

Formpipe.

## Interim report January – December 2019

### PERIOD OCTOBER 1 – DECEMBER 31, 2019

- Net sales of SEK 103.1 m (SEK 109.6 m)
- Software revenues of SEK 72.8 m (SEK 70.6 m)
- Recurring revenues of SEK 62.6 m (SEK 60.0 m) which corresponds to 61 % (55 %) of net sales.
- EBITDA SEK 28.4 m; 27.5 % (SEK 27.3 m; 24.9 %)
- EBITDA-adj. SEK 19.9 m; 19.4 % (SEK 17.9 m; 16.3 %)
- EBIT SEK 15.3 m; 14.9 % (SEK 16.1 m; 14.7 %)
- Net profit SEK 12.0 m; 11.7 % (SEK 12.5 m; 11.4 %)
- EPS before dilution SEK 0.23 (SEK 0.24)
- Cash flow from operating activities SEK 48.1 m (SEK 60.5 m)

### PERIOD JANUARY 1 – DECEMBER 31, 2019

- Net sales of SEK 393.8 m (SEK 406.4 m)
- Software revenues of SEK 275.4 m (SEK 267.8 m)
- Recurring revenues of SEK 244.0 m (SEK 223.2 m) which corresponds to 62 % (55 %) of net sales.
- EBITDA SEK 100.7 m; 25.6 % (SEK 99.7 m; 24.5 %)
- EBITDA-adj. SEK 64.4 m; 16.3 % (SEK 65.4 m; 16.1 %)
- EBIT SEK 47.5 m; 12.0 % (SEK 53.2 m; 13.1 %)
- Net profit SEK 35.0 m; 8.9 % (SEK 39.9 m; 9.8 %)
- EPS before dilution SEK 0.66 (SEK 0.76)
- Cash flow from operating activities SEK 63.7 m (SEK 121.4 m)
- The board proposes a dividend of SEK 0,60 per share (SEK 0,60)

### INCOME STATEMENT - SUMMARY

(SEK Million)	Oct-Dec		Jan-Dec	
	2019	2018	2019	2018
Net sales	103,1	109,6	393,8	406,4
<i>whereof recurring revenue</i>	62,6	60,0	244,0	223,2
EBITDA	28,4	27,3	100,7	99,7
EBITDA-adj	19,9	17,9	64,4	65,4
EBIT	15,3	16,1	47,5	53,2

## Comments from the Group's CEO

During the fourth quarter, Formpipe continues to increase its share of repetitive revenues, while the share of delivery and traditional license revenues decreases. Due to this, the seasonal fluctuations between the quarters successively levels out and the historically strong fourth quarter's importance for the full year's result will decrease over the years. Our repetitive revenues continue to increase and now cover 87% (77%) of our fixed operational costs, making our future development more predictable.

For the full year, it is satisfying to see the positive effects of our new organizational structure where the Private sector business area shows a clear improvement in both sales (+ 18%) and earnings (+ 37%) compared to last year. We believe this is an area with good growth potential and see a continued positive development during 2020.

During the fourth quarter, our business were successfully certified in accordance with the ISO 27001 security standard. Information security is high on the

agenda for Formpipe's customers and the ISO 27001 certification is a quality certificate that will increase in importance in procurements of Formpipe's products and services in the future.

In the public sector, we are now seeing an improvement of the market situation. After a period of lower activity, we now see more procurements in both the Danish and Swedish market. In Denmark, we also see positive effects from the new public framework agreements SKI 02.18 and 02.19.

The growth figures for ACV (Annual Contract Value) and ARR (Annual Recurring Revenue) for SaaS (Software-as-a-Service) are important indicators of our success. They show how we grow our SaaS revenues, software that is sold according to a subscription model and constitutes recurring revenue. During the year, we have generated an ACV of SEK 10 million, meaning that by year end have increased from just under SEK 40 million to almost SEK 50 million in ARR for our SaaS revenues.

With the basis of our stable cash flow that our business model with a high proportion of repetitive income creates, the Board of Directors propose a dividend of SEK 0.60 (SEK 0.60) per share. Finally, I would like to thank our customers, employees, partners and shareholders for an exciting year. We stand strengthened to continue or development of Formpipe's business and to together build a sustainable digital community built on creativity, curiosity and efficiency.

## Market

The digitalization of information creates new and growing flows of data from a number of different sources. Being able to handle these has become one of the most important challenges for companies and organizations.

Formpipe's products are used to create, store, distribute, automate, relocate, archive and manage information, data and metadata regarding e.g. scanned documents, e-mail, reports, records, business documents or information from other source systems.

The goal is to be able to refine and analyze content from one or more sources, to thereby provide the right insights by the right people receiving relevant information when they need it. It is in the Enterprise Content Management (ECM) market that Formpipe has grown to become a market leader in the public sector and a strong challenger in the private sector both industry-independent and with extra knowledge of Life Science and Legal.

The growth in the market is fueled in large part by the organizational and corporate-wide need to streamline operations and meet legal requirements and regulations. To be able to get the value out of the collective amount of information at companies and organizations, applications and services are needed – in order to securely – collaborate, search, analyse, process and distribute data and content. Growth drivers tend to gain strength as the amount of data and information increases. Intelligent information management is a high priority area.

Gartner's forecast for the global market is an average annual growth of 8.6 per cent in 2017-2022. The Content Services market has a total addressable forecast market in 2019 with system revenues of USD 8.3 billion<sup>1</sup>.

### CLOUD-BASED SOLUTIONS

An important part of the change of the ECM market is also that the development is moving increasingly towards cloud-based solutions, where the customers pay for what is used and where costs for development, operations, maintenance, upgrade and support are included in the running agreement. The transition to SaaS is taking place very quickly now and Gartner estimates that the SaaS

revenues will reach up to 40 per cent of the total sales of software in 2022.

### Cloud Shift Proportion by Category

	2018	2019	2020	2021	2022
System infrastructure	11%	13%	16%	19%	22%
Infrastructure software	13%	15%	17%	18%	20%
Application Software	34%	35%	38%	39%	40%
Business process outsourcing	27%	28%	29%	29%	30%
<b>Total</b>	<b>19%</b>	<b>21%</b>	<b>24%</b>	<b>26%</b>	<b>28%</b>

Källa: Gartner (Aug 2018)

This development is well in line with Formpipe's reality where growing numbers of the Company's customers choose to shift to Formpipe's cloud services for the standard products and with the Company's development of service modules that can process information both from Formpipe's existing systems and other systems.

## Business Areas

### SWEDISH PUBLIC SECTOR

Around SEK 45 billion is invested in IT in the public sector every year. The Swedish Government's ambition is for government agencies, municipalities and county councils to be the best in the world at using the possibilities of digitalization to create an efficient public sector – a simpler daily life for private individuals and companies, more jobs and greater welfare. Digital solutions and automation create opportunities to meet the growing welfare needs and at the same time increase the service to the citizens. Formpipe has extensive knowledge of the opportunities and challenges that Sweden's municipalities, county councils and agencies will be facing in the future.

### DANISH PUBLIC SECTOR

Denmark is high up in the European Commission's measurements of "Digital Service in the public sector". Statistics Denmark's survey strengthens this picture.

The Danish public sector invested DKK 14 billion in IT in 2017. The digitalization of the Danish public sector creates value, growth and efficiency and maintains the Danes' confidence in the digital society. With the common public digitalization strategy 2016-2020, the public sector sets ambitious goals for the development towards a more digital public sector in the next few years. Digital solutions and automation create opportunities to meet the growing welfare needs and at the same time increase the service to the citizens.

The employers' organization Dansk Industri believes that a modernization and digitalization of the public sector can free up DKK 20 billion<sup>2</sup> by 2025. Money that can then be fed back to the public sector and contribute to increasing the level of service. Formpipe has extensive

<sup>1</sup> Source: Gartner: Enterprise Application Software, Worldwide, 2016-2022, 4Q18 Update

<sup>2</sup> <https://www.danskindustri.dk/politik-og-analyser/di-mener/digitalisering/digitalisering-af-den-offentlige-sektor/>

knowledge of the opportunities and challenges that the Danish public sector will face in the future.

### PRIVATE SECTOR

In the Private Sector area, Formpipe has a stable foundation in the CCM product, Lasernetet. The global Customer Communications Management (CCM) market is mainly driven by a greater need for automation of customer communication in various channels. The software revenues in the global market are expected to increase at an annual growth rate of 13.4% from 2017 to 2021. With CCM products, content is produced, individualized, formatted and distributed from different systems and data sources to the format that best suits the Company in its communication with customers or other business partners.

Through the successful cooperation with Microsoft, Formpipe has established Lasetnet as a cloud service through the global market places Microsoft Azure Marketplace and Microsoft AppSource. By expanding the cooperation to concern more products from Formpipe, the possibility is opened up for a significantly larger market. Conditions exist for example for Formpipe's products for digital long-term archiving and data quality.

## Financial Information

### REVENUE

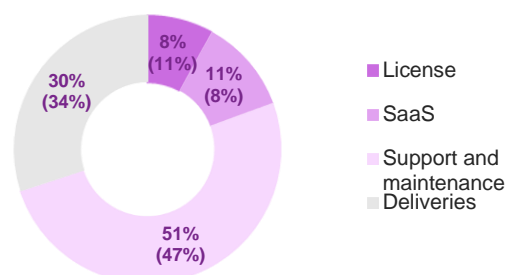
#### October – December 2019

Net sales for the period totalled to SEK 103.1 million (109.6 million), which corresponds to a decrease of 6 %. Software revenue increased by 3 % from the previous year and totalled to SEK 72.8 million (70.6 million). Total recurring revenue for the period increased by 4 % from the previous year and totalled to SEK 62.6 million (60.0 million), which is equivalent to 61 % of net sales (55 %). Exchange rate effects have affected net sales positively by SEK 2.0 million in comparison with the previous year.

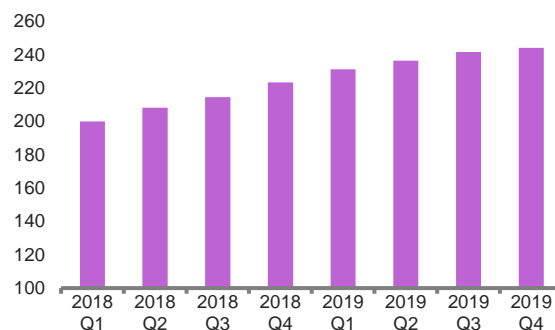
#### January – December 2019

Net sales for the period totalled to SEK 393.8 million (406.4 million), which corresponds to a decrease of 3 %. Software revenue increased by 3 % from the previous year and totalled to SEK 275.4 million (267.8 million). Total recurring revenue for the period increased by 9 % from the previous year and totalled to SEK 244.0 million (223.2 million), which is equivalent to 62 % of net sales (55 %). Exchange rate effects have affected net sales positively by SEK 7.5 million in comparison with the previous year.

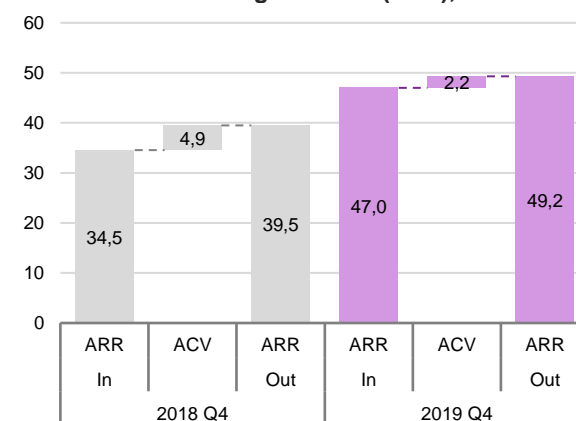
### Breakdown of sales revenue, Jan–Dec 2019



### Recurring revenue rolling 12 months, MSEK



### SaaS Annual Recurring Revenue (ARR), MSEK



## COSTS

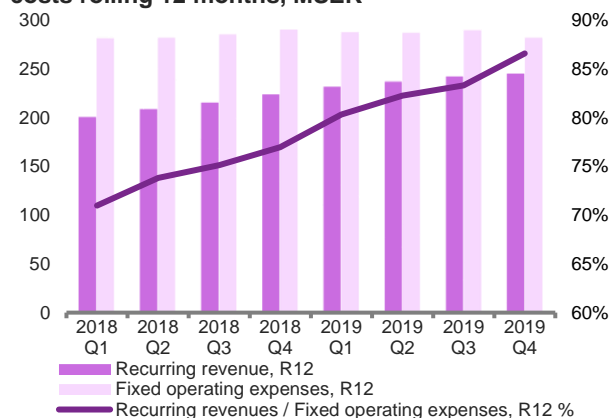
### October – December 2019

The operating costs for the period totalled to SEK 87.7 million (93.4 million). Personnel costs totalled to SEK 53.0 million (58.2 million). Selling expenses totalled to SEK 12.9 million (13.5 million). Other costs totalled to SEK 17.2 million (20.0 million).

### January – December 2019

The operating costs for the period totalled to SEK 346.3 million (353.2 million). Personnel costs totalled to SEK 208.9 million (215.0 million). Selling expenses totalled to SEK 47.5 million (50.9 million). Other costs totalled to SEK 73.0 million (75.0 million).

### Recurring revenues in relation to fixed operating costs rolling 12 months, MSEK



## EARNINGS

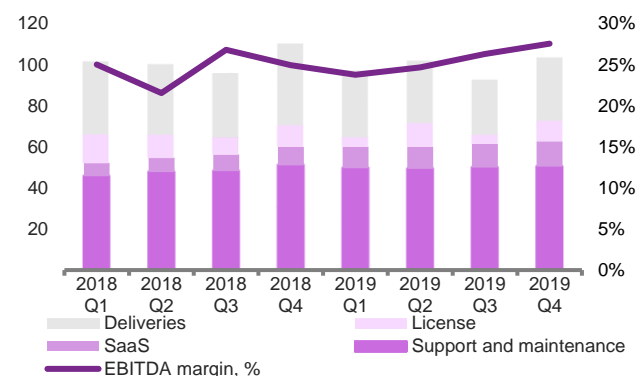
### October – December 2019

Operating profit before depreciation and amortization and items affecting comparability (EBITDA) totalled to SEK 28.4 million (27.3 million) with an EBITDA margin of 27.5 % (24.9 %). Operating profit (EBIT) totalled to SEK 15.3 million (16.1 million) with an operating margin of 14.9 % (14.7 %). Net profit totalled to SEK 12.0 million (12.5 million). Exchange rate effects have affected EBITDA positively by SEK 0.6 million in comparison with the previous year. IFRS 16 has affected EBITDA positively by SEK 2.0 million.

### January – December 2019

Operating profit before depreciation and amortization and items affecting comparability (EBITDA) totalled to SEK 100.7 million (SEK 99.7 million) with an EBITDA margin of 25.6 % (24.5 %). Operating profit (EBIT) totalled to SEK 47.5 million (53.2 million) with an operating margin of 12.1 % (13.1 %). Net profit totalled to SEK 35.0 million (39.9 million). Exchange rate effects have affected EBITDA positively by SEK 1.5 million in comparison with the previous year. IFRS 16 has affected EBITDA positively by SEK 7.9 million.

### Sales and EBITDA margin, MSEK



## FINANCIAL POSITION AND LIQUIDITY

### Cash equivalents

Cash and cash equivalents at the end of the period amounted to SEK 33.7 million (123.8 million). The company had interest-bearing debt at the end of the period totalling to SEK 33.0 million (77.1 million), whereof 27.1 million (- million) refers to lease debts according to IFRS 16 and 5.9 million (-) refers to utilized bank overdraft. The company's total bank overdraft limit amounts to SEK 50.0 million.

The company's net cash position thereby totalled to SEK 0.7 million (46.7 million), which corresponds to a net cash position of 27.8 million excluding any IFRS 16 effects.

### Deferred tax asset

By the end of the period the company's deferred tax assets attributable to accumulated losses amounted to SEK 7.7 million (SEK 9.4 million).

### Equity

Equity at the end of the period amounted to SEK 400.1 million (391.0 million), which was equivalent to SEK 7.52 (7.39) per outstanding share at the end of the period. Changes in the value of the Swedish krona compared to other currencies have changed the value of the group's net assets in foreign currencies by SEK 4.9 million (9.5 million) from the end of the year.

### Equity ratio

The equity ratio at the end of the period was 59 % (56 %).

## CASH FLOW

### Cash flow from operating activities

Cash flow from operating activities for the period January - December totalled to SEK 63.7 million (121.4 million). The cash flow has been affected negatively by increased working capital tied up compared to previous periods.

### Investments and acquisitions

Total investments for the period January - December amounted to SEK 42.2 million (40.1 million).

Investments in intangible assets totalled to SEK 40.6 million (37.1 million) and refer to capitalized product development costs.

Investments in tangible and financial assets totalled to SEK 1.7 million (3.0 million).

### Financing

In April, the loan, which was raised in connection to the acquisition of Traen A/S in 2012, was repaid in full. During the period January – December the company thus amortized SEK 79.1 million (16.6 million).

At the end of the period, the company utilized SEK 5.9 million of the existing bank overdraft facility totalling to SEK 50.0 million. Leasing related liabilities amounted to SEK 27.1 million (-) at the end of the period. The company's interest-bearing debt at the end of the period was thereby SEK 33.0 million (77.1 million).

As an outcome from the exercise of the personnel warrant program 2016/2019, 286,501 new shares was issued and payments amounting to SEK 2.9 million (3.0 million) has been added to the Company. At the same time the Company repurchased 211,499 warrants to a value of SEK 2.6 million (0.9 million).

During the period a new warrant program (2019/2022) has been issued to the company's personnel amounting to 500 000 warrants, which has provided the company with payments of SEK 0.6 million (0.4 million).

During the period dividends amounting to SEK 31.7 million (25.9 million) has been paid out to shareholders.

## Proposed appropriation of profits

### DIVIDEND

The Board proposes that the AGM to be held on 29 April 2020 adopts a resolution to pay a dividend of SEK 0.60 (0.60) per share, which means a total dividend of SEK 31.9 million (31.7 million).

As the basis for its proposal for the appropriation of profits, the board, in accordance with chapter 17 § 3 subsect 2- 3 of the Swedish Companies Act, has assessed the parent company's and the group's need to strengthen the balance sheet, its liquidity and financial position otherwise, and the ability to meet its obligations in the long-term.

## Significant events during the period January – December 2019

### JANUARY-MARCH

No significant events have occurred during the period January-March.

### APRIL-JUNE

#### Issue of warrant incentive program

It was decided at the AGM held on 26 April to issue 500,000 warrants offered to all employees within the Formpipe Software group, where one option gives the right to subscribe for one new share. The programme was fully subscribed.

#### Increased number of shares

During the period the personnel warrant program 2016/2019 was exercised. A total of 286 501 new shares were issued from this program. The number of shares and votes in the Company has therefore increased with 286 501 and the share capital has increased with SEK 28 650.01. After the issue of new shares, the total number of shares and votes in the Company amounts to 53,173,907 and the share capital to SEK 5,317,390.7.

### JULY-SEPTEMBER

No significant events have occurred during the period July-September.

### OCTOBER-DECEMBER

No significant events have occurred during the period October-December.

## Significant events after the period's end

No significant events have occurred after the period's end.

## Other

### EMPLOYEES

The number of employees at the end of the reporting period totalled to 221 persons (222 persons).



## 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 related party transactions 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 interim report covers pages 1-16 and the interim report on pages 1-7 is thus an integral part of this financial report. 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 except for the changes in the principles of financial leasing applied by the Group from January 1, 2019 in accordance with IFRS 16. The Group's new accounting principles for leasing is described in the following section "New accounting principles applied from January 1, 2019".

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.

### **New Accounting Standards Applicable from January 1, 2019**

#### **IFRS 16 LEASING**

IFRS 16 "Leases" replaces IAS 17 "Leases" and its related interpretations. The new standard is applied as of January 1, 2019. The new standard removes the classification of leasing agreements as operational or financial, for the lessee, as required by IAS 17, and instead introduces a single model for accounting.

According to the new model, all leases result in the lessee receiving a right to use an asset during the assessed lease term and, if payments are made over time, also receive financing. Formpipe's long-term operational leases will be reported as non-current assets and financial liabilities in the Group's balance sheet. Instead of operating leasing costs, Formpipe will report depreciation and interest expenses in the consolidated income statement.

Formpipe has chosen to report the transition to the new standard with the simplified method. The relief rule not to recalculate the comparison year has been applied. The size of the right of use has been valued to correspond to the size of the leasing debt at the time of transition. A marginal loan rate has been set. The right of use has been determined retrospectively with knowledge of how the termination and extension clauses have been applied. Use rights agreements shorter than 12 months or which terminate within 12 months from the transition date are classified as short-term contracts and are therefore not included in the reported liabilities or rights of use. In addition, user rights agreements (with a new acquisition value of less than USD 5,000) have been classified as low value contracts and are not included in the reported liabilities or user rights.

Formpipe as a lessee evaluates all new agreements to see if they contain leasing components. The decisive factor in determining whether an agreement exists is the right to the main economic values when using the asset and the right to control the use of the asset and that the supplier does not have a substantial exchange right. Formpipe has decided to separate non-leasing components and leasing components into contracts related to buildings. Expenses attributable to non-leasing components shall be expensed and not included in the calculation basis for the right of use and the leasing debt. For other asset classes, non-leasing components shall be included in the calculation basis for rights of use and leasing debt. At the start of a new lease, it is assessed whether Formpipe as a lessee will choose to extend the agreement, purchase the underlying assets, or avail of early termination. In cases where the agreement is open, with no defined end date, local laws and regulations can provide ownership of the lessee. This means that Formpipe as the lessee itself has to determine which contract length is considered reasonable instead of taking into account the termination clause in the agreements. The lessee determines the contract period by assessing factors such as the property's importance for the business, its own planned or implemented investments in the leased property and the market situation for properties. When the leasing debt and the use rights are calculated, the implicit interest in the agreement is primarily applied. In cases where it cannot be determined, the marginal loan rate is used instead, which corresponds to the interest the company would be offered if the acquisition was financed with loans from a financial institution. Formpipe begins to write off its rights of use from the start date of the contract and selects the depreciation period which is the shortest of the economic life or rental period.

The Group's pro forma income statement and balance sheet have been prepared to facilitate the comparison

with the fiscal year 2018 by eliminating the IFRS 16 effect on the income statement and balance sheet for 2019. During the fiscal year 2020, the IFRS 16 effect is included in both the current fiscal year as well as the comparative figures for 2019, hence are these reports no longer necessary.

#### 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, Germany and USA. The Formpipe share is listed on Nasdaq Stockholm.

#### CALENDAR FOR FINANCIAL INFORMATION

April 28, 2020	Interim report Jan-Mar
April 29, 2020	Annual General Meeting
July 16, 2020	Interim report Jan-Jun
Oct 27, 2020	Interim report Jan-Sep

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

The annual report will be available for shareholders on Formpipe's webpage, [www.formpipe.com](http://www.formpipe.com), and on the group's headquarter, Sveavägen 168 in Stockholm from week 15.

The General Annual Meeting will be held at the head office at Sveavägen 168, at 3:00 pm on the 29th of April 2020.

#### 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 February 14, 2020  
Formpipe Software AB  
The Board of Directors and the Managing Director

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**CONSOLIDATED INCOME STATEMENT SUMMARY**

(SEK 000)	Oct-Dec		Jan-Dec	
	2019	2018	2019	2018
<b>Net Sales</b>	<b>103 059</b>	<b>109 550</b>	<b>393 797</b>	<b>406 412</b>
Sales expenses	-12 918	-13 549	-47 543	-50 941
Other costs	-17 220	-19 966	-72 963	-75 021
Personnel costs	-52 979	-58 156	-208 886	-215 004
Capitalized work for own account	8 430	9 419	36 261	34 286
<b>Operating profit/loss before depreciation/amortization and non-comparative items (EBITDA)</b>	<b>28 372</b>	<b>27 299</b>	<b>100 667</b>	<b>99 732</b>
Depreciation/amortization	-13 059	-11 159	-53 154	-46 518
<b>Operating profit/loss (EBIT)</b>	<b>15 314</b>	<b>16 140</b>	<b>47 514</b>	<b>53 214</b>
Financial income and expenses	-694	-624	-2 146	-2 814
Exchange rate differences	-407	138	-1 083	506
Tax	-2 191	-3 122	-9 251	-11 016
<b>Net profit for the period</b>	<b>12 022</b>	<b>12 533</b>	<b>35 034</b>	<b>39 890</b>
<u>Of which the following relates to:</u>				
Parent company shareholders	12 022	12 533	35 034	39 890
<u>Other comprehensive income</u>				
Translation differences	-8 038	-1 368	4 943	9 499
Other comprehensive income for the period, net after tax	-8 038	-1 368	4 943	9 499
<b>Total comprehensive income for the period</b>	<b>3 984</b>	<b>11 165</b>	<b>39 976</b>	<b>49 390</b>
<u>Of which the following relates to:</u>				
Parent company shareholders	3 984	11 165	39 976	49 390
Shareholding with no controlling influence	-	-	-	-
<i>EBITDA margin, %</i>	<i>27,5%</i>	<i>24,9%</i>	<i>25,6%</i>	<i>24,5%</i>
<i>EBIT margin, %</i>	<i>14,9%</i>	<i>14,7%</i>	<i>12,1%</i>	<i>13,1%</i>
<i>Profit margin, %</i>	<i>11,7%</i>	<i>11,4%</i>	<i>8,9%</i>	<i>9,8%</i>
Earnings per share attributable to the parent company's shareholders during the period (SEK per share)				
- before dilution	0,23	0,24	0,66	0,76
- after dilution	0,23	0,24	0,66	0,75
Average no. of shares before dilution, in 000	53 174	52 887	53 015	52 523
Average no. of shares after dilution, in 000	53 352	53 289	53 343	52 881

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)	Dec 31	
	2019	2018
Intangible assets	472 389	469 942
Tangible assets	33 745	5 740
Financial assets	4 824	6 218
Deferred tax asset	7 664	9 373
Current assets (excl. cash equivalents)	122 268	86 860
Cash equivalents	33 682	123 782
<b>TOTAL ASSETS</b>	<b>674 573</b>	<b>701 915</b>
Equity	400 129	391 023
Shareholding with no controlling influence	-	-
Long-term liabilities	43 791	20 817
Current liabilities	230 654	290 075
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>674 573</b>	<b>701 915</b>
Net interest-bearing debt (-) / cash (+)	690	46 719

## CHANGES IN CONSOLIDATED EQUITY

(SEK 000)	Equity attributable to the parent company's shareholders					Shareholdings with no controlling influence	
	Share capital	Other contributed capital	Other reserves	Profit/loss brought forward	Total	influence	Total
<b>Balance at January 1, 2018</b>	<b>5 187</b>	<b>194 729</b>	<b>17 892</b>	<b>145 243</b>	<b>363 051</b>	<b>2 079</b>	<b>365 130</b>
<b>Comprehensive income</b>							
Net profit for the period	-	-	-	39 890	39 890	-	39 890
Other comprehensive income items	-	-	9 499	-	9 499	-	9 499
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>9 499</b>	<b>39 890</b>	<b>49 390</b>	<b>-</b>	<b>49 390</b>
<b>Transaction with owners</b>							
Acquisition of non-controlling interests	-	-	-8 621	-	-8 621	-2 079	-10 700
Dividend	-	-	-	-25 937	-25 937	-	-25 937
Issue for non-cash consideration	70	10 630	-	-	10 700	-	10 700
Share issue	31	2 970	-	-	3 001	-	3 001
Repurchase of warrants	-	-916	-	-	-916	-	-916
Employee warrant schemes	-	355	-	-	355	-	355
<b>Total transaction with owners</b>	<b>101</b>	<b>13 038</b>	<b>-8 621</b>	<b>-25 937</b>	<b>-21 418</b>	<b>-2 079</b>	<b>-23 497</b>
<b>Balance at December 31, 2018</b>	<b>5 288</b>	<b>207 768</b>	<b>18 770</b>	<b>159 196</b>	<b>391 023</b>	<b>-</b>	<b>391 023</b>
<b>Balance at January 1, 2019</b>	<b>5 288</b>	<b>207 768</b>	<b>18 770</b>	<b>159 196</b>	<b>391 023</b>	<b>-</b>	<b>391 023</b>
<b>Comprehensive income</b>							
Net profit for the period	-	-	-	35 034	35 034	-	35 034
Other comprehensive income items	-	-	4 943	-	4 943	-	4 943
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>4 943</b>	<b>35 034</b>	<b>39 976</b>	<b>-</b>	<b>39 976</b>
<b>Transaction with owners</b>							
Dividend	-	-	-	-31 732	-31 732	-	-31 732
Share issue	29	2 828	-	-	2 856	-	2 856
Repurchase of warrants	-	-2 610	-	-	-2 610	-	-2 610
Employee warrant schemes	-	615	-	-	615	-	615
<b>Total transaction with owners</b>	<b>29</b>	<b>833</b>	<b>-</b>	<b>-31 732</b>	<b>-30 871</b>	<b>-</b>	<b>-30 871</b>
<b>Balance at December 31, 2019</b>	<b>5 317</b>	<b>208 600</b>	<b>23 712</b>	<b>162 498</b>	<b>400 129</b>	<b>-</b>	<b>400 129</b>

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## CASH FLOW STATEMENT SUMMARY

(SEK 000)	Oct-Dec		Jan-Dec	
	2019	2018	2019	2018
Cash flow from operating activities before working capital changes	25 850	22 782	91 447	90 646
Cash flow from working capital changes	22 212	37 750	-27 746	30 714
<b>Cash flow from operating activities</b>	<b>48 062</b>	<b>60 532</b>	<b>63 701</b>	<b>121 360</b>
Cash flow from investing activities	-6 009	-11 546	-42 243	-40 133
Cash flow from financing activities	-39 376	-4 270	-112 521	-40 597
<i>Of which dividend paid</i>	-	-	-31 732	-25 937
<b>Cash flow for the period</b>	<b>2 676</b>	<b>44 716</b>	<b>-91 064</b>	<b>40 630</b>
<b>Change in cash and cash equivalent</b>				
Cash and cash equivalent at the beginning of the period	32 568	79 135	123 782	82 663
Translation differences	-1 562	-69	965	490
Cash flow for the period	2 676	44 716	-91 064	40 630
<b>Cash and cash equivalent at the end of the period</b>	<b>33 682</b>	<b>123 782</b>	<b>33 682</b>	<b>123 782</b>

## 8 QUARTERS IN SUMMARY

(SEK 000)	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4
License	14 024	11 380	8 544	10 670	4 972	11 629	4 678	10 157
SaaS	6 535	7 110	8 125	9 031	10 475	10 728	11 532	12 323
Support and maintenance	45 678	47 610	48 147	50 947	49 554	49 253	49 843	50 300
Software revenues	66 237	66 101	64 815	70 647	65 001	71 610	66 053	72 780
<i>whereof recurring revenue</i>	<i>52 214</i>	<i>54 720</i>	<i>56 272</i>	<i>59 978</i>	<i>60 030</i>	<i>59 981</i>	<i>61 375</i>	<i>62 623</i>
Deliveries	34 972	33 916	30 822	38 903	31 822	29 879	26 372	30 279
<b>Net sales</b>	<b>101 209</b>	<b>100 016</b>	<b>95 637</b>	<b>109 550</b>	<b>96 823</b>	<b>101 490</b>	<b>92 425</b>	<b>103 059</b>
Sales expenses	-10 645	-13 553	-13 195	-13 549	-11 864	-12 836	-9 924	-12 918
Other costs	-18 965	-18 919	-17 171	-19 966	-16 794	-18 806	-20 143	-17 220
Personnel costs	-54 358	-54 163	-48 327	-58 156	-54 121	-53 900	-47 885	-52 979
Capitalized development costs	8 055	8 143	8 669	9 419	8 955	9 065	9 811	8 430
Total operating expenses	-75 913	-78 492	-70 024	-82 252	-73 825	-76 478	-68 140	-74 687
<b>EBITDA</b>	<b>25 296</b>	<b>21 524</b>	<b>25 613</b>	<b>27 299</b>	<b>22 998</b>	<b>25 012</b>	<b>24 285</b>	<b>28 372</b>
%	25,0%	21,5%	26,8%	24,9%	23,8%	24,6%	26,3%	27,5%
Items affecting comparability	-	-	-	-	-	-	-	-
Depreciation/amortization	-11 721	-11 884	-11 754	-11 159	-13 502	-13 528	-13 065	-13 059
<b>EBIT</b>	<b>13 575</b>	<b>9 640</b>	<b>13 859</b>	<b>16 140</b>	<b>9 496</b>	<b>11 484</b>	<b>11 220</b>	<b>15 314</b>
%	13,4%	9,6%	14,5%	14,7%	9,8%	11,3%	12,1%	14,9%

\* As of January 1, 2019, the Group applies IFRS 16 according to the modified retroactive transition method, which means that the comparative figures will not be recalculated. The effect of the application of IFRS 16 means that the operating leases previously expensed on a straight-line basis over the income statement under the item "Other expenses" from Q1 2019 are expensed under depreciation and financial items instead. On page 14 of this quarterly report, the Group has presented a pro forma income statement before IFRS 16 to illustrate a comparison.

## SEGMENT SUMMARY

From January 1, 2019, the Group's segments are divided according to which customer groups they target. The segments are divided into SE Public, DK Public, Private and Other and reflect the Group's internal reporting and follow-up of Group management.

The SE Public and DK Public segments find their customers in Sweden's and Denmark's public sectors. Segment Private collects the Group's offers that are aimed at customers outside the public sector and are not bound to any particular geographic market. Segment Other includes the Group's older products that are not included in any of the other segments and the Group's overhead costs.

(Tkr)	Jan-Dec 19						Koncern
	SE Public	DK Public	Private	Other	Elim.	IFRS 16	
License	8 738	5 231	17 467	-	-	-	31 436
SaaS	16 328	6 655	22 071	5	-	-	45 059
Support & Maintenance	79 744	57 781	56 264	5 161	-	-	198 950
Delivery	17 849	77 983	22 521	0	-	-	118 353
Sales, internal	-685	79	17 066	-	-16 460	-	-
<b>Net sales</b>	<b>121 973</b>	<b>147 730</b>	<b>135 389</b>	<b>5 165</b>	<b>-16 460</b>	-	<b>393 797</b>
Costs, external	-75 276	-114 511	-96 428	-14 805	-	7 890	-293 130
Costs, internal	727	-198	-16 989	-	16 460	-	-
<b>EBITDA</b>	<b>47 424</b>	<b>33 021</b>	<b>21 972</b>	<b>-9 640</b>	-	<b>7 890</b>	<b>100 667</b>
%	38,9%	22,4%	16,2%	-186,6%			25,6%

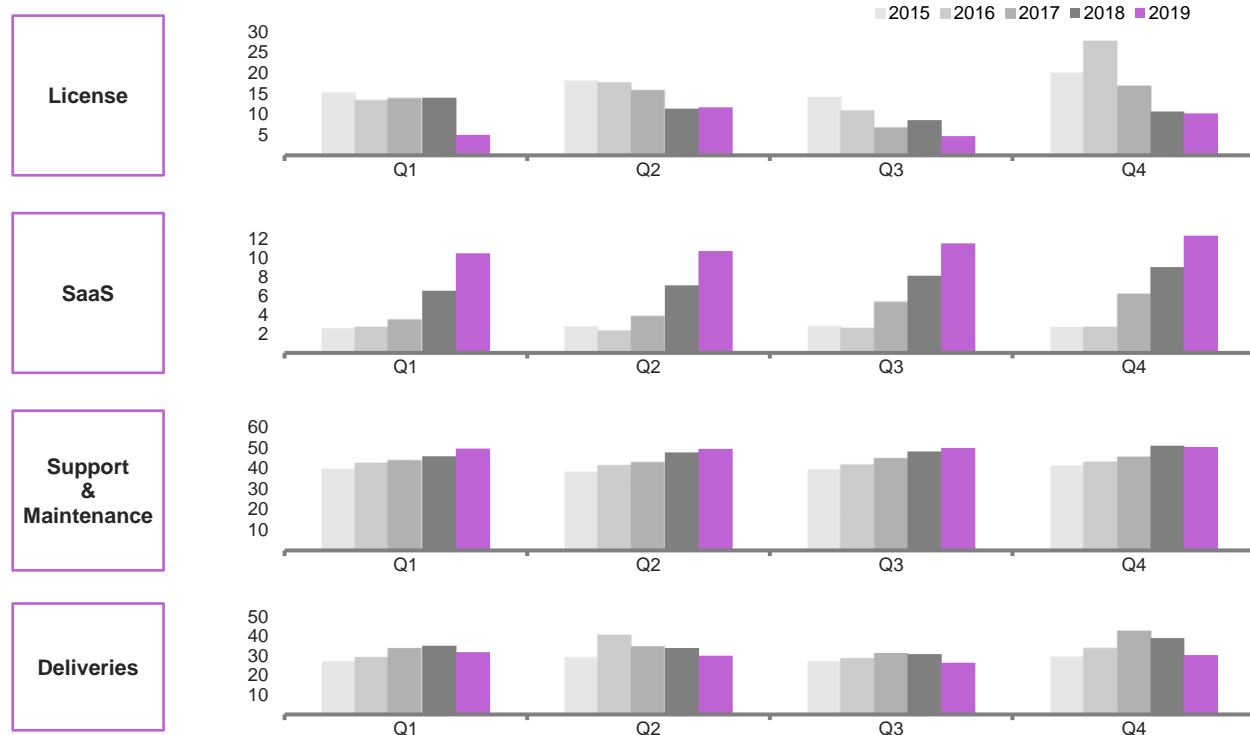
(Tkr)	Jan-Dec 18						Koncern
	SE Public	DK Public	Private	Other	Elim.	IFRS 16	
License	16 026	7 492	21 045	54	-	-	44 617
SaaS	14 121	5 221	11 375	84	-	-	30 801
Support & Maintenance	75 595	54 167	56 470	6 150	-	-	192 382
Delivery	31 496	89 499	17 609	8	-	-	138 612
Sales, internal	3 110	68	7 975	-	-11 153	-	-
<b>Net sales</b>	<b>140 349</b>	<b>156 447</b>	<b>114 474</b>	<b>6 296</b>	<b>-11 153</b>	-	<b>406 412</b>
Costs, external	-89 385	-113 809	-90 509	-12 977	-	-	-306 681
Costs, internal	-1 117	-2 095	-7 940	-	11 153	-	-
<b>EBITDA</b>	<b>49 846</b>	<b>40 543</b>	<b>16 024</b>	<b>-6 682</b>	-	-	<b>99 732</b>
%	35,5%	25,9%	14,0%	-106,1%			24,5%

## NUMBER OF SHARES

	2015-01-01	2016-01-01	2017-01-01	2018-01-01	2019-01-01
	2015-12-31	2016-12-31	2017-12-31	2018-12-31	2019-12-31
Number of outstanding shares at the beginning of the period	50 143 402	50 143 402	51 273 608	51 873 025	52 887 406
Share issue from warrant programme	-	1 130 206	599 417	314 576	286 501
Non-cash issue	-	-	-	699 805	-
<b>Number of outstanding shares at the end of the period</b>	<b>50 143 402</b>	<b>51 273 608</b>	<b>51 873 025</b>	<b>52 887 406</b>	<b>53 173 907</b>

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## SALES ANALYSIS BY QUARTER



## KEY RATIOS FOR THE GROUP

	Jan-Dec	
	2019	2018
Net sales, SEK 000	393 797	406 412
EBITDA, SEK 000	100 667	99 732
EBITDA-adj., SEK 000	64 406	65 445
EBIT, SEK 000	47 514	53 214
Net profit for the period, SEK 000	35 034	39 890
EBITDA margin, %	25,6%	24,5%
EBITDA-adj. margin, %	16,4%	16,1%
EBIT margin, %	12,1%	13,1%
Profit margin, %	8,9%	9,8%
Return on equity, %*	8,9%	10,6%
Return on working capital, %*	12,7%	14,8%
Equity ratio, %	59%	56%
Equity per outstanding share at the end of the period, SEK	7,52	7,39
Earnings per share - before dilution, SEK	0,66	0,76
Earnings per share - after dilution, SEK	0,66	0,75
Share price at the end of the period, SEK	22,05	19,70

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

## PARENT COMPANY INCOME STATEMENT SUMMARY

(SEK 000)	Oct-Dec		Jan-Dec	
	2019	2018	2019	2018
<b>Net sales</b>	<b>34 572</b>	<b>42 677</b>	<b>133 927</b>	<b>153 423</b>
Operating expenses				
Sales expenses	-3 256	-6 497	-7 683	-16 732
Other costs	-11 743	-9 536	-44 855	-35 960
Personnel costs	-17 254	-20 947	-68 878	-72 511
Depreciation/amortization	-1 528	-1 364	-6 011	-6 029
Total operating expenses	-33 781	-38 343	-127 427	-131 233
<b>Operating profit/loss</b>	<b>790</b>	<b>4 334</b>	<b>6 500</b>	<b>22 190</b>
Result from participations in group companies	-	-	-	-
Other financial items	-793	-300	-2 400	-2 729
Appropriations	-	6 601	-	6 601
Tax	-970	-5 943	-970	-5 943
<b>Net profit for the period</b>	<b>-973</b>	<b>4 691</b>	<b>3 129</b>	<b>20 118</b>

## PARENT COMPANY BALANCE SHEET SUMMARY

(SEK 000)	Dec 31	
	2019	2018
Intangible assets	10 248	12 198
Tangible assets	891	1 185
Financial assets	278 846	280 294
Deferred tax asset	-	-
Current assets (excl. cash equivalents)	68 756	94 690
Cash and bank balances	641	64 116
<b>TOTAL ASSETS</b>	<b>359 381</b>	<b>452 482</b>
Restricted equity	23 008	22 979
Non-restricted equity	191 077	218 848
Total equity	214 085	241 827
Long-term liabilities	-	-
Current liabilities	145 296	210 655
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>359 381</b>	<b>452 482</b>

## PLEGDED ASSETS AND CONTINGENT LIABILITIES

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

(SEK 000)	Dec 31	
	2019	2018
Pledged assets	-	326 762
Contingent liabilities	-	-

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**CONSOLIDATED INCOME STATEMENT PROFORMA SUMMARY EXCL. IFRS 16**

<b>(SEK 000)</b>	<b>Oct-Dec</b>		<b>Jan-Dec</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Net Sales</b>	<b>103 059</b>	<b>109 550</b>	<b>393 797</b>	<b>406 412</b>
Sales expenses	-12 918	-13 549	-47 543	-50 941
Other costs	-19 176	-19 966	-80 848	-75 021
Personnel costs	-52 979	-58 156	-208 886	-215 004
Capitalized work for own account	8 430	9 419	36 261	34 286
<b>Operating profit/loss before depreciation/amortization and non-comparative items (EBITDA)</b>	<b>26 416</b>	<b>27 299</b>	<b>92 782</b>	<b>99 732</b>
Items affecting comparability	-	-	-	-
Depreciation/amortization	-11 192	-11 159	-45 649	-46 518
<b>Operating profit/loss (EBIT)</b>	<b>15 223</b>	<b>16 140</b>	<b>47 133</b>	<b>53 214</b>
Financial income and expenses	-537	-624	-1 463	-2 814
Exchange rate differences	-407	138	-1 083	506
Tax	-2 203	-3 122	-9 315	-11 016
<b>Net profit for the period</b>	<b>12 077</b>	<b>12 533</b>	<b>35 272</b>	<b>39 890</b>
<u>Of which the following relates to:</u>				
Parent company shareholders	12 077	12 533	35 272	39 890
Shareholding with no controlling influence	-	-	-	-
<u>Other comprehensive income</u>				
Translation differences	-8 038	-1 368	4 943	9 499
Other comprehensive income for the period, net after tax	-8 038	-1 368	4 943	9 499
<b>Total comprehensive income for the period</b>	<b>4 039</b>	<b>11 165</b>	<b>40 214</b>	<b>49 390</b>
<u>Of which the following relates to:</u>				
Parent company shareholders	4 039	11 165	40 214	49 390
Shareholding with no controlling influence	-	-	-	-
<i>EBITDA margin, %</i>	<i>25,6%</i>	<i>24,9%</i>	<i>23,6%</i>	<i>24,5%</i>
<i>EBIT margin, %</i>	<i>14,8%</i>	<i>14,7%</i>	<i>12,0%</i>	<i>13,1%</i>
<i>Profit margin, %</i>	<i>11,7%</i>	<i>11,4%</i>	<i>9,0%</i>	<i>9,8%</i>
Earnings per share attributable to the parent company's shareholders during the period (SEK per share)				
- before dilution	0,23	0,24	0,66	0,76
- after dilution	0,23	0,24	0,66	0,75
Average no. of shares before dilution, in 000	53 174	52 887	53 015	52 523
Average no. of shares after dilution, in 000	53 352	53 289	53 343	52 881

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**CONSOLIDATED BALANCE SHEET SUMMARY EXCL. IFRS 16**

<b>(SEK 000)</b>	<b>Dec 31</b>	
	<b>2019</b>	<b>2018</b>
Intangible assets	472 389	469 942
Tangible assets	5 297	5 740
Financial assets	4 824	6 218
Deferred tax asset	7 600	9 373
Current assets (excl. cash equivalents)	123 944	86 860
Cash equivalents	33 682	123 782
<b>TOTAL ASSETS</b>	<b>647 736</b>	<b>701 915</b>
Equity	400 366	391 023
Shareholding with no controlling influence	-	-
Long-term liabilities	23 799	20 817
Current liabilities	223 572	290 075
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>647 736</b>	<b>701 915</b>
Net interest-bearing debt (-) / cash (+)	27 763	46 719

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## 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

### **Software 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 SAAS services regarding license agreements.

### **Annual recurring revenue (ARR)**

Recurring revenue for the period's last month multiplied by 12, to obtain the recurring revenue for the coming 12 months from contracts with recognized revenue.

### **ARR IN**

Initial value for the period's Annual recurring revenue.

### **ACV**

Annual recurring revenue of the period's won and lost contracts (net).

### **ARR OUT**

Closing value of the period's Annual recurring revenue, provided that all new/lost contracts (ACV) of the period have begun/ceased to be recognized.

### **Fixed operating expenses**

Other costs and personnel costs

### **Operating expenses**

Sales costs, other costs, personnel costs, capitalized development and depreciation.

### **EBITDA**

Earnings before depreciation, amortization, acquisition-related costs and other items affecting comparability.

### **EBITDA-adj.**

EBITDA exclusive capitalized work for own account

### **Items affecting comparability**

The item must be of a material nature to be reported separately and considered undesirable from the regular core operations and complicate the comparison. For example, acquisition-related items, restructuring-related items and write-downs

### **EBIT**

Operating profit/loss

### **Operating margin before depreciation and amortization (EBITDA margin)**

Earnings before depreciation, amortization, acquisition-related costs and other items affecting comparability as a percentage of net sales.

### **Operating margin before depreciation and amortization (EBITDA-adj margin)**

Earnings before capitalized work for own account, depreciation, amortization, acquisition-related costs and other items affecting comparability 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.

### **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.

### **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).

### **Free cash flow**

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

### **Net interest-bearing debt**

Interest bearing debts minus cash and cash equivalents

### **Equity ratio**

Equity as a percentage of the balance sheet total.