

A quarter marked by stability and new product launches

- Net sales of SEK 57.7m (58.0)
- Operating profit of SEK 8.1m (8.0)
- Profit before tax of SEK 8.1m (7.6)
- Cash flow from operating activities of SEK 1.9m (1.3)
- Net cash at the end of the quarter was SEK 46.7m (30,8)
- Operating margin of 14.0% (13.8) for the quarter
- Earnings per share before dilution and after current tax amounted to SEK 0.64 (0.62)
- Earnings per share before dilution amounted to SEK 0.53 (0.48) and after dilution to 0.49 (0.48) SEK
- A stronger Swedish krona 2013 compared to 2012 had a negative impact on sales of SEK 4.1m, in a comparison between quarters. Overall growth in local currency for the first quarter was 7%.

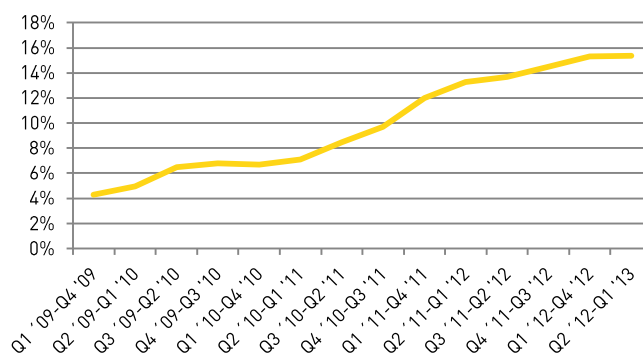
Key events after the end of the period

- Launch of certified version of IAR Embedded Workbench for ARM processors.

Profit summary SEK M	Jan-Mar 2013	Jan-Mar 2012	Full year 2012
Net sales	57.7	58.0	230.1
Operating expenses	-49.6	-50.0	-194.9
Operating profit	8.1	8.0	35.2

Key ratios SEK M	Jan-Mar 2013	Jan-Mar 2012	Full year 2012
Growth, %	-0.5	26.6	14.8
Operating margin, %	14.0	13.8	15.3
Equity/assets ratio, %	79.9	80.1	78.3
Net cash, SEK M	46.7	30.8	49.3
No. of employees at end of period	167	159	157

Operating margin, rolling 12 months



CEO's comments

We got off to a good start for the year with a number of major product launches and record sales in the number of licenses sold.

Net sales and profit are both stable, despite the effects of macroeconomic factors.

Net sales for the first quarter of 2013 are in line with the first quarter of last year. Consolidated net sales reached SEK 57.7m (58.0).

The quarter ended with a strong final month and the sales reached a record number of sold licenses in the first quarter of 2013.

A stronger Swedish krona 2013 compared to 2012 had a negative impact on sales of SEK 4.1m, in a comparison between quarters. Overall growth in local currency for the first quarter was 7%.

For the different regions, growth in local currency was 18% in Asia and 17% in Europe compared to the first quarter of 2012. In the Americas, net sales declined by 3% compared to the same period of last year.

The operating profit is in line with the same quarter of 2012. Operating profit amounted to SEK 8.1m (8.0).

The operating profit has also been negatively affected by a stronger Swedish krona. This negative impact on operating profit was SEK 2.6m in the first quarter. Operating margin for the first quarter was 14.0% (13.8%).

An important part of our marketing takes place through our presence at a number of trade shows around the world. The world's largest trade show is Embedded World and is held at the end of February every year. This year there were more than 900 exhibitors and 22,000 visitors. This is a vital forum for us to present new products, which were represented this year by I-scope, a new debug probe for

enhanced in-circuit power measurements. In the spring we will continue our trade fair participation with Design West in the USA and ESEC in Japan.

For me personally, the foremost reason for these trips is not to participate in trade shows but to take the opportunity to meet customers, partners and the media in connection with the events. I have an ambitious travel plan for the next few months and it is enormously important and enlightening to meet our customers. There is a clear trend in which our customers are globalizing both development and sales, and with our global presence this gives us a position as a key supplier.



Starting the year with several major product launches is advantageous and important. Macroeconomic factors will continue to affect our markets to differing degrees, but our assessment is that this will not inhibit demand.

In 2013 the focus will be on enhancing our offering and meeting our financial targets.

Stefan Skarin
CEO of IAR Systems Group AB

Customers and market

Demand remains strong in all markets, although certain markets are being affected by macroeconomic factors. In the first quarter we established a sales organization for the 21 European countries in which sales are handled by distributors.

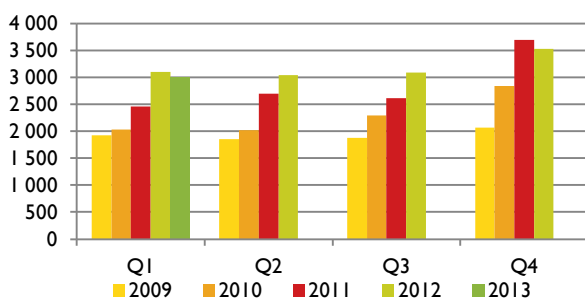
Demand remains strong in all markets, although macroeconomic factors are affecting decision-making processes and leading to postponement of investment decisions. This is partly contradictory, since our strongest growth in the first quarter was seen in Japan, where the effects of the global economy are perhaps most tangible. This is especially clear in a comparison with the previous year, since the currency effects have a comparatively large impact in JPY and SEK.

In the first quarter we established a sales organization (EMEA Channel) for the European markets in which sales are handled by distributors. These essentially include all countries outside Sweden, Finland, Denmark, Germany, England and France, where we have our own representation.

This means 17 countries with selected distributors and an additional four countries where we have customers but no local distribution. In terms of sales, the new EMEA Channel represents around 25% of total sales in Europe.

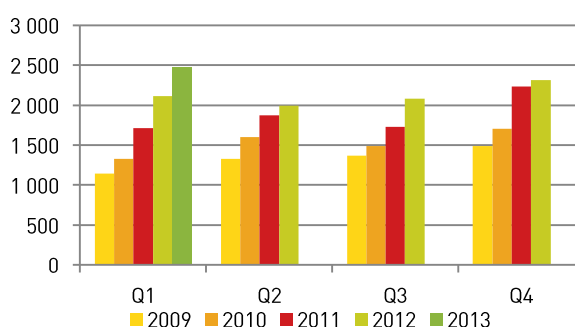
IAR SYSTEMS' DEVELOPMENT BY REGION

Net sales in the Americas (USD th)



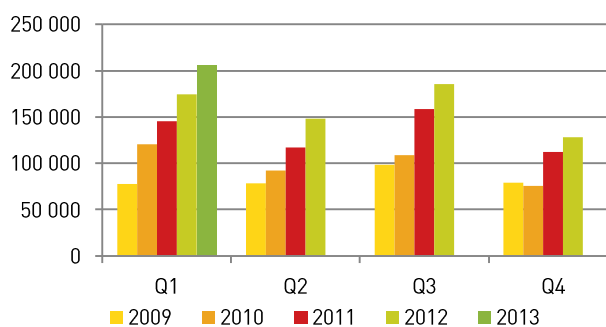
The Americas account for approximately 37% of revenue
In local currency, net sales for the quarter fell by 3%

Net sales in Europe (EUR th)



Europe accounts for approximately 36% of revenue
In local currency, net sales for the quarter increased by 17%

Net sales in Asia (JPY th)



Asia accounts for approximately 27% of revenue
In local currency, net sales for the quarter rose by 18%

Products and technology

Several major product innovations were launched in the first quarter. IAR Systems has maintained its strong position and set yet another world record during the period. An additional debug probe has been launched under the name of I-scope. I-scope is used as an extension to I-jet for customers seeking enhanced in-circuit power measurements. IAR Academy has been launched as a global educational offering through which we provide both basic and advanced courses on use of our products at several locations around the world.

Several major product innovations were launched in the first quarter. In addition to a range of updates and enhancements in a number of products (AVR, STM8) we have had a continued focus on product optimizations. Several processor suppliers have presented new results in measurement of performance scores for code speed. IAR Systems has maintained its strong position and in the first quarter set yet another world record through Freescale K70 processors.

There are many reasons why processor suppliers are seeking a strong position in optimizations. The perhaps foremost of these is to create a niche in the highly competitive market for ARM processors. Another is that a speed-optimized processor leads to lower power consumption, which has been a critical market argument for many processor vendors for some time.

In the first quarter IAR Systems positioned itself well with Renesas and its RL78 processor family featuring low energy consumption. We have also released a suite of tools for Renesas' new RH850 core for automotive applications.

On the theme of energy consumption, IAR Systems has also launched the new debug probe I-scope. I-scope is designed to be used as an extension of I-jet for customers seeking enhanced in-circuit power measurements.

I-jet and I-scope should be seen primarily as supplementary products that boost sales of IAR Systems' flagship product Embedded Workbench, which accounts for 95 percent of revenue.

IAR Systems has a large number of customers who have signed support and upgrade agreements (SUA). We have seen increased demand for training from these customers and in the past few years have provided customized training courses. In the first quarter we taken the step and launched IAR Academy, a global educational offering through which we provide both basic and advanced classroom courses on use of our products at several locations around the world. Some of the courses will also include a more general training in efficient programming, which is highly appreciated by many customers. The courses are led by our technical experts.

At the end of the first quarter we launched a new version of IAR visualState, a product catering to a target group that prefers to develop graphically (via state machines). IAR visualState, for which the majority of customers are found in the automotive industry, has undergone a major change through adaptations for a couple of European customers who are also important reference customers for ongoing and future business in both Europe and Asia.

After the end of the period, IAR Systems launched a version of IAR Embedded Workbench for ARM processors that is certified for functional safety. The certification has taken place through TÜV SÜD, a leading international body for testing and certification of industrial products. The certification means that the product meets the requirements for ISO 26262 and IEC 61508, which are highly important in the market for embedded systems.

Financial information

JANUARY – MARCH 2013

SALES AND PROFIT

Net sales for the period were largely unchanged compared to the corresponding period of last year, and amounted to SEK 57.7m (58.0). In a year-on-year comparison, foreign exchange effects had a negative impact on sales for the quarter of SEK 4.1m.

Operating profit for the quarter was also essentially unchanged and amounted to SEK 8.1m (8.0). In a year-on-year comparison, foreign exchange effects had a negative impact on operating profit for the quarter of SEK 2.6m.

INVESTMENTS AND FINANCING

Investments in property, plant and equipment for the quarter are reported at SEK 0.7m (0.5).

Investments in intangible assets for the quarter totaled SEK 4.4m (3.6) and consisted mainly of own staff expenses for the development of debug probes. The investments are in line with the company's plans.

The equity/assets ratio at March 31, 2013, was 80% (80).

CASH FLOW, CASH AND CASH EQUIVALENTS

Cash flow from operating activities for the quarter was SEK 1.9m (1.3).

Cash flow from investing activities for the quarter was SEK -4.8m (-4.0).

Cash flow from financing activities for the quarter was SEK 1.0m (-0.1).

During the quarter, 31,000 subscription warrants were exercised to subscribe for new class B shares, providing the company with proceeds of SEK 1.0m.

On March 31, 2013, the Group had net cash of SEK 46.7m (30.8) and a holding of 334,600 (634,600) treasury shares.

Cash and cash equivalents on the same date amounted to SEK 49.0m (32.7), of which SEK 2.6m (6.6) consisted of blocked funds for the acquisition of Signum.

In addition, there were unutilized bank overdraft facilities of SEK 25.0m (25.0). The Group's total available cash and cash equivalents thus amounted to SEK 71.4m (51.1).

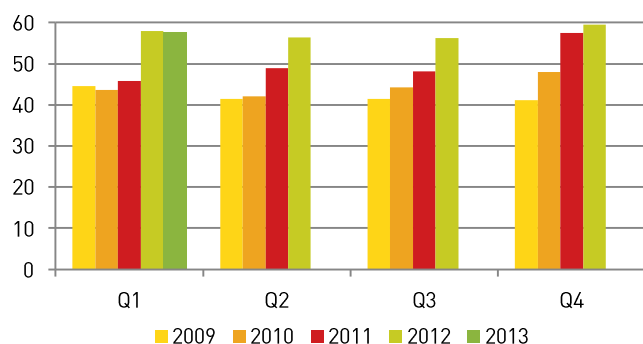
EMPLOYEES

The number of employees in IAR Systems at the end of the quarter was 167 (159). The average number of employees during the quarter was 158 (152).

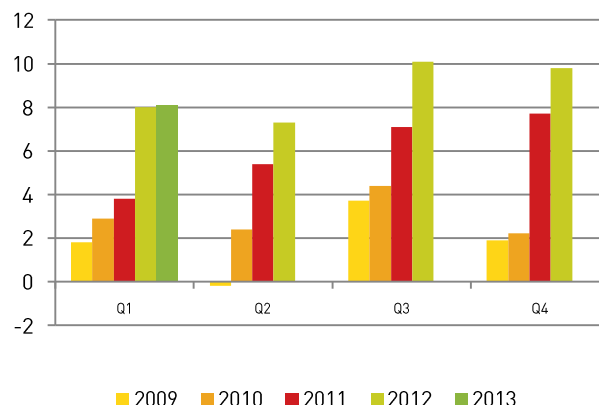
PARENT COMPANY

The activities of the Parent Company consist of group management, finance and IR/PR functions. The Parent Company's net sales for the quarter amounted to SEK 3.0m (3.0). Profit after financial items was SEK 0.2m (28.2). Net investments in property, plant and equipment totaled SEK 0.3m (0.0). At March 31, 2013, the Parent Company had cash and cash equivalents of SEK 17.0m (8.5), of which SEK 2.6m (6.6) consisted of blocked funds for the acquisition of Signum. During 2012, the bank overdraft facility of SEK 25.0m was moved from the Parent Company to the subsidiary IAR Systems AB. The Parent Company's total available cash and cash equivalents thus amounted to SEK 14.4m (1.9). The number of employees in the Parent Company at the end of the quarter was 4 (4).

Net sales (SEK M)



Operating profit (SEK M)



ACCOUNTING POLICIES

The consolidated financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and the interpretations issued by the IFRS Interpretations Committee (IFRIC) as endorsed for application in the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups, has been applied. This consolidated interim report has been prepared in accordance with the Swedish Annual Accounts Act (ÅRL) and IAS 34, Interim Financial Reporting. The accounts of the Parent Company are presented in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2,

Accounting for Legal Entities.

The accounting standards applied in this interim report are the same as those applied in preparation of the consolidated accounts and annual accounts for 2012, with the exception of the following amendments and new standards.

RFR 2 Accounting for Legal Entities

According to an amendment to RFR 2, the accounting standard for group contributions has been changed with effect from January 1, 2013. Under the new standard, group contributions received and paid are recognized as appropriations.

IAS 1 Presentation of Financial Statements

An amendment to IAS 1 is effective for annual periods beginning on or after January 1, 2013. According to the amendment, items of other comprehensive income should be grouped on the basis of whether they will eventually be recycled into the profit or loss and those that will not be recycled. The application of the applied changes IAS 1 is shown in the consolidated statement of comprehensive income.

IFRS 13 Fair Value Measurement

The new standard IFRS 13 applies to fair value measurement and requires a number of quantitative and qualitative disclosures. As a result of the disclosure requirements in IFRS 13, IAS 34, Interim Financial Reporting, has also been updated. According to the changes in IAS 34, the interim reports must also provide disclosures about the fair value of financial instruments stated at amortized cost. The Group has no financial instruments measured at fair value. The carrying amounts of financial instruments measured at amortized cost

correspond to their fair values.

The other new or revised IFRSs and IFRIC interpretations effective for annual periods beginning on or after January 1, 2013, have not had any significant impact on the consolidated financial statements.

GOODWILL

Goodwill is tested for impairment yearly and is measured at cost less accumulated impairment. The impairment test is based on the budget for 2013 and the management's forecasts for 2014 and 2015. For the period thereafter, a future annual growth rate of 2% is assumed. The growth rate in 2012 was 15%. The impairment test performed in 2012 has not shown any indication of impairment. Goodwill at March 31, 2013, amounted to SEK 110.7m.

DEFERRED TAX ASSET

The deferred tax asset attributable to loss carryforwards is recognized only to the extent that it is probable that the loss carryforwards can be utilized against future taxable profits. At March 31, 2013, the Group had cumulative loss carryforwards of around SEK 261m. In the balance sheet, the current estimated value of these losses is SEK 57.5m (72.2) based on a corporate tax rate of 22.0% as of 2013.

THE IAR SYSTEMS GROUP SHARE

IAR Systems Group's class B share is quoted on the Small Cap list of the NASDAQ OMX Nordic Exchange Stockholm. During the year, the share price varied from a low of SEK 37.60 (25.30) to a high of SEK 41.30 (35.00). The share price at March 31, 2013, was SEK 39.00 (35.00). IAR Systems Group's market capitalization on the same date was SEK 444m (387).

The number of shareholders in IAR Systems Group at March 31, 2013, was 8,357 (9,212), of whom 431 (484) held more than 1,000 shares each. Foreign shareholders held approximately 21% (18) of the share capital and 27% (24) of the votes.

During the quarter, the warrant series T04B 2011/2014 was exercised to subscribe for 31,000 new class B shares.

After buybacks in earlier years, IAR Systems held a total of 334,600 class B treasury shares with a combined historical cost of SEK 14.2m at March 31, 2013. These shares are not included in the share data at March 31, 2013.

IAR Systems Group's share capital at March 31, 2013, amounted to SEK 117,245,614, divided between 11,724,561 shares of which 100,000 are of

class A and 11,624,561 are of class B. Of this total, 334,600 class B shares are held in treasury by IAR Systems Group. This means that the number of class B shares on the market at March 31, 2013, was 11,289,961.

Share price performance, January – March 2013



WARRANT SERIES T04B

The Annual General Meeting (AGM) in May 2011 resolved that the company would issue not more than 1,168,856 subscription warrants, each entitling the holder to subscribe for one class B share in IAR Systems Group AB. A total of 1,017,000 warrants were subscribed for on market-based terms in July 2011. Each warrant gives the holder the right to subscribe for one new class B share in IAR Systems Group AB for a price of SEK 34.30 during the period through June 2014. In total, warrants have been exercised to subscribe for 36,000 new class B shares, of which 31,000 new class B shares were subscribed for in the first quarter of 2013. After this, there are 981,000 unutilized warrants issued to employees.

2013 ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) will be held at 6:00 p.m. on April 22, 2013, at Nalen Konferens, Regeringsgatan 34, in Stockholm.

IAR Systems Groups' annual report will be available as of the end of March on IAR Systems' website and at the company's offices at Kungsgatan 33 in Stockholm and Strandbodgatan 1 in Uppsala.

NOMINATING COMMITTEE

In accordance with the decision of the AGM in April 2012, the nominating committee has been appointed and consists of Ulf Strömsten, (Catella), Peter Larsson and Tedde Jeansson. Ulf Strömsten was

elected as chairman of the nominating committee. In his role as major shareholder and CEO, Stefan Skarin has been co-opted to take part in meetings of the nominating committee.

PROPOSED DIVIDEND

In the year-end report for 2012, the Board of Directors proposed a dividend of SEK 2.00 per share (1.00) to be approved by the AGM on April 22, 2013. The proposal is equal to a total distribution of SEK 23.4m.

SIGNIFICANT RISKS AND UNCERTAINTIES

The market for IAR Systems' software is evolving rapidly and forecasts about future development are therefore associated with uncertainty. IAR Systems Group's assessment is that no significant risks and uncertainties have changed or arisen aside from those described in the annual report for 2012 under "Administration report" on pages 29-30 and in Note 2 on pages 45-47. No essential changes have taken place since that time.

FUTURE OUTLOOK

The Board's long-term financial targets are for IAR Systems Group's net sales to grow by 10-15% annually in local currency and for the operating margin to exceed 20% over a business cycle.

Stockholm, Monday, April 22, 2013

Stefan Skarin
President and CEO of IAR Systems Group AB

FINANCIAL CALENDAR 2013

Annual General Meeting, April 22, 2013

Interim report Jan-Jun 2013, August 22, 2013

Interim report Jan-Sep 2013, October 23, 2013

IAR SYSTEMS GROUP AB (PUBL)

Corporate identification number 556400-7200
Kungsgatan 33, SE-111 56 Stockholm, Sweden
Tel +46 8 410 920 00

www.iar.com

Stefan Skarin, President and CEO, tel +46 708 651005
Stefan Ström, CFO, tel +46 708 651068

REVIEW REPORT

This report has not been examined by the company's independent auditor.

Income statements

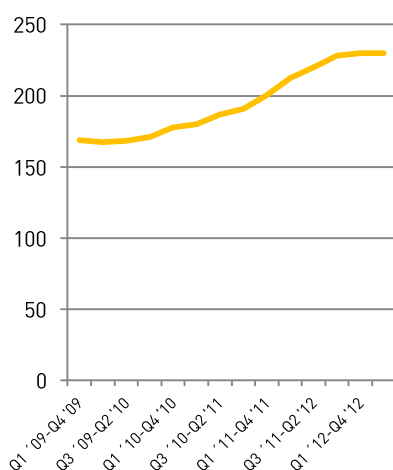
INCOME STATEMENTS, GROUP

SEK M	3 mths Jan-Mar		Full year
	2013	2012	2012
Net sales	57.7	58.0	230.1
Goods for resale	-4.5	-7.3	-23.3
Other external expenses	-10.7	-10.0	-44.5
Personnel costs	-32.1	-31.4	-120.5
Depreciation of property, plant and equipment	-0.7	-0.5	-2.3
Amortization of intangible assets	-1.6	-0.8	-4.3
Operating profit	8.1	8.0	35.2
Financial income	0.1	0.0	0.6
Financial expenses	-0.1	-0.4	-0.7
Profit before tax	8.1	7.6	35.1
Income tax	-2.1	-2.3	-22.1
Profit for the period	6.0	5.3	13.0
Earnings per share for the period basic, SEK	0.53	0.48	1.16
Earnings per share for the period, diluted, SEK	0.49	0.48	1.06

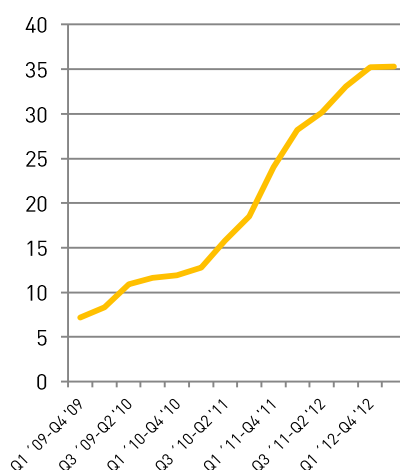
STATEMENTS OF COMPREHENSIVE INCOME

SEK M	3 mths Jan-Mar		Full year
	2013	2012	2012
Profit for the period	6.0	5.3	13.0
Other comprehensive income for the period			
Items that will be recycled to profit or loss			
Foreign exchange gains/losses	-0.3	-0.8	-0.9
Total other comprehensive income	-0.3	-0.8	-0.9
Comprehensive income for the period	5.7	4.5	12.1
Comprehensive income for the period attributable to owners of the parent	5.7	4.5	12.1

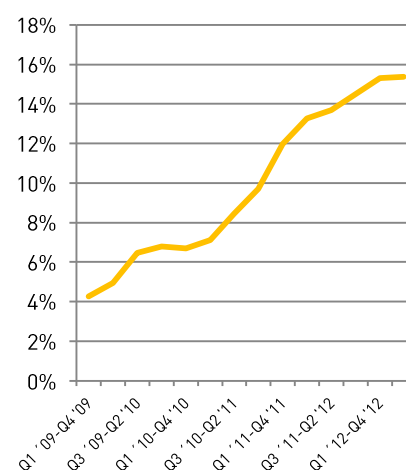
Net Sales
rolling 12 months



Operating result
rolling 12 months



Operating margin
rolling 12 months



Balance sheets

GROUP SEK M	Mar 31, 2013	Mar 31, 2012	Dec 31, 2012
ASSETS			
Non-current assets			
Goodwill	110.7	110.7	110.7
Other intangible assets	44.4	31.8	41.6
Property, plant and equipment	6.4	5.7	6.3
Financial assets	4.6	5.7	4.9
Deferred tax asset	61.6	72.2	62.4
Total non-current assets	227.7	226.1	225.9
Current assets			
Inventories	3.8	4.3	3.9
Other current assets	11.2	13.1	13.6
Trade receivables	34.3	30.5	29.1
Blocked funds	2.6	6.6	2.6
Cash and cash equivalents	46.4	26.1	49.0
Total current assets	98.3	80.6	98.2
TOTAL ASSETS	326.0	306.7	324.1
EQUITY AND LIABILITIES			
Total equity	260.5	245.6	253.8
Non-current liabilities			
Interest-bearing liabilities	1.0	1.4	1.1
Deferred tax liabilities	9.3	3.5	8.7
Total non-current liabilities	10.3	4.9	9.8
Current liabilities			
Trade payables	5.5	7.6	6.1
Interest-bearing liabilities	1.3	0.5	1.2
Other current liabilities	48.4	48.1	53.2
Total current liabilities	55.2	56.2	60.5
TOTAL EQUITY AND LIABILITIES	326.0	306.7	324.1
Pledged assets	6.7	9.9	6.7
Contingent liabilities	-	-	-

Changes in equity

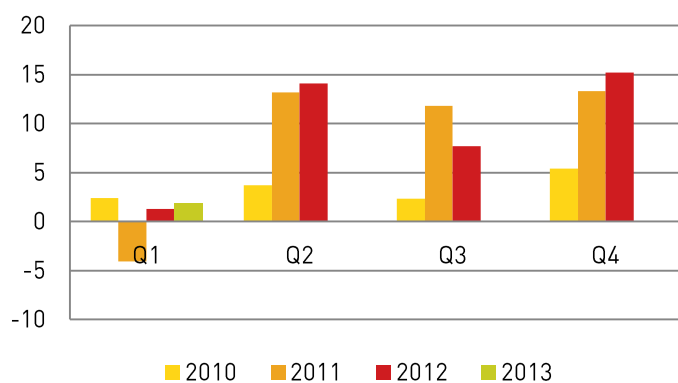
GROUP SEK M	3 mths Jan-Mar 2013	2012	Full year 2012
Equity at beginning of period	253.8	241.1	241.1
Dividends	-	-	-11.1
New share issue	1.0	-	0.1
Sale of shares	-	-	11.6
Comprehensive income for the period	5.7	4.5	12.1
Equity at end of period	260.5	245.6	253.8

Cash flows

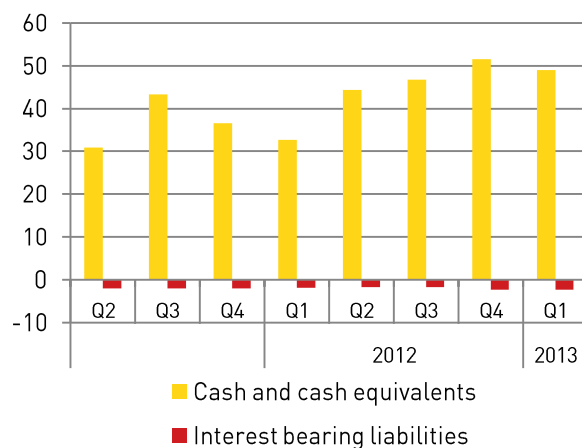
GROUP	3 mths Jan-Mar		Full year
SEK M	2013	2012	2012
Incoming payments from customers	54,5	58.7	234.1
Outgoing payments to suppliers and employees	-50,7	-54.6	-191.0
Interest received	0,0	0.0	0.6
Interest paid	-0,0	-0.0	-0.2
Income tax paid	-1,9	-2.8	-5.2
Cash flow from operating activities	1,9	1.3	38,3
Investments in property, plant and equipment	-0,7	-0.5	-2,1
Investments in intangible assets	-4,4	-3.6	-20.3
Other investments	0,3	0.1	4.3
Cash flow from investing activities	-4,8	-4.0	-18.1
New share issue	1,0	-	0.1
Sale of shares	-	-	11.6
Amortization of financial liabilities	-0,0	-0.1	0.0
Dividends to owners of the Parent Company	-	-	-11.1
Cash flow from financing activities	1,0	-0.1	0.6
Cash flow for the period	-1,9	-2.8	20.8
Cash and cash equivalents at beginning of period	49,0	29.6	29.6
Exchange difference in cash and cash equivalents			
- attributable to cash and cash equivalents at beginning of period	-0,7	-0.7	-1.1
- attributable to cash flow for the period	0,0	0.0	-0.3
Cash and cash equivalents at end of period	46,4	26.1	49.0

CASH AND CASH EQUIVALENTS, GROUP	Full year	
SEK M	Mar 31, 2013	Mar 31, 2012 Dec 31, 2012
Cash and cash equivalents at end of period	46.4	26.1 49.0
Unutilized overdraft facilities	25.0	25.0 25.0
Total available cash and cash equivalents	71.4	51.1 74.0

Cash flow from operating activities, SEK M



Net Cash Q2 2011 – Q1 2013



Key ratios

KEY RATIOS, GROUP

	3 mths Jan-Mar		Full year
	2013	2012	2012
Gross margin, %	92.2	87.4	89.9
Operating margin, %	14.0	13.8	15.3
Profit margin, %	14.0	13.1	15.3
Cash flow, %	3.3	2.4	16.6
Equity/assets ratio, %	79.9	80.1	78.3
Return on equity, %	2.3	2.2	5.3
Return on capital employed, %	3.2	3.3	14.3
Capital employed, SEK M	262.8	247.5	256.1
Net cash, SEK M	46.7	30.8	49.3
Net debt/equity ratio, times	-0.18	-0.13	-0.19
Number of employees at end of period	167	159	157
Average number of employees	158	152	149
Net sales per employee, SEK M	0.4	0.4	1.5

SHARE DATA

	3 mths Jan-Mar		Full year
	2013	2012	2012
Equity per share, SEK	22.87	22.22	22.34
Equity per share, diluted, SEK	23.78	22.22	23.32
Number of shares at end of period, millions	11.39	11.05	11.36
Number of shares at end of period, diluted, millions	12.37	11.05	12.3
Average number of shares, millions	11.36	11.05	11.23
Average number of shares, diluted, millions	12.37	11.05	12.24
Cash flow from operating activities per share, SEK	0.17	0.12	3.41
Earnings per share, basic, after current tax, SEK	0.64	0.62	2.66
Earnings per share, SEK	0.53	0.48	1.16
Earnings per share, diluted, SEK	0.49	0.48	1.06

QUARTERLY OVERVIEW

		Net sales, SEK M	Operating profit, SEK M	Operating margin, %	Return on equity, %	Equity per share, SEK	Cash flow from operating activities per share, SEK
2013	Q1	57.7	8.1	14.0	2.3	22.87	0.17
2012	Q4	59.5	9.8	16.5	-2.1	22.34	1.34
	Q3	56.2	10.1	18.0	3.8	22.84	0.68
	Q2	56.4	7.3	12.9	3.1	22.15	1.39
	Q1	58.0	8.0	13.8	2.2	22.22	0.12
2011	Q4	57.5	7.7	13.4	4.5	21.82	1.20
	Q3	48.2	7.1	14.7	3.3	20.92	1.07
	Q2	48.9	5.4	11.0	1.4	20.09	1.19
	Q1	45.8	3.8	8.3	0.6	50.35	-0.37
2010	Q4	48.0	2.2	4.6	-0.6	54.16	0.47
	Q3	44.2	4.4	10.0	1.4	55.50	0.23
	Q2	42.1	2.4	5.7	1.1	53.81	0.33
	Q1	43.6	2.9	6.7	1.6	54.42	0.22

Parent Company

Income statements

PARENT COMPANY

SEK M	3 mths Jan-Mar		Full year
	2013	2012	2012
Net sales	3.0	3.0	12.2
Operating expenses	-2.9	-3.6	-14.8
Depreciation of property, plant and equipment	-0.0	-0.0	-0.2
Operating profit/loss	0.1	-0.6	-2.7
Result from financial investments	0.1	28.8	45.1
Profit after financial items	0.2	28.2	42.4
Income tax	-0.0	-1.6	-15.2
Profit for the period	0.2	26.6	27.2

Statement of comprehensive income

PARENT COMPANY

SEK M	3 mths Jan-Mar		Full year
	2013	2012	2012
Profit for the period	0.2	26.6	27.2
Total other comprehensive income	-	-	-
Comprehensive income for the period	0.2	26.6	27.2

Balance sheets

PARENT COMPANY, SEK M

	Mar 31, 2013	Mar 31, 2012	Dec 31, 2012
ASSETS			
Non-current assets			
Property, plant and equipment	0.5	0.2	0.2
Shares in subsidiaries	189.4	189.4	189.4
Other financial assets	3.4	4.5	3.7
Deferred tax asset	58.0	71.6	58.0
Total non-current assets	251.3	265.7	251.3
Current assets			
Receivables from subsidiaries	10.2	5.2	10.0
Other current assets	2.2	4.1	2.2
Blocked funds	2.6	6.6	2.6
Cash and cash equivalents	14.4	1.9	14.8
Total current assets	29.4	17.8	29.6
TOTAL ASSETS	280.7	283.5	280.9
EQUITY AND LIABILITIES			
Total equity	272.7	270.2	271.5
Non-current liabilities			
Provisions	2.0	5.3	2.0
Total non-current liabilities	2.0	5.3	2.0
Current liabilities			
Trade payables	0.8	0.2	0.6
Other current liabilities	5.2	7.8	6.8
Total current liabilities	6.0	8.0	7.4
TOTAL EQUITY AND LIABILITIES	280.7	283.5	280.9

About IAR Systems

INTOI BECOMES IAR SYSTEMS GROUP

Intoi acquired IAR Systems in 2005 and has been a driving force in its repositioning from a more consulting-oriented business to a pure software company. In order to concentrate on IAR Systems, Intoi distributed Deltaco and sold Northern in April 2011.

The restructuring was completed in the first quarter of 2011 and the Group is now wholly focused on IAR Systems. As a result of the restructuring, Intoi has also changed name to IAR Systems Group AB.

BUSINESS MODEL AND PRODUCTS

IAR Systems' products consist of software which is used to program embedded systems that control products in areas such as industrial automation, medical devices, consumer electronics and the automotive industry. We are at the cutting edge of technology with development tools that support most of the world's processor manufacturers and therefore also embedded systems.

IAR Systems is growing faster than the market and has potential for continued growth. The business model is based on standardized software, which means that all customers essentially use the same product. In addition, we have increased the scalability of the business model by raising the share of licenses from 62% to 88% of net sales. This provides a high gross margin and creates a scalable business model with significant capacity to boost profitability.

IAR Systems' development tools are available in a wide range of versions for 8-, 16- and 32-bit processors. The company's focus on the most advanced systems based on 32-bit architecture has been highly successful. In recent years, growth has been driven mainly by the 32-bit segment.

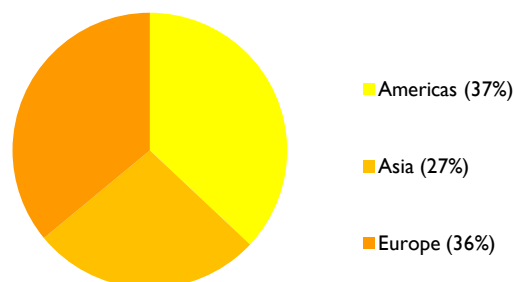
Our market position is strongest in the most advanced systems for 32-bit architecture (often ARM-based), which now account for 62% of net sales.

CUSTOMERS AND SALES

IAR Systems' software is used by many of the world's largest corporations, but also by thousands of small and mid-sized companies that develop digital products. The more than 45,000 customers are found across all industries and all regions of the world.

IAR Systems combines a good inflow of new customers with very loyal customer relationships. A full 95% of all sales go to recurring customers. IAR Systems works actively to sell more licenses to each customer, where the goal is for the customers to standardize on IAR Systems' tool chain.

Breakdown of revenue



ECOSYSTEM

IAR Systems is the hub of a powerful ecosystem of partners that include all of the world's leading maker of processors, including ST, Texas Instruments, NXP, Renesas, Freescale, Toshiba, Fujitsu and Atmel, and suppliers of real time operating systems (RTOS) and middleware. This close collaboration gives IAR Systems extensive resources, knowledge and scope for sales. But above all, it ensures that IAR Systems' software supports more processors in more architectures than any other tools on the market. With software tools from IAR Systems, the customers can work in the same environment for all processors in their current and future projects.

ARM

ARM Holdings plc is a multinational company based in Cambridge, UK, that has developed a standard for microprocessor chips. ARM is one of the largest and fastest-growing companies in the industry and dominates the market for processors for smartphones.

For many years IAR Systems has been committed to providing reliable and powerful development tools for a wide spectrum of ARM processors. IAR Systems is one of the leading suppliers of development tools for processors based on ARM technology.

Investment case for IAR Systems

IAR Systems' software is a technical leader and the company is often first in the market to offer new functionality. IAR Systems was the first to launch a new tool to analyze power consumption in processors, known as power debugging.

A CHANGING MARKET

The market is driven by digitalization and is undergoing rapid changes in pace with:

- Growth in the number of digital products
- Growth in the number of processors
- A rising level of complexity in the processors
- Growth in ARM processors
- Growth in energy-efficient solutions

GLOBAL REACH

IAR Systems has international reach through its head office in Uppsala, Sweden, and sales offices in Sweden, the USA, Japan, France, China, South Korea, Germany and the UK. The office in South Korea opened during 2012. In addition, the company is represented in 25 other countries through distributors.

A WIDE AND LOYAL CUSTOMER BASE

IAR Systems' software is used by many of the world's largest corporations, but also by thousands of small and mid-sized companies that develop

digital products. Software from IAR Systems is used by more than 120,000 developers in over 45,000 organizations.

CLOSE TO THE PROCESSOR MAKERS

IAR Systems works closely with the world's leading processor manufacturers. This collaboration gives IAR Systems resources, knowledge and scope for sales. But above all, it ensures that IAR Systems' software supports more processors in more architectures than any other tools on the market. With software tools from IAR Systems, the customers can work in the same environment for all processors in their current and future projects.

SKILLED EMPLOYEES

IAR Systems is a knowledge-intensive organization that has attracted expertise and talents from many countries. IAR Systems places high demands on ambition and innovation and is a dynamic workplace that contributes to personal well-being and professional development.

Definitions

Current tax	The tax payable or refundable for the current year as well as adjustments to current tax of prior periods.
Gross margin	Operating profit before amortization/depreciation as a percentage of net sales.
Equity	Reported equity including 73.7% of untaxed reserves.
Equity per share	Equity divided by the number of shares at the end of the period.
Cash flow	Cash flow from operating activities as a percentage of net sales.
Net cash	Interest-bearing assets less interest-bearing liabilities.
Net debt/equity ratio	Net interest-bearing liabilities divided by equity.
Earnings per share, basic	Profit for the period after tax divided by the average number of shares during the period.
Earnings per share, diluted	Diluted earnings per share are calculated by dividing profit attributable to owners of the Parent Company by the weighted average number of shares outstanding during the period including outstanding options/warrants.
Return on equity	Profit after financial items less full tax as a percentage of average equity.
Return on capital employed	Profit after financial items plus financial expenses as a percentage of average capital employed.
Operating margin	Operating profit as a percentage of net sales.
Equity/assets ratio	Equity as a percentage of total assets.
Capital employed	Total assets less non interest-bearing liabilities.
Profit margin	Profit after financial items as a percentage of net sales.

Branschspecifik ordlista

Application	Another word for a program developed by the user of IAR Systems' tools, to be run on a processor in an embedded system.
Architecture	A microprocessor architecture is a specific combination of integrated circuit design and instructions that control how the processor works.
ARM	ARM Holdings plc is a multinational company that licenses a standard for processors. The headquarters are located in Cambridge, UK. ARM is one of the largest and fastest-growing companies in the industry and dominates the market for smart phones, but is also growing in other segments.
ARM Cortex	ARM Cortex is a product family of low-energy, easy-to-use microprocessors that has been developed to enable partners to develop more functions at a lower cost, simplify reuse of program code and increase power efficiency.
Chip vendor	A chip maker or chip vendor produces integrated circuits (ICs). IAR Systems is the hub of a powerful ecosystem of partners that include suppliers of real-time operating systems (RTOS), so-called "middleware" and the world's leading chip makers.
Debug probe	An electronic tool that measures how a processor works when the program code is executed and can therefore be used to locate problems and errors in a program that a developer has created.
Debugger	Computer software that helps a programmer to locate problems and errors in the program that he/she has created by analyzing and showing what is happening "under the surface" when the program code is executed, often with the help of a debug probe.
Digitalization trend	Growth in the number of digital products worldwide. More and more products are digital and contain computer chips in order to be mobile, remote-controlled, energy-efficient, upgradable, etc.
Emulator	Another name for debug probe.
IAR Embedded Workbench	IAR Embedded Workbench is a high-performance tool suite for development of software for small and mid-sized (8-, 16-, and 32-bit) microprocessors. IAR Systems collaborates

Embedded system	<p>with all world-leading chip makers to guarantee that our tools can be used for more processor architectures than any other development tool on the market.</p> <p>An embedded (computer) system consists of one or more microprocessors with related circuits and the software that is run in the system. Embedded systems control the functions in electronic products such as cell phones, coffee machines, credit card readers, dishwashers, etc. IAR Systems' customers develop and market products that are driven by embedded systems. Embedded systems are being increasingly used products worldwide, in pace with the so-called digitalization trend.</p>
Integrated circuit (IC)	A small, typically rectangular silicon substrate onto which micrometer-sized transistors are mounted, sometimes in numbers of more than one million.
Compiler	A compiler is a computer program (or set of programs) that transforms source code written in a programming language (similar to English) into instructions that the microprocessor can understand and execute.
Microprocessor	A microprocessor consists of a single integrated circuit (or at most a few integrated circuits). The circuit incorporates the functions of a computer's central processing unit (CPU) with storage of code and data.
Power debugging	Power debugging is a programming technology that makes it easier to see how the finished product's power consumption is directly related to the source code written by a programmer. This makes it possible to detect which program code is causing unexpectedly high power consumption.
Processor	When the word is used in connection with IAR Systems' products, processor is an abbreviation of <i>microprocessor</i> .
RTOS	An operating system (OS) is a set of programs that manage a computer's hardware resources and provide common services for application software. The operating system is the most important type of software in a computer system. A real-time operating system (RTOS) is specialized at quickly and reliably handling input and output data from the computer system, which is important in embedded systems.
Standardization	By standardizing on IAR Systems' tool chain, customers can significantly improve their efficiency and time-to-market for new products. In a single environment, they can move freely between 8-, 16-, 32-bit MCUs from all major vendors in all relevant architectures, including all ARM cores.
SUA	Software products from IAR Systems usually include a 12-month "Support and Update Agreement" (SUA) that gives the customer access to new product versions, product updates, technical support, etc.
Development kit	A development kit (also called a starter kit or evaluation kit) contains all of the equipment and software needed for a programmer to design, develop, integrate and test his or her products. IAR Systems offers fully integrated kits for development of embedded application software. Each kit contains an evaluation board and development tools (software) with example applications.
Development tools	The software tools used by programmers to create their own programs. The most important of these is an editor in which to write source code, a compiler to transform the source code into instructions that the processor can use, a linker that combines smaller program segments into an executable program, and a debugger that is used to locate problems in a program. IAR Embedded Workbench is a set of development tools.