, Starbucks, Flextronics, TNT Express, and Warner/Elektra/Atlantic.

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The statements contained in this release that are not historical facts contain forward-looking information with respect to plans, projections or future performance of Industri-Matematik and further versions of its software products, the achievements of which involve certain risks and uncertainties, including, but not limited to, the success of its reorganization, product demand and market acceptance risks, the effect of economic conditions particularly in its target markets, the impact of competitive products and pricing, product development, commercialization and technological difficulties, and other uncertainties detailed in Industri-Matematik's filings with the Securities and Exchange Commission, particularly its Annual Report on Form 10-K filed in July 2002. The information in this release is as of November 19, 2002. Industri-Matematik undertakes no duty to update any forward-looking statement to conform the statement to actual results or changes in its expectations.

For Industri-Matematik company and product information, and press releases, please access the Industri-Matematik site on the World Wide Web at: [http:// www.industri-matematik.com](http://www.industri-matematik.com)

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- tables to follow -

INDUSTRI-MATEMATIK INTERNATIONAL CORP. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(Unaudited)
(U.S. Dollars in thousands, except share and per share data)

	Three Months Ended		Six Months Ended	
	<u>10/31/02</u>	<u>10/31/01</u>	<u>10/31/02</u>	<u>10/31/01</u>
Revenues:				
Licenses	\$ 534	\$ 1,948	\$ 811	\$ 2,590
Services and maintenance	12,470	12,785	22,295	24,973
Other	340	616	693	1,274
Total revenues	<u>13,344</u>	<u>15,349</u>	<u>23,799</u>	<u>28,837</u>
Cost of revenues:				
Licenses	158	120	318	136
Services and maintenance	6,984	8,294	13,631	16,579
Other	146	303	379	467
Total cost of revenues	<u>7,288</u>	<u>8,717</u>	<u>14,328</u>	<u>17,182</u>
Gross profit	<u>6,056</u>	<u>6,632</u>	<u>9,471</u>	<u>11,655</u>
Operating expenses:				
Product development	3,296	2,838	5,800	5,331
Sales and marketing	2,404	2,540	4,763	4,703
General and administrative	2,169	1,830	4,983	3,685
Amortization of goodwill and other intangible assets	0	185	0	370
Restructuring costs	3,816	0	3,816	0
Total operating expenses	<u>11,685</u>	<u>7,393</u>	<u>19,362</u>	<u>14,089</u>
Loss from operations	<u>(5,629)</u>	<u>(761)</u>	<u>(9,891)</u>	<u>(2,434)</u>
Other income (expense):				
Interest income	86	158	202	403
Interest expense	(1)	0	(1)	0
Miscellaneous income (expense)	(34)	(193)	(311)	(210)
Loss before income taxes	<u>(5,578)</u>	<u>(796)</u>	<u>(10,001)</u>	<u>(2,241)</u>
Provision for income taxes	<u>(177)</u>	<u>0</u>	<u>(177)</u>	<u>0</u>
Net loss	<u>\$ (5,755)</u>	<u>\$ (796)</u>	<u>\$ (10,178)</u>	<u>\$ (2,241)</u>
Net loss per share - assuming dilution	<u>(\$0.18)</u>	<u>(\$0.02)</u>	<u>(\$0.32)</u>	<u>(\$0.07)</u>
Weighted average number of shares outstanding - assuming dilution	<u>31 952 654</u>	<u>32 303 436</u>	<u>31 966 883</u>	<u>32 303 436</u>

INDUSTRI-MATEMATIK INTERNATIONAL CORP. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(U.S. Dollars in thousands)

	10/31/02 <u>(unaudited)</u>	04/30/02 <u></u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 10,472	\$ 16,422
Accounts receivable, less allowance for doubtful accounts	8,337	7,953
Accrued income	2,314	2,218
Prepaid expenses	2,355	1,688
Income taxes receivable	0	3
Other current assets	313	384
Total current assets	<u>23,791</u>	<u>28,668</u>
Non-current assets:		
Property and equipment, net	2,655	3,135
Goodwill and other intangible assets	3,119	2,989
Long-term cash deposit	2,822	2,728
Other non-current assets	427	889
Total non-current assets	<u>9,023</u>	<u>9,741</u>
Total assets	<u><u>\$ 32,814</u></u>	<u><u>\$ 38,409</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,748	\$ 1,341
Accrued expenses and other current liabilities	7,779	6,136
Accrued payroll and employee benefits	7,180	4,562
Deferred revenue	5,004	5,148
Total current liabilities	<u>21,711</u>	<u>17,187</u>
Long-term liabilities:		
Accrued pension liability	1,990	2,093
Other long-term liabilities	113	153
Total long-term liabilities	<u>2,103</u>	<u>2,246</u>
Total liabilities	<u>23,814</u>	<u>19,433</u>
Stockholders' equity:		
Common Stock	320	319
Additional paid-in capital	120,860	120,849
Accumulated deficit	(104,802)	(94,623)
Accumulated other comprehensive loss	(5,924)	(6,214)
Note receivable from stockholders	(1,454)	(1,355)
Total stockholders' equity	<u>9,000</u>	<u>18,976</u>
Total liabilities and stockholders' equity	<u><u>\$ 32,814</u></u>	<u><u>\$ 38,409</u></u>