



**Formpipe.**

# Interim report January – September 2016

## PERIOD JULY 1 – SEPTEMBER 30, 2016\*

- Net sales SEK 83.2 m (SEK 83.5 m)
- System revenue SEK 56.2 m (SEK 56.3 m)
- Recurring revenue in percentage of net sales 54% (50%)
- EBITDA SEK 19.9 m (SEK 17.6 m)
- EBITDA margin 23.9 % (21.1 %)
- EBIT SEK 6.2 m (SEK 2.6 m)
- Net profit SEK 5.6 m (SEK 1.8 m)
- EPS before dilution SEK 0.10 (SEK 0.04)
- Cash flow from operating activities SEK 8.6 m (SEK 11.8 m)

## PERIOD JANUARY 1 – SEPTEMBER 30, 2016\*

- Net sales SEK 272.0 m (SEK 256.1 m)
- System revenue SEK 175.7 m (SEK 172.3 m)
- Recurring revenue in percentage of net sales 49% (49%)
- EBITDA SEK 57.8 m (SEK 52.0 m)
- EBITDA margin 21.2 % (20.3 %)
- EBIT SEK 13.8 m (SEK 11.5 m)
- Net profit SEK 11.3 m (SEK 10.3 m)
- EPS before dilution SEK 0.21 (SEK 0.20)
- Cash flow from operating activities SEK 23.2 m (SEK 34.1 m)

\* Comparison figures in this report has been adjusted to reflect the remaining operations after the sale of the business area Customer Specific Solutions in Denmark during the fourth quarter 2015. For additional information, see specification in the groups consolidated income statement summary and the note 8 quarters in summary.

## INCOME STATEMENT - SUMMARY

(SEK Million)	Jul-Sep		Jan-Sep		Rolling 12 months	Full year 2015
	2016	2015	2016	2015		
Net sales	83,2	83,5	272,0	256,1	365,2	349,3
<i>whereof recurring revenue</i>	45,3	42,1	133,5	124,8	177,1	168,4
EBITDA	19,9	17,6	57,8	52,0	79,4	73,7
EBIT - excluding items affecting comparability	6,2	4,6	17,0	13,4	25,3	21,8
EBIT	6,2	2,6	13,8	11,5	22,2	19,8

## COMMENTS FROM THE GROUP CEO

*A good quarter with continued margin improvements and strong growth in recurring revenues as the most positive highlights.*

*The completed reorganisations are starting to show effect, with lower cost, and both Denmark as well as Life Science show improvements in profitability.*

*The growth in recurring revenue more than compensates for the somewhat lower license sale and gives us a decent quarter profit-wise. The lower license sale is mainly due to low activity in the municipal market for document and case management in Sweden. However, it should be noted that we have yet not recognized any license revenue for the deal to Stockholm city.*

*Normally the fourth quarter is a strong quarter regarding license sales, and we believe that this will be the case also this year. We do not, however, expect to be able to compensate for what we are already behind compare to last year's license sales.*

*On the Swedish market for e-archiving, the activity is on the contrary high, which could well be part of the explanation for the lower activity regarding document and case management. We are winning the majority of the procurements regarding archiving. Software for archiving are increasingly procured as a service (also known as SaaS, cloud service, etc.), where revenues are repetitive, and increases with the degree of use. Over time, we consider this beneficial for us since we know from experience that our customers stay with our products for long and continues to increase their use. In the short term, however, it gives us lower revenues than traditional license sales.*

*Also in Denmark the activity is low in the municipal market for new procurements regarding document and case management systems. This is the way it has been in the Danish municipal market in recent years and we do not consider that this will change in the foreseeable future, which is one of the reasons for our completed reorganization. We focus on our existing customers by helping them in their digitalization process through expanded system support such as mobility, e-services,*

quality, and to involve more users. In these areas there are good growth potential.

The delivery project to Stockholm city is proceeding according to plan. The points of payment in the contract is back-loaded, which explains why our cash flow is not as strong as normal. The project will continue to put pressure the cash flow until the summer of 2017 when the three pilot administrations goes into production.

## **SIGNIFICANT EVENTS DURING THE PERIOD JULY – SEPTEMBER 2016**

### **INCREASED NUMBER OF SHARES**

Following the exercise of the warrant program 2013/2016 new shares have been issued and the number of shares and votes in the Company has increased by 1,130,206 and the share capital has increased by SEK 113,020.60.

### **UK LASERNET ORDER**

Formpipe receives another cloud-based Lasernet order through their partner Ferranti, for a UK based utilities company. The initial order value is estimated to SEK 1.4 million over a four-year period.

### **ORDER FROM NORDEA-FONDEN**

Formpipe, a leading provider of ECM software, today announces that it has signed a contract with Nordea-Fonden, a foundation supporting good living initiatives in Denmark, for the grants management product TAS. The total order value amounts to SEK 4.3 million for a duration of four years.

## **MARKET**

Formpipe focuses its offerings on the public sector in Sweden and Denmark, in the international market on the Life Sciences industry and Legal sector and on industry independent offerings in respect of input/output management. According to the Radar Group, ECM continues to be a high priority investment area for companies and organizations.

Greater regulatory requirements and effective information management as a means of competition are important driving forces that have a tendency to be continually strengthened in connection with the increased amount of information.

### **PUBLIC SECTOR**

According to analysts at Radar Group, ECM continues to be a high-priority investment area for the public sector. According to Radar, the ECM market for the public sector in Sweden will see growth of 5.1 (3.0) per cent, with an equivalent figure for Denmark of 4.3 (2.8) per cent.

The ECM market for public sector is less sensitive to market fluctuations than other sectors since they have a continuous need to invest in effective e-government solutions. Shrinking younger age groups must support a growing senior age group, while rising living standards

are still expected. Public administration is facing major cost driving challenges and changes in fields such as digitisation and streamlining of operations, accessibility and service via the web and reduced costs for production of standardised IT. Both Formpipe and external analysts estimate that the need for efficient administration will lead to continued investments by the public sector in existing or new ECM systems. The number of public agencies that have a budget for ECM will also increase from year to year. The trend points to reducing operational costs through initiatives like outsourcing, so that resources are freed up for e-administration development. As part of this trend, investments are increasingly being financed through operating budgets. ECM solutions have evolved from being an IT issue to becoming a strategic business issue.

### **CHALLENGES/DRIVING FORCES IN THE PUBLIC SECTOR**

Public administrations in Europe are facing the challenge of improving efficiency, productivity and the quality of their services. All these challenges must though be met with unchanged or even reduced budgets. Information and communication technology helps the public sector to handle challenges such as:

- Ever increasing squeeze on financial conditions.
- Increased demands in regard to transparency and improved service levels from citizens and companies.
- A demographic reality that means that in future we must do more with fewer resources.

### **LIFE SCIENCE**

Formpipe currently has customers in a number of European countries, as well as in the USA, regarding products and services for quality management and regulatory compliance. Like the public sector, the Life Sciences Industry has strict regulatory requirements. The market is strictly regulated by the national regulations of the market that the product or service is to be submitted to (in the US the regulator is the Food and Drug Administration (FDA), in the European Union it is the EMEA, etc).

It is estimated that the market for ECM products for the Life Sciences industry will grow strongly among medium-sized enterprises (200-1,000 users), as these are starting to use the same efficiency-enhancing tools as the major, traditional pharmaceutical companies. The major companies (more than 1,000 users) are seeing a trend towards replacing several different local systems with integrated turnkey solutions which provide a better overview and reduce administration and maintenance costs. It is thought that the market for EQMS products for Life Sciences companies' subcontractors will also grow, as they need to comply with the industry's regulations on account of the fact that they are increasingly playing a key role in the delivery and supply chain.

### **INPUT/OUTPUT MANAGEMENT**

Formpipe's offering regarding input and output management, Lasetnet, is essentially linked to the ERP market. The software is used for designing, converting and distributing business documents with data retrieved directly

from any ERP system and it has more than 2,000 customers within a variety of industries all over the world.

Formpipe focuses on further reinforcing its offering for customers implementing Microsoft Dynamics, currently one of the fastest-growing ERP systems on the market. Formpipe has a well-developed partnership with a number of key partners in countries such as the Netherlands, Germany, Denmark and Sweden, and as a result it is able to benefit from the major sales successes for Microsoft Dynamics.

## THE FUTURE

Formpipe is a leading supplier of ECM solutions in Sweden and Denmark. The Company considers it is well-positioned to be able to develop and strengthen its leading position while retaining good profitability levels. The company sees good opportunities to continue to utilize its experience from its successes within the public sector in Sweden and Denmark, which from an international perspective are considered models for efficient public administration, in order to target new markets and customer segments. With well-invested products, solid experience of the public sector and facilities for continued product development, the company sees opportunities to focus on the demand at EU level which with increased regulatory requirements can be expected to increase its investments in the coming years. In addition to the Swedish public sector, Formpipe Software also focuses on the life science sector, which like the public sector is a segment that is strictly regulated by regulatory requirements. The Company has developed a competitive offering to this sector. The life science market is faced with the same regulatory requirements regardless of geographical location, which creates a very large international market. The company's strategy with focus on the public sector and Life Science creates good opportunities to be able to efficiently develop market-leading offerings and need sector-specific requirements.

The board believes that Formpipe, which is one of the largest European-based ECM suppliers, is well-positioned with a stable customer base, a high share of recurring revenue and a focus on customer segments with a high need for ECM solutions.

## FINANCIAL INFORMATION

Revenues and costs for the outcome and comparison figures has been adjusted to reflect the remaining operations after the sale of the business area Customer Specific Solutions in Denmark during the fourth quarter 2015.

### REVENUE

#### JULY-SEPTEMBER 2016

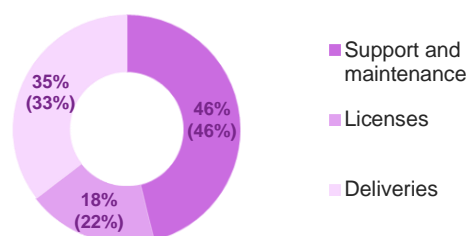
Net sales for the period totalled to SEK 83.2 million (83.5 million). System totalled to SEK 56.2 million (56.3 million). Total recurring revenue for the period increased by 8 % from the previous year and totalled to SEK

45.3 million (42.1 million), which is equivalent to 54 % of net sales. Exchange rate effects have affected net sales negatively by SEK 0.2 million in comparison with the previous year.

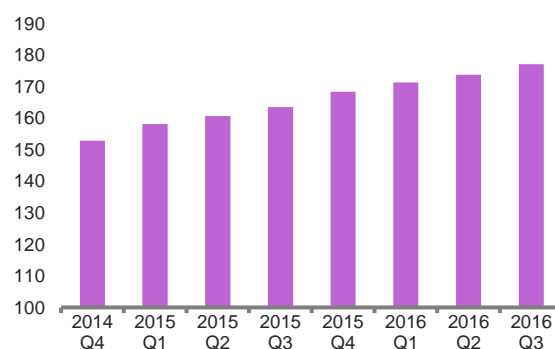
#### JANUARY – SEPTEMBER 2016

Net sales for the period totalled to SEK 272.0 million (256.1 million), which corresponds to an increase of 6 %. System revenue increased by 2 % from the previous year and totalled to SEK 175.7 million (172.3 million). Total recurring revenue for the period increased by 7 % from the previous year and totalled to SEK 133.5 million (124.8 million), which is equivalent to 49 % of net sales. Exchange rate effects have affected net sales negatively by SEK 0.4 million in comparison with the previous year.

#### Breakdown of sales, Jan – Sep 2016



#### Recurring revenue rolling 12-month, SEKm



## COSTS

#### JULY-SEPTEMBER 2016

The operating costs for the period decreased by 2 % and totalled to SEK 77.0 million (79.0 million). Personnel costs decreased by 4 % and totalled to SEK 44.3 million (46.1 million). Selling expenses totalled to SEK 11.3 million (12.4 million). Other costs totalled to SEK 16.8 million (18.9 million).

#### JANUARY – SEPTEMBER 2016

The operating costs for the period increased by 5 % and totalled to SEK 255.1 million (242.7 million). Personnel costs increased by 2 % and totalled to SEK 151.6 million

(148.5 million). Selling expenses totalled to SEK 38.2 million (34.4 million). Other costs totalled to SEK 53.0 million (54.3 million). During the period costs relating to restructuring reserves have been recognised of SEK 3.1 million (1.9 million).

## EARNINGS

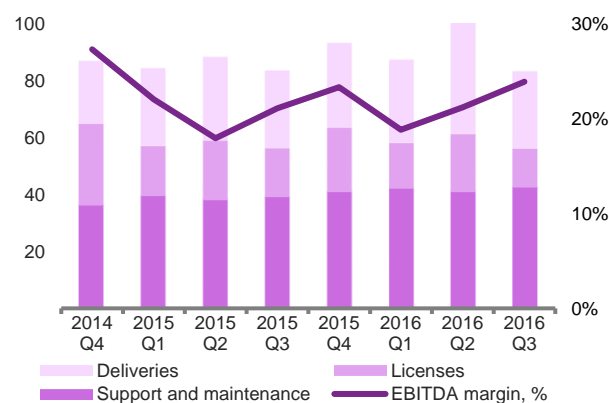
### JULY-SEPTEMBER 2016

Operating profit before depreciation and amortization and one-off costs (EBITDA) totalled to SEK 19.9 million (17.6 million) with an EBITDA margin of 23.9 % (21.1 %). Operating profit (EBIT) totalled to SEK 6.2 million (2.6 million) with an operating margin of 7.5 % (3.1 %). Net profit totalled to SEK 5.6 million (1.8 million). Exchange rate effects have affected EBITDA positively by SEK 0.1 million in comparison with the previous year.

### JANUARY – SEPTEMBER 2016

Operating profit before depreciation and amortization and one-off costs (EBITDA) totalled to SEK 57.8 million (52.0 million) with an EBITDA margin of 21.2 % (20.3 %). Operating profit (EBIT) totalled to SEK 13.8 million (11.5 million) with an operating margin of 5.1 % (4.5 %). Net profit totalled to SEK 11.3 million (10.3 million). Net profit from discontinued operations amounted to SEK 2.4 million (5.3 million). Exchange rate effects have affected EBITDA positively by SEK 0.4 million in comparison with the previous year.

### Sales and EBITDA margin, SEKm



## FINANCIAL POSITION AND LIQUIDITY

### CASH EQUIVALENTS

Cash and cash equivalents at the end of the period amounted to SEK 27.2 million (15.6 million). The company had interest-bearing debt at the end of the period totalling to SEK 110.8 million (124.8) million. The company's net interest-bearing debt thereby totalled to SEK 83.6 million (109.2 million).

The company has bank overdraft facilities for a total of SEK 10.0 million and for DKK 17.0 million, which were not utilized at the end of the period (- million).

### EQUITY

Equity at the end of the period amounted to SEK 336.1 million (316.1 million), which was equivalent to SEK 6.55 (6.30) per outstanding share at the end of the period. The strengthening of the Swedish krona has increased the value of the group's net assets in foreign currencies by SEK 8.2 million (-1.8 million) from the end of the year.

During the period the personnel warrant program 2013/2016 was exercised. A total of 1 130 2016 new shares were issued from this program. The number of shares and votes in the Company has therefore increased with 1 130 206. After the issue of new shares, the total number of shares and votes in the Company amounts to 51 273 608 and the share capital to SEK 5 127 360.80.

### EQUITY RATIO

The equity ratio at the end of the period was 55 % (50 %).

## CASH FLOW

### CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities for the period January - September totalled to SEK 23.2 million (39.4 million), of which divested business operations SEK - million (SEK 5.3 million).

### INVESTMENTS AND ACQUISITIONS

Total investments for the period January - September amounted to SEK 29.4 million (34.8 million), of which investments affecting cash flow totalled to SEK 27.3 million (32.0 million).

Investments in intangible assets totalled to SEK 28.5 million (33.4 million) and refer to capitalized product development costs.

Investments in tangible assets totalled to SEK 0.9 million (1.4 million).

During the period received payment from acquisition/divestiture of business activities amounted to SEK 3.1 million (- million).

### FINANCING

During the period January – September the company has amortized SEK 9.8 million (18.2 million) and the interest-bearing debt amounted to SEK 110.8 million (124.8 million) at the end of the period.

As an outcome from the exercise of the personnel warrant program 2013/2016, 1 130 2016 new shares was issued and payments amounting to SEK 7.5 million has been added to the Company. At the same time the Company repurchased 369 794 warrants to a value of SEK 0.5 million (- million).

During the period a new warrant program (2016/2019) has been issued to the company's personnel amounting to 500 000 warrants, which has provided the company with payments of SEK 0.3 million (0.2 million).

During the period dividends amounting to SEK 6.6 million (- million) has been paid out to shareholders.

## OTHER

### EMPLOYEES

The number of employees at the end of the reporting period totalled to 230 persons (256 persons of which 15 persons were related to discontinued business operations).

### RISKS AND UNCERTAINTY FACTORS

The significant risk and uncertainty factors for the group and the parent company, which include business and financial risks, are described in the annual report for the last financial year. During the period there have been no changes in the risk and uncertainty factors for the group and the parent company.

### TRANSACTIONS WITH RELATED PARTIES

No transactions with related parties have occurred during the period

### ACCOUNTING POLICIES

The group's financial reports are prepared in accordance with International Financial Reporting Standards (IFRS) in the way in which they have been adopted by the European Union, the Swedish Annual Accounts Act, RFR 1 Additional Accounting Regulations for Groups issued by the Swedish Financial Reporting Board and in accordance with the regulations that the Stockholm Stock Exchange stipulates for companies listed on Nasdaq Stockholm. Preparing financial reports in accordance with IFRS requires that the company management makes accounting evaluations and estimates and makes assumptions that affect the application of the accounting policies and the reported values of assets, liabilities, income and costs. The actual result can differ from these estimates and evaluations. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The most important accounting policies according to IFRS, which constitute the accounting standard for the preparation of this interim report, are stated in the company's most recently published annual report. During the fourth quarter of 2015 the business area Customer Specific Solutions has been sold. The business area, which earlier was included in Formpipe Groups segment Denmark, is therefore treated as a discontinued operation according to IFRS 5 and is accounted and disclosed in accordance with this accounting standard.

The financial reports of the parent company have been prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities issued by the Swedish Financial Reporting Board. The same accounting policies and methods of calculation have

been applied in the interim report and in the most recent annual report.

### ABOUT FORMPIPE

Formpipe Software AB (publ) is a software company in the field of ECM (Enterprise Content Management). We develop and deliver ECM products for structuring information in larger companies, the public sector and organizations. Our software helps organizations to capture and place information in context. Reduced costs, minimized risk exposure and structured information are the benefits from using our ECM products.

Formpipe was founded in 2004 and has offices in Sweden, Denmark, United Kingdom, the Netherlands and USA. The Formpipe share is listed on Nasdaq Stockholm.

### CALENDAR FOR FINANCIAL INFORMATION

February 10, 2017	Interim report Jan-Dec
April 24, 2017	Interim report Jan-Mar
April 25, 2017	Annual General Meeting
July 14, 2017	Interim report Jan-Jun
October 26, 2017	Interim report Jan-Sep

### FINANCIAL INFORMATION

Can be ordered from the below contact details. All financial information is published on [www.formpipe.com](http://www.formpipe.com) immediately after being made public.

### CONTACT INFORMATION

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Stockholm October 25, 2016  
Formpipe Software AB  
The Board of Directors and the Managing Director

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**CONSOLIDATED INCOME STATEMENT SUMMARY**

(SEK 000)	Jul-Sep		Jan-Sep	
	2016	2015	2016	2015
<b>Net Sales</b>	<b>83 221</b>	<b>83 514</b>	<b>272 028</b>	<b>256 129</b>
Sales expenses	-11 327	-12 381	-38 152	-34 369
Other costs	-16 844	-18 912	-52 967	-54 304
Personell costs	-44 260	-46 077	-151 636	-148 530
Capitalized work for own account	9 074	11 448	28 485	33 045
<b>Operating profit/loss before depreciation/amortization and non-comparative items (EBITDA)</b>	<b>19 865</b>	<b>17 592</b>	<b>57 758</b>	<b>51 972</b>
Items affecting comparability	-	-1 947	-3 118	-1 947
Depreciation/amortization	-13 658	-13 030	-40 801	-38 572
<b>Operating profit/loss (EBIT)</b>	<b>6 207</b>	<b>2 614</b>	<b>13 839</b>	<b>11 453</b>
Financial income and expenses	-1 111	-1 406	-3 517	-4 189
Exchange rate differences	2 043	1 139	2 208	-1 311
Tax	-1 561	-596	-3 656	-890
<b>Net profit for the period from remaining business</b>	<b>5 579</b>	<b>1 750</b>	<b>8 874</b>	<b>5 063</b>
Profit/loss attributable to discontinued business	-	69	-	5 280
Realization gains from discontinued business	-	-	2 434	-
<b>Net profit for the period</b>	<b>5 579</b>	<b>1 820</b>	<b>11 308</b>	<b>10 343</b>
<u>Of which the following relates to:</u>				
Parent company shareholders	5 290	2 002	10 420	10 131
Shareholding with no controlling influence	289	-182	888	211
<u>Other comprehensive income</u>				
Translation differences	717	3 393	8 229	-1 843
Other comprehensive income for the period, net after tax	717	3 393	8 229	-1 843
<b>Total comprehensive income for the period</b>	<b>6 296</b>	<b>5 213</b>	<b>19 537</b>	<b>8 500</b>
<u>Of which the following relates to:</u>				
Parent company shareholders	6 007	5 395	18 649	8 288
Shareholding with no controlling influence	289	-182	888	211
<i>EBITDA margin, %</i>	<i>23,9%</i>	<i>21,1%</i>	<i>21,2%</i>	<i>20,3%</i>
<i>EBIT margin, %</i>	<i>7,5%</i>	<i>3,1%</i>	<i>5,1%</i>	<i>4,5%</i>
<i>Profit margin, %</i>	<i>6,7%</i>	<i>2,2%</i>	<i>4,2%</i>	<i>4,0%</i>
Earnings per share attributable to the parent company's shareholders during the period (SEK per share)				
- before dilution	0,10	0,04	0,21	0,20
- after dilution	0,10	0,04	0,20	0,20
- before dilution, remaining business	0,10	0,04	0,16	0,10
- after dilution, remaining business	0,10	0,04	0,16	0,10
- before dilution, discontinued business	-	0,00	0	0,11
- after dilution, discontinued business	-	0,00	0	0,10
Average no. of shares before dilution, in 000	51 274	50 143	50 646	50 143
Average no. of shares after dilution, in 000	51 530	50 638	51 072	50 444

This is a translation of the original Swedish version. In the event of any discrepancies between the two versions, the original Swedish version shall take precedence.

**CONSOLIDATED BALANCE SHEET SUMMARY**

(SEK 000)	Sep 30		Dec 31
	2016	2015	2015
Intangible assets	476 722	503 921	473 393
Tangible assets	4 178	3 839	3 898
Financial assets	1 681	1 415	1 425
Deferred tax asset	21 157	23 551	23 680
Current assets (excl. cash equivalents)	75 455	84 088	77 723
Cash equivalents	27 192	15 619	37 670
<b>TOTAL ASSETS</b>	<b>606 386</b>	<b>632 434</b>	<b>617 789</b>
Equity	336 080	316 095	315 108
Shareholding with no controlling influence	2 687	2 926	3 378
Long-term liabilities	126 341	159 495	132 260
Current liabilities	141 277	153 917	167 043
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>606 386</b>	<b>632 434</b>	<b>617 789</b>
Net interest-bearing debt (-) / cash (+)	-83 590	-109 161	-79 081

**CHANGES IN CONSOLIDATED EQUITY**

(SEK 000)	Equity attributable to the parent company's shareholders					Shareholdings with no controlling influence	
	Share capital	Other contributed capital	Translation reserves	Profit/loss brought forward	Total		Total
<b>Balance at January 1, 2015</b>	<b>5 014</b>	<b>186 464</b>	<b>14 670</b>	<b>100 301</b>	<b>307 562</b>	<b>2 715</b>	<b>310 277</b>
<b>Comprehensive income</b>							
Net profit for the period	-	-	-	10 131	10 131	211	10 342
Other comprehensive income items	-	-	-1 843	-	-1 843	-	-1 843
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-1 843</b>	<b>10 131</b>	<b>8 288</b>	<b>211</b>	<b>8 499</b>
<b>Transaction with owners</b>							
Employee warrant schemes	-	245	-	-	245	-	245
<b>Total transaction with owners</b>	<b>-</b>	<b>245</b>	<b>-</b>	<b>-</b>	<b>245</b>	<b>-</b>	<b>245</b>
<b>Balance at September 30, 2015</b>	<b>5 014</b>	<b>186 709</b>	<b>12 827</b>	<b>110 432</b>	<b>316 095</b>	<b>2 926</b>	<b>319 021</b>
<b>Balance at January 1, 2016</b>	<b>5 014</b>	<b>186 709</b>	<b>4 454</b>	<b>118 930</b>	<b>315 108</b>	<b>3 378</b>	<b>318 486</b>
<b>Comprehensive income</b>							
Net profit for the period	-	-	-	10 420	10 420	888	11 308
Other comprehensive income items	-	-	8 229	-	8 229	-	8 229
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>8 229</b>	<b>10 420</b>	<b>18 649</b>	<b>888</b>	<b>19 537</b>
<b>Transaction with owners</b>							
Dividend	-	-	-	-5 014	-5 014	-1 579	-6 593
Share issue	113	7 425	-	-	7 538	-	7 538
Repurchase of warrants	-	-466	-	-	-466	-	-466
Employee warrant schemes	-	265	-	-	265	-	265
<b>Total transaction with owners</b>	<b>113</b>	<b>7 224</b>	<b>-</b>	<b>-5 014</b>	<b>2 323</b>	<b>-1 579</b>	<b>744</b>
<b>Balance at September 30, 2016</b>	<b>5 127</b>	<b>193 933</b>	<b>12 683</b>	<b>124 336</b>	<b>336 080</b>	<b>2 687</b>	<b>338 767</b>

This is a translation of the original Swedish version. In the event of any discrepancies between the two versions, the original Swedish version shall take precedence.

## CASH FLOW STATEMENT SUMMARY

(SEK 000)	Jul-Sep		Jan-Sep	
	2016	2015	2016	2015
Cash flow from operating activities before working capital changes	15 027	11 872	45 825	43 891
Cash flow from working capital changes	-6 467	-121	-22 594	-9 772
<b>Cash flow from remaining operating activities</b>	<b>8 560</b>	<b>11 751</b>	<b>23 231</b>	<b>34 119</b>
Cash flow from discontinued business	-	69	-	5 280
<b>Cash flow from operating activities</b>	<b>8 560</b>	<b>11 820</b>	<b>23 231</b>	<b>39 399</b>
Cash flow from investing activities <i>Of which acquisition/divestiture of business activities</i>	-9 310 -	-11 522 -	-24 235 3 121	-31 961 -
Cash flow from financing activities <i>Of which dividend paid</i>	-2 028 -	-3 199 -	-9 065 -6 593	-17 931 -
<b>Cash flow for the period</b>	<b>-2 779</b>	<b>-2 901</b>	<b>-10 069</b>	<b>-10 493</b>
<b>Change in cash and cash equivalent</b>				
Cash and cash equivalent at the beginning of the period	30 379	18 519	37 670	26 035
Translation differences	-409	1	-409	77
Cash flow for the period	-2 779	-2 901	-10 069	-10 493
<b>Cash and cash equivalent at the end of the period</b>	<b>27 192</b>	<b>15 619</b>	<b>27 192</b>	<b>15 619</b>

## 8 QUARTERS IN SUMMARY\*

(SEK 000)	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3
Support and maintenance	36 219	39 511	38 058	39 254	40 893	42 150	40 842	42 478
Licenses	28 600	17 617	20 884	17 025	22 708	15 999	20 459	13 730
System revenue	64 820	57 128	58 942	56 279	63 602	58 149	61 301	56 208
<i>whereof recurring revenue</i>	38 713	41 899	40 826	42 076	43 603	44 806	43 308	45 338
Deliveries	22 037	27 163	29 388	27 235	29 522	29 126	40 230	27 013
<b>Net sales</b>	<b>86 857</b>	<b>84 291</b>	<b>88 329</b>	<b>83 514</b>	<b>93 123</b>	<b>87 275</b>	<b>101 531</b>	<b>83 221</b>
Sales expenses	-5 083	-10 062	-11 925	-12 381	-14 033	-12 886	-13 939	-11 327
Other costs	-18 014	-16 645	-18 746	-18 912	-17 757	-17 399	-18 724	-16 844
Personnel costs	-51 479	-49 722	-52 736	-46 077	-51 607	-51 099	-56 277	-44 260
Capitalized development costs	11 410	10 696	10 901	11 448	11 957	10 524	8 887	9 074
Total operating expenses	-63 165	-65 733	-72 506	-65 922	-71 440	-70 861	-80 053	-63 356
<b>EBITDA</b>	<b>23 691</b>	<b>18 558</b>	<b>15 823</b>	<b>17 592</b>	<b>21 683</b>	<b>16 415</b>	<b>21 478</b>	<b>19 865</b>
%	27,3%	22,0%	17,9%	21,1%	23,3%	18,8%	21,2%	23,9%
Items affecting comparability	-	-	-	-1 947	-	-	-3 118	-
Depreciation/amortization	-12 066	-12 708	-12 834	-13 030	-13 308	-13 584	-13 559	-13 658
<b>EBIT</b>	<b>11 625</b>	<b>5 850</b>	<b>2 989</b>	<b>2 614</b>	<b>8 375</b>	<b>2 831</b>	<b>4 801</b>	<b>6 207</b>
%	13,4%	6,9%	3,4%	3,1%	9,0%	3,2%	4,7%	7,5%
Discontinued business:								
Net sales	10 456	9 692	7 493	4 627	2 165	-	-	-
EBITDA	5 204	4 102	2 844	1 683	-43	-	-	-

\* Adjusted to reflect the remaining business after disposal of customer specific consulting services in Denmark in 2015 Q4.



## SEGMENT SUMMARY

In order to visualize the effects from the disposal of the customer specific consulting services in Denmark December 11, 2015, the direct revenues and costs attributable to this business have been recorded separately. The business was previously a part of the segment Denmark.

As per December 31, 2015, the ownership of Formpipe Intelligo AB was transferred from Formpipe Software A/S to the parent company Formpipe Software AB and thereby also shifted from segment Denmark to segment Sweden. The comparable numbers below have been adjusted accordingly.

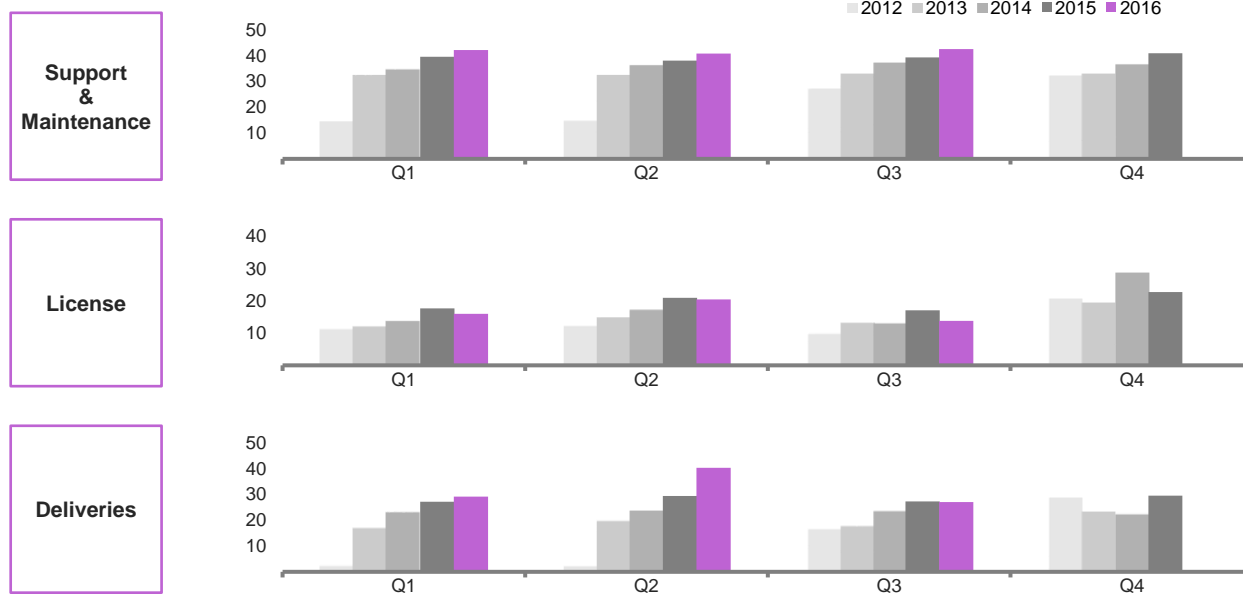
(SEK 000)	Jan-Sep					Remaining business	Discontinued business	Group
	Sweden	Denmark	Life Science	Eliminations				
Sales, external	109 477	155 234	7 317	-		272 028	-	272 028
Sales, internal	3 045	104	1 041	-4 190		-	-	-
<b>Total sales</b>	<b>112 522</b>	<b>155 338</b>	<b>8 358</b>	<b>-4 190</b>		<b>272 028</b>		<b>272 028</b>
Costs, external	-78 911	-123 494	-11 865	-		-214 270	-	-214 270
Costs, internal	-2 820	-383	-987	4 190		-	-	-
<b>EBITDA</b>	<b>30 791</b>	<b>31 461</b>	<b>-4 494</b>	<b>-</b>		<b>57 758</b>	<b>-</b>	<b>57 758</b>
%	27,4%	20,3%	-53,8%	0,0%		21,2%	-	21,2%

(SEK 000)	Jan-Sep					Remaining business	Discontinued business	Group
	Sweden	Denmark	Life Science	Eliminations				
Sales, external	99 933	142 068	14 128	-		256 129	21 817	277 946
Sales, internal	4 407	-	-	-4 407		-	-	-
<b>Total sales</b>	<b>104 340</b>	<b>142 068</b>	<b>14 128</b>	<b>-4 407</b>		<b>256 129</b>	<b>21 817</b>	<b>277 946</b>
Costs, external	-68 912	-117 220	-18 025	-		-204 157	-13 187	-217 344
Costs, internal	-3 281	-1 126	-	4 407		-	-	-
<b>EBITDA</b>	<b>32 147</b>	<b>23 722</b>	<b>-3 897</b>	<b>-</b>		<b>51 972</b>	<b>8 630</b>	<b>60 602</b>
%	30,8%	16,7%	-27,6%	0,0%		20,3%	39,6%	21,8%

## NUMBER OF SHARES

	2012-01-01	2013-01-01	2014-01-01	2015-01-01	2016-01-01	
	2012-12-31	2013-12-31	2014-12-31	2015-12-31	2016-09-30	
Number of outstanding shares at the beginning of the period		12 233 647	48 934 588	48 934 588	50 143 402	50 143 402
Share issue		36 700 941	-	-	-	1 130 206
Non-cash issue		-	-	1 208 814	-	-
<b>Number of outstanding shares at the end of the period</b>		<b>48 934 588</b>	<b>48 934 588</b>	<b>50 143 402</b>	<b>50 143 402</b>	<b>51 273 608</b>

## SALES ANALYSIS BY QUARTER



## KEY RATIOS FOR THE GROUP

	Jan-Sep	
	2016	2015
Net sales, SEK 000	272 028	256 129
EBITDA, SEK 000	57 758	51 972
EBIT, SEK 000	13 839	11 453
Net profit for the period, SEK 000	11 308	10 343
EBITDA margin, %	21,2%	20,3%
EBIT margin, %	5,1%	4,5%
Profit margin, %	4,2%	4,0%
Return on equity, %*	5,6%	6,6%
Return on working capital, %*	5,4%	5,6%
Equity ratio, %	55%	50%
Equity per outstanding share at the end of the period, SEK	6,55	6,30
Earnings per share - before dilution, SEK	0,21	0,20
Earnings per share - after dilution, SEK	0,20	0,20
Share price at the end of the period, SEK	8,90	7,80

\* Ratios including P&L measures are based on the most recent 12-month period

#### PARENT COMPANY INCOME STATEMENT SUMMARY\*

(SEK 000)	Jul-Sep		Jan-Sep	
	2016	2015	2016	2015
<b>Net sales</b>	<b>76 197</b>	<b>8 462</b>	<b>94 925</b>	<b>25 555</b>
Operating expenses				
Sales expenses	-7 934	-562	-12 789	-1 759
Other costs	-14 320	-2 115	-20 469	-7 958
Personnel costs	-26 052	-8 517	-48 245	-25 554
Depreciation/amortization	-1 595	-462	-4 708	-1 367
Total operating expenses	-49 902	-11 656	-86 211	-36 638
<b>Operating profit/loss</b>	<b>26 295</b>	<b>-3 195</b>	<b>8 714</b>	<b>-11 083</b>
Result from participations in group companies	-	-	2 921	-
Other financial items	2 978	876	4 110	-135
<b>Net profit for the period</b>	<b>29 273</b>	<b>-2 319</b>	<b>15 744</b>	<b>-11 218</b>

\* During the third quarter of 2016 the wholly owned Swedish subsidiaries were merged with the parent company.

#### PARENT COMPANY BALANCE SHEET SUMMARY

(SEK 000)	Sep 30		Dec 31
	2016	2015	2015
Intangible assets	21 290	3 746	3 432
Tangible assets	1 086	989	1 022
Financial assets	357 283	440 518	426 923
Deferred tax asset	3 635	6 440	3 635
Current assets (excl. cash equivalents)	45 296	23 019	34 125
Cash and bank balances	24 047	20 951	41 165
<b>TOTAL ASSETS</b>	<b>452 638</b>	<b>495 662</b>	<b>510 303</b>
Restricted equity	22 818	22 705	22 705
Non-restricted equity	202 312	193 092	213 507
Total equity	225 130	215 797	236 212
Long-term liabilities	99 223	132 243	107 036
Current liabilities	128 285	147 622	167 054
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>452 638</b>	<b>495 662</b>	<b>510 303</b>

#### PLEGDED ASSETS AND CONTINGENT LIABILITIES

Pledged assets refers to shares in subsidiaries as security for loans. The pledged assets in the Group is the same as disclosed for the Parent Company.

Ställda säkerheter	Sep 30		Dec 31
	2016	2015	2015
Pledged assets	270	370	334
Contingent liabilities	-	-	-

This is a translation of the original Swedish version. In the event of any discrepancies between the two versions, the original Swedish version shall take precedence.

## DEFINITIONS

Formpipe uses alternative key figures, also called APM (Alternative Performance Measures). From July 3<sup>rd</sup> 2016 new guidelines were implemented by the European Union regarding alternative APM's, which Formpipe uses in published reports. Formpipe's APM's is calculated from the financial reports, which are prepared in accordance with applicable rules for financial reporting, where prepared figures is altered by adding or subtracting amounts from the presented numbers. Below the alternative performance measures, that Formpipe uses in published reports, are defined and described

### SYSTEM REVENUE

The total of license revenue and revenue from support and maintenance contracts.

### RECURRING REVENUE

Revenue of an annually recurring nature such as support and maintenance revenue and revenue from rental license agreement.

### EBITDA

Earnings before depreciation, amortization, acquisition-related costs and other items of a one-off nature.

### EBIT

Operating profit/loss

### FREE CASH FLOW

Cash flow from operating activities minus cash flow from investing activities excluding acquisitions.

### EQUITY PER SHARE

Equity at the end of the period divided by the number of shares at the end of the period.

### RETURN ON EQUITY

Profit/loss after tax as a percentage of average equity

### RETURN ON WORKING CAPITAL

Operating profit/loss as a percentage of average working capital (balance sheet total less non-interest bearing liabilities and cash and bank balances).

### OPERATING MARGIN BEFORE DEPRECIATION AND AMORTIZATION (EBITDA MARGIN)

Earnings before depreciation, amortization, acquisition-related costs and other items of a one-off nature as a percentage of net sales.

### OPERATING MARGIN (EBIT MARGIN)

Operating profit/loss as a percentage of net sales.

### PROFIT MARGIN

Net profit/loss after tax as a percentage of sales at the end of the period.

### EQUITY RATIO

Equity as a percentage of the balance sheet total.

### EARNINGS PER SHARE - BEFORE DILUTION

Net profit/loss after tax divided by the average number of shares during the period.

### EARNINGS PER SHARE - AFTER DILUTION

Net profit/loss after tax adjusted for dilution effects divided by the average number of shares after dilution during the period.