



Formpipe.

# Interim report January – September 2018

## PERIOD JULY 1 – SEPTEMBER 30, 2018

- Net sales increased by 9 % to SEK 95.6 m (SEK 88.0 m)
- Software revenues increased by 14 % to SEK 64.8 m (SEK 56.7 m)
- Recurring revenue amounted to SEK 56.3 m (SEK 49.9 m) which corresponds to 59 % (57 %) of net sales.
- EBITDA SEK 25.6 m; 26.8 % (SEK 22.1 m; 25.1 %)
- EBITDA-adj. SEK 16.9 m; 17.7 % (SEK 13.3 m; 15.1 %)
- EBIT SEK 13.9 m; 14.5 % (SEK 11.1 m; 12.7 %)
- Net profit SEK 10.1 m; 10.6 % (SEK 6.5 m; 7.3 %)
- EPS before dilution SEK 0.19 (SEK 0.12)
- Cash flow from operating activities SEK 19.9 m (SEK 16.9 m)

## PERIOD JANUARY 1 – SEPTEMBER 30, 2018

- Net sales increased by 6 % to SEK 296.9 m (SEK 279.8 m)
- Software revenues increased by 10 % to SEK 197.2 m (SEK 179.9 m)
- Recurring revenue amounted to SEK 163.2 m (SEK 143.6 m) which corresponds to 55 % (51 %) of net sales.
- EBITDA SEK 72.4 m; 24.4 % (SEK 59.9 m; 21.4 %)
- EBITDA-adj. SEK 47.6 m; 16.0 % (SEK 31.5 m; 11.3 %)
- EBIT SEK 37.1 m; 12.5 % (SEK 23.0 m; 8.2 %)
- Net profit SEK 27.4 m; 9.2 % (SEK 14.4 m; 5.1 %)
- EPS before dilution SEK 0.52 (SEK 0.28)
- Cash flow from operating activities SEK 60.8 m (SEK 34.3 m)

## INCOME STATEMENT - SUMMARY

(SEK Million)	Jul-Sep		Jan-Sep		Rolling 12 months	Full year 2017
	2018	2017	2018	2017		
Net sales	95,6	88,0	296,9	279,8	407,3	390,2
whereof recurring revenue	56,3	49,9	163,2	143,6	214,5	194,8
EBITDA	25,6	22,1	72,4	59,9	98,3	85,8
EBITDA-adj	16,9	13,3	47,6	31,5	64,9	48,9
EBIT - excluding items affecting comparability	13,9	11,1	37,1	21,7	52,6	37,3
EBIT	13,9	11,1	37,1	23,0	51,7	37,7

## Comments from the Groups CEO

*Just as last year we can present a strong profit for the quarter even though our customer's activity are usually low during the summer months. We can thereby continue our positive trend and present improved margins. It is mainly the growth in recurring revenue that enables the steady improvement of our margins, which is in line with our strategy.*

*As a significant part of our business operations is in Denmark, the weakening of the Swedish krona has had a positive currency effect on the period's figures against our comparative figures. Since we have both income and costs in Denmark, a form of natural currency hedging occurs, and thus the effect on the earnings is limited. Despite the significant effect on net sales.*

*Our closer cooperation with Microsoft continues to be successful and our presence in AppSource has generated several new business deals for our product Lasernet.*

*During the quarter we have conducted our annual Customer Days Conference in both Denmark and Sweden with a record number of participants. The interest in the benefits from digitalization continues to*

*increase and together with our customers we keep finding areas we jointly can create increased social benefits.*

## Market

Enterprise content management (ECM) is used to create, store, distribute, discover, archive and manage digital content (such as scanned documents, email, reports, medical images and office documents), and ultimately analyze usage to enable organizations to deliver relevant content to users where and when they need it. It is in the ECM market that Formpipe has emerged as the market leader in the public sector, as a challenger in e.g. life sciences and legal as well as cross-industry for parts of the product range.

Growth in the ECM market is fueled in large part by the organizational and corporate wide need to streamline operations and meet legal requirements and regulations. Making business value from the information requires applications and services to search, analyze, process and

distribute data and content. Growth drivers continually gain strength as the sheer amount of data and information increases and ECM remains a highly prioritized investment area. Gartner's forecast on ECM software revenue is a Compound Annual Growth Rate of 8.3 %, 2018-2021. The ECM market is large and fragmented, with a total addressable market (systems revenue) of 8.0 billion dollars in 2018 (Source: Gartner, Enterprise Software Markets, Worldwide, 2013-2020, 4Q16 update).

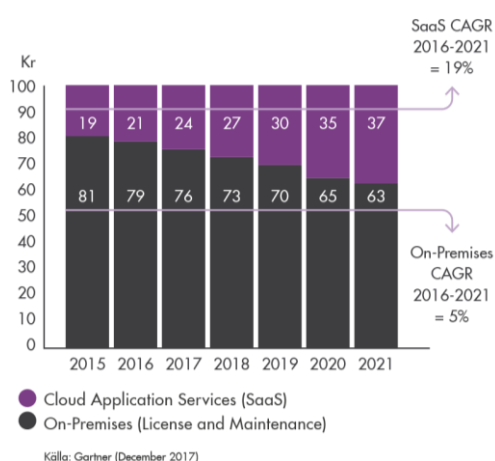
### A CHANGING MARKET

The ECM market is changing from the centralized, back-end, command and control of unstructured content to integrated, purpose-built, cloud based solutions that prioritizes content usability, processing and analyzing content from one or several sources, to get business insights and business value. Control, file synchronization and sharing will be a standard capability of ECM offerings.

This change is well in line with the Formpipe's strategy, as more and more of the company's customers choose to switch to cloud solutions for the standard products, as well as with the company development of applications and modules with the ability to process information from both Formpipe's existing systems or from other systems.

The development for ECM software is towards cloud based solutions and Gartner predicts that at least 50% of the leading ECM software providers will have re-architected their offerings to cloud based platform by the end of 2018. But even if the trend is towards the cloud, the license revenues from on-premise will play an important role for years to come.

### Gartner forecast



<sup>1</sup> Source: Gartner, Enterprise Software Markets, Worldwide, 2014-2021, 4Q17 Update

### FORMPIPES OFFERINGS IN ECM:

#### CASE AND DOCUMENT MANAGEMENT

Case and Document Management is about managing documents and information in cooperation, over functional boundaries, with version management, management of rights, traceability and automation of the work flows. This provides lower costs, minimized risk exposure and structured information. In the area of Case and Document Management, Formpipe addresses the public sector in Sweden and Denmark, as well as the industries of Life Science and Legal.

#### GRANTS MANAGEMENT

Grants Management automates the whole life cycle for applications and grants for both grant funding bodies and recipients, from requests for proposals by the program to measurement and reporting of the outcome of the effort. Formpipes Grants Management products are currently sold to the public sector and it is the leading system with national authorities.

#### CUSTOMER COMMUNICATIONS MANAGEMENT

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. Formpipe's CCM product Lasernet is mainly tied to sales of ERP systems

#### STRUCTURED DATA ARCHIVING

Structured data archiving is the ability to index and move important operating data from active business systems, or systems being discontinued. It provides control and makes the data available in its context, reduces storage costs and the amount of data in the daily production environment. Formpipe's product Long-Term Archive is currently sold to the public sector in Sweden where there is a high level of activity.

## The Future

Formpipe is well-positioned to be able to develop and strengthen its leading position as ECM provider while retaining good profitability levels. The company sees good opportunities to continue to utilize its experience from its successes in order to target new markets and customer segments. A solid product development and product strategy creates good conditions to be able to efficiently develop market-leading offerings and meet up with sector-specific requirements also in the future.

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

## Financial Information

### REVENUE

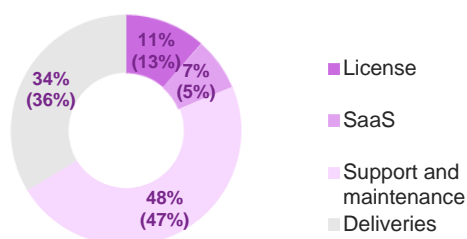
#### July – September 2018

Net sales for the period totalled to SEK 95.6 million (88.0 million), which corresponds to an increase of 9 %. Software revenue increased by 14 % from the previous year and totalled to SEK 64.8 million (56.7 million). Total recurring revenue for the period increased by 13 % from the previous year and totalled to SEK 56.3 million (49.9 million), which is equivalent to 59 % of net sales (57 %). Exchange rate effects have affected net sales positively by SEK 3.5 million in comparison with the previous year.

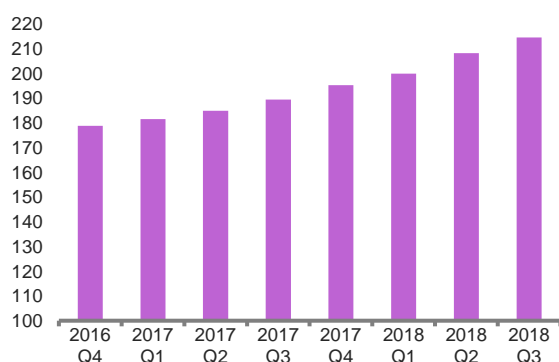
#### January – September 2018

Net sales for the period totalled to SEK 296.9 million (279.8 million), which corresponds to an increase of 6 %. Software revenue increased by 10 % from the previous year and totalled to SEK 197.2 million (179.9 million). Total recurring revenue for the period increased by 14 % from the previous year and totalled to SEK 163.2 million (143.6 million), which is equivalent to 55 % of net sales (51 %). Exchange rate effects have affected net sales positively by SEK 10.7 million in comparison with the previous year.

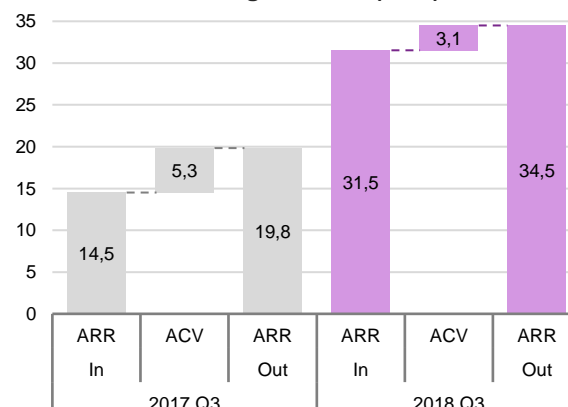
#### Breakdown of sales revenue, Jan–Sep 2018



#### Recurring revenue rolling 12 months, MSEK



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



### COSTS

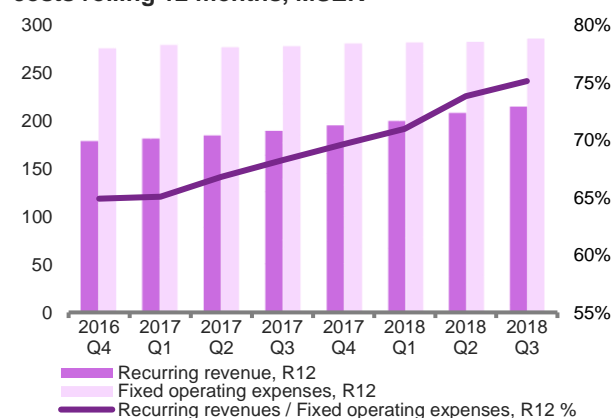
#### July - September 2018

The operating costs for the period increased by 6 % and totalled to SEK 81.8 million (76.9 million). Personnel costs increased by 4 % and totalled to SEK 48.3 million (46.4 million). Selling expenses totalled to SEK 13.2 million (12.8 million). Other costs totalled to SEK 17.2 million (15.5 million).

#### January – September 2018

The operating costs for the period increased by 1 % and totalled to SEK 259.8 million (258.0 million). Personnel costs increased by 1 % and totalled to SEK 156.8 million (155.0 million). Selling expenses totalled to SEK 37.4 million (41.5 million). Other costs totalled to SEK 55.1 million (51.7 million).

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



## EARNINGS

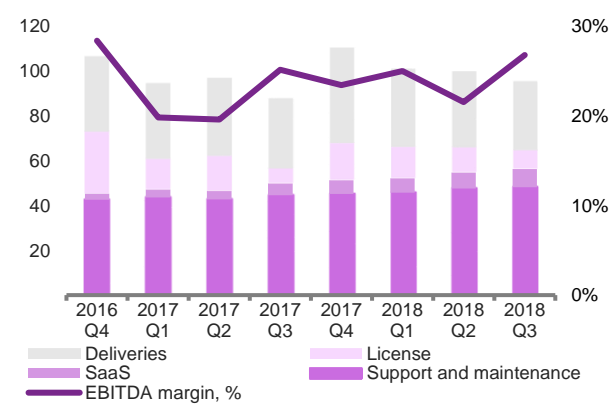
### July - September 2018

Operating profit before depreciation and amortization and items affecting comparability (EBITDA) totalled to SEK 25.6 million (22.1 million) with an EBITDA margin of 26.8 % (25.1 %). Operating profit (EBIT) totalled to SEK 13.9 million (11.1 million) with an operating margin of 14.5 % (12.7 %). Net profit totalled to SEK 10.1 million (6.5 million). Exchange rate effects have affected EBITDA positively by SEK 0.8 million in comparison with the previous year.

### January - September 2018

Operating profit before depreciation and amortization and items affecting comparability (EBITDA) totalled to SEK 72.4 million (SEK 59.9 million) with an EBITDA margin of 24.4 % (21.4 %). Operating profit (EBIT) totalled to SEK 37.1 million (23.0 million) with an operating margin of 12.5 % (8.2 %). Net profit totalled to SEK 27.4 million (14.4 million). Exchange rate effects have affected EBITDA positively by SEK 2.2 million in comparison with the previous year.

### Sales and EBITDA margin, MSEK



## FINANCIAL POSITION AND LIQUIDITY

### Cash equivalents

Cash and cash equivalents at the end of the period amounted to SEK 79.1 million (36.4 million). The company had interest-bearing debt at the end of the period totalling to SEK 81.6 million (94.5 million). The company's net interest-bearing debt thereby totalled to SEK 2.5 million (58.1 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).

### Deferred tax asset

By the end of the period the company's deferred tax assets attributable to accumulated losses amounted to SEK 10.3 million (SEK 16.8 million).

### Equity

Equity at the end of the period amounted to SEK 379.9 million (345.5 million), which was equivalent to SEK 7.32 (6.66) per outstanding share at the end of the period. The weakening of the Swedish krona has increased the value of the group's net assets in foreign currencies by SEK 10.9 million (-0.6 million) from the end of the year.

### Equity ratio

The equity ratio at the end of the period was 59 % (58 %).

## CASH FLOW

### Cash flow from operating activities

Cash flow from operating activities for the period January - September totalled to SEK 60.8 million (34.3 million).

### Investments and acquisitions

Total investments for the period January - September amounted to SEK 28.6 million (30.6 million).

Investments in intangible assets totalled to SEK 27.0 million (28.6 million) and refer to capitalized product development costs.

Investments in tangible and financial assets totalled to SEK 1.6 million (2.0 million).

### Financing

During the period January - September the company has amortized SEK 12.8 million (13.1 million) and the interest-bearing debt amounted to SEK 81.6 million (94.5 million) at the end of the period.

As an outcome from the exercise of the personnel warrant program 2015/2018, 314 576 new shares was issued and payments amounting to SEK 3.0 million (3.8 million) has been added to the Company. At the same time the Company repurchased 153 224 warrants to a value of SEK 0.9 million (3.3 million).

During the period a new warrant program (2018/2021) has been issued to the company's personnel amounting to 500 000 warrants, which has provided the company with payments of SEK 0.4 million (0.4 million).

During the period dividends amounting to SEK 25.9 million (15.4 million) has been paid out to shareholders.

## Significant events during the period January – June 2018

### JANUARY-MARCH

#### **Agreement with three municipalities regarding Long-Term Archive**

Formpipe entered into an agreement to acquire the remaining 35.1 percent of the shares in the subsidiary Formpipe Intelligo AB through a non-cash rights issue. The acquisition was conditional upon the Annual General Meeting, which was held on April 25, 2018, and approved the non-cash rights issue.

The minority owner is employed by the Group, why the acquisition was considered to be a transaction with related parties, and thereby needing a 90% majority at the meeting.

### APRIL-JUNE

#### **Issue of warrant incentive program**

It was decided at the AGM held on 25 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.

#### **Issue of shares for non-cash consideration**

The AGM approved the Board's proposal for a issue of share for non-cash consideration to finance the acquisition of the remaining 35.1 % of the shares from the minority owner of the subsidiary Formpipe Intelligo AB. Through the issue of shares, 699,805 new shares were issued to a value of 10,700,000 SEK.

#### **Increased number of shares**

During the period the personnel warrant program 2015/2018 was exercised. A total of 314,576 new shares were issued from this program.

During the period, the Company completed a rights issue in which 699,805 new shares were issued in connection with the acquisition of the minority's share of the shares in Formpipe Intelligo AB.

The number of shares and votes in the Company has therefore increased with 1 014 381 and the share capital has increased with SEK 101,438.1. After the issue of new shares, the total number of shares and votes in the Company amounts to 52,887,406 and the share capital to SEK 5,288,740.6.

### JULY-SEPTEMBER

No significant events have occurred during the period.

## Significant events after the periods end

No significant events have occurred after the periods end.

## Other

### EMPLOYEES

The number of employees at the end of the reporting period totalled to 219 persons (236 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

In addition to the agreed agreement to acquire the minority item in Formpipe Intelligo AB, 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 1-14 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 revenue recognition applied by the Group from January 1, 2018 in accordance with IFRS 15. The Group's new accounting principles for revenue recognition are described in the following section "New accounting principles applied from January 1, 2018".

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, 2018**

### *IFRS 15 Revenues from contracts with customers*

IFRS 15 is the new standard for revenue recognition. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts and all related interpretations (IFRIC and SIC). A revenue is reported when the customer receives control of the sold item or services, a principle that supersedes the former principle that revenue is reported when risks and benefits have passed to the buyer. The basic principle of IFRS 15 is that the Group accounts for revenues in the manner that best reflects the transfer of the control of the promised product or service to the customer. This revenue recognition is done using a five-step model applied to all customer contracts

- Identify the contract with the customer
- Identify the various performance commitments in the contract
- Set the transaction price
- Distribute the transaction price on performance commitments
- Recognize the revenue when a performance commitment is met

Based on the above five-step model, the Group's contracts with customers include various performance commitments identified as Licenses, SaaS (Software as a Service), Support and Maintenance Agreements, and Consulting Services. A revenue can only be reported when the control of the service or product sold can be considered to have been transferred to the customer for each type of revenue / performance commitment.

The revenue includes the fair value of what has been or will be obtained for goods and services sold in the Group's ongoing operations. Revenues are reported excluding VAT, returns and discounts and after elimination of inter-company sales.

Below are the accounting principles applied by the Group for these performance commitments.

### *Transition effects from IFRS 15*

The Group has analyzed and evaluated IFRS 15 as a regulatory framework and the implementation of IFRS 15 has not led to any transition effects for the Formpipe Group.

### *Sales of Licenses*

The Group develop and sells software. The revenue from license rights is recognized on completion of delivery as agreed and when the customer has received control over the purchased licenses and that no significant obligations

remain after delivery date. In the cases where a license is sold and the billing model differs from when the customer has received control over the licenses being delivered, the Group post a provision for a license fee that is settled against the invoices during the term of the agreement. In such cases, the Group assesses whether there is a significant financing component to be reported in the balance sheet and whether there is an interest component that is to be reported under financial items instead of as a regular revenue. The transaction price is thus adjusted for the impact of a significant financing component.

### *Sales of SaaS (Software as a Service)*

The Group sells SaaS (Software-as-a-Service) by hosting the software and related services as cloud-based services. The software is not installed on the client's own servers, but on servers that the Formpipe Group manages for the customer's part. The customer continuously receive this service, which includes license, support & maintenance as well as hosting of the software, during the term of the contract and is recognized linearly over the contract period. The control is transferred to the customer continuously during the term of the agreement.

### *Sales of Support and Maintenance*

The Group sells Support and Maintenance Agreements for the software. Such agreements are signed in connection with the sale of licenses or SaaS (Software as a Service). Revenue from the Support and Maintenance contracts is invoiced in advance and is recognized as revenue over the contract period since the control is transferred to the customer continuously during the term of the agreement.

### *Sale of Consulting Services*

The Group sells consultancy and education services, which are provided on a regular basis or as a fixed price agreement. Revenue from contracts where consultancy hours are delivered on a regular basis is recognized when the worked hours have been delivered.

Revenue from fixed-price contracts for services, successive revenue recognition is applied. Successive revenue recognition means that revenues are reported based on the amount of services delivered out of the total services to be delivered (completion rate). Revenue from fixed-price contracts for services is usually reported during the period of delivery of the services, distributed linearly throughout the contract period.

If any circumstances arise that may change the initial estimate of revenue, costs or degree of completion, the estimates will be reviewed. These reassessments may result in increases or decreases in estimated revenue or expenses and affect revenue during the period when the circumstances that caused the change came to the knowledge of the company.

The Group offers certain agreements where the customer can purchase a license including one year's service. Where such multi-part agreement exists, revenue from the sale of a license is recognized as the fair value of the license in relation to the fair value of the sales agreement as a whole. The revenue from the service part, which

corresponds to the fair value of the service part in relation to the fair value of the sales contract, is distributed over the service period. Actual values for each part are determined on the basis of current market prices on these parts when sold separately.

#### 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

February 12, 2019	Interim report Jan-Dec
April 25, 2019	Interim report Jan-Mar
April 26, 2019	Annual General Meeting
July 12, 2019	Interim report Jan-Jun
October 24, 2019	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

Christian Sundin, Managing Director  
Telephone: +46 70 567 73 85, +46 8 555 290 84  
E-mail: [christian.sundin@formpipe.com](mailto:christian.sundin@formpipe.com)

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Stockholm October 23, 2018  
Formpipe Software AB  
The Board of Directors and the Managing Director

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Formpipe Software AB (publ)  
Swedish company reg. no.: 556668-6605  
Sveavägen 168 | Box 231 31 | 104 35 Stockholm  
T: +46 8 555 290 60 | F: +46 8 555 290 99  
[info.se@formpipe.com](mailto:info.se@formpipe.com) | [www.formpipe.se](http://www.formpipe.se)

**CONSOLIDATED INCOME STATEMENT SUMMARY**

(SEK 000)	Jul-Sep		Jan-Sep	
	2018	2017	2018	2017
<b>Net Sales</b>	<b>95 637</b>	<b>88 002</b>	<b>296 862</b>	<b>279 783</b>
Sales expenses	-13 195	-12 772	-37 392	-41 504
Other costs	-17 171	-15 530	-55 055	-51 732
Personnel costs	-48 327	-46 428	-156 848	-155 024
Capitalized work for own account	8 669	8 849	24 867	28 373
<b>Operating profit/loss before depreciation/amortization and non-comparative items (EBITDA)</b>	<b>25 613</b>	<b>22 121</b>	<b>72 433</b>	<b>59 897</b>
Items affecting comparability	-	-	-	1 260
Depreciation/amortization	-11 754	-10 976	-35 359	-38 152
<b>Operating profit/loss (EBIT)</b>	<b>13 859</b>	<b>11 145</b>	<b>37 074</b>	<b>23 004</b>
Financial income and expenses	-695	-856	-2 190	-3 027
Exchange rate differences	104	-147	368	-799
Tax	-3 155	-3 678	-7 894	-4 799
<b>Net profit for the period</b>	<b>10 112</b>	<b>6 464</b>	<b>27 358</b>	<b>14 379</b>
<u>Of which the following relates to:</u>				
Parent company shareholders	10 112	6 444	27 358	14 347
Shareholding with no controlling influence	-	20	-	32
<u>Other comprehensive income</u>				
Translation differences	-3 747	-2 759	10 867	-620
Other comprehensive income for the period, net after tax	-3 747	-2 759	10 867	-620
<b>Total comprehensive income for the period</b>	<b>6 365</b>	<b>3 705</b>	<b>38 225</b>	<b>13 759</b>
<u>Of which the following relates to:</u>				
Parent company shareholders	6 365	3 685	38 225	13 727
Shareholding with no controlling influence	-	20	-	32
<i>EBITDA margin, %</i>	<i>26,8%</i>	<i>25,1%</i>	<i>24,4%</i>	<i>21,4%</i>
<i>EBIT margin, %</i>	<i>14,5%</i>	<i>12,7%</i>	<i>12,5%</i>	<i>8,2%</i>
<i>Profit margin, %</i>	<i>10,6%</i>	<i>7,3%</i>	<i>9,2%</i>	<i>5,1%</i>
Earnings per share attributable to the parent company's shareholders during the period (SEK per share)				
- before dilution	0,19	0,12	0,52	0,28
- after dilution	0,19	0,12	0,51	0,28
Average no. of shares before dilution, in 000	52 887	51 873	52 713	51 540
Average no. of shares after dilution, in 000	53 319	52 191	53 341	52 104

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
	2018	2017	2017
Intangible assets	471 523	457 442	465 071
Tangible assets	4 967	3 096	4 596
Financial assets	1 222	2 890	2 964
Deferred tax asset	10 286	16 777	14 937
Current assets (excl. cash equivalents)	81 664	82 197	106 052
Cash equivalents	79 135	36 388	82 663
<b>TOTAL ASSETS</b>	<b>648 797</b>	<b>598 791</b>	<b>676 281</b>
Equity	379 858	345 554	363 051
Shareholding with no controlling influence	-	2 106	2 079
Long-term liabilities	90 724	103 377	97 137
Current liabilities	178 214	147 754	214 014
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>648 797</b>	<b>598 791</b>	<b>676 281</b>
Net interest-bearing debt (-) / cash (+)	-2 495	-58 081	-9 409

**CHANGES IN CONSOLIDATED EQUITY**

(SEK 000)	Equity attributable to the parent company's shareholders				Total	Shareholdings with no controlling influence	Total
	Share capital	Other contributed capital	Other reserves	Profit/loss brought forward			
<b>Balance at January 1, 2017</b>	<b>5 127</b>	<b>193 933</b>	<b>11 395</b>	<b>135 793</b>	<b>346 249</b>	<b>2 706</b>	<b>348 954</b>
<b>Comprehensive income</b>							
Net profit for the period	-	-	-	14 347	14 347	32	14 379
Other comprehensive income items	-	-	-620	-	-620	-	-620
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-620</b>	<b>14 347</b>	<b>13 727</b>	<b>32</b>	<b>13 759</b>
<b>Transaction with owners</b>							
Dividend	-	-	-	-15 382	-15 382	-632	-16 014
Share issue	60	3 782	-	-	3 842	-	3 842
Repurchase of warrants	-	-3 282	-	-	-3 282	-	-3 282
Employee warrant schemes	-	400	-	-	400	-	400
<b>Total transaction with owners</b>	<b>60</b>	<b>900</b>	<b>-</b>	<b>-15 382</b>	<b>-14 422</b>	<b>-632</b>	<b>-15 054</b>
<b>Balance at September 30, 2017</b>	<b>5 187</b>	<b>194 833</b>	<b>10 775</b>	<b>134 758</b>	<b>345 554</b>	<b>2 106</b>	<b>347 659</b>
<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	-	-	-	27 358	27 358	-	27 358
Other comprehensive income items	-	-	10 867	-	10 867	-	10 867
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>10 867</b>	<b>27 358</b>	<b>38 225</b>	<b>-</b>	<b>38 225</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 September 30, 2018</b>	<b>5 288</b>	<b>207 768</b>	<b>20 137</b>	<b>146 664</b>	<b>379 858</b>	<b>-</b>	<b>379 858</b>

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## CASH FLOW STATEMENT SUMMARY

(SEK 000)	Jul-Sep		Jan-Sep	
	2018	2017	2018	2017
Cash flow from operating activities before working capital changes	25 356	22 249	67 864	55 468
Cash flow from working capital changes	-5 416	-5 384	-7 036	-21 206
<b>Cash flow from operating activities</b>	<b>19 940</b>	<b>16 865</b>	<b>60 828</b>	<b>34 262</b>
Cash flow from investing activities	-9 936	-10 527	-28 587	-30 565
Cash flow from financing activities	-4 388	-4 948	-36 327	-28 173
<b>Cash flow for the period</b>	<b>5 616</b>	<b>1 390</b>	<b>-4 086</b>	<b>-24 476</b>
<b>Change in cash and cash equivalent</b>				
Cash and cash equivalent at the beginning of the period	73 699	35 109	82 663	60 890
Translation differences	-179	-112	559	-26
Cash flow for the period	5 616	1 390	-4 086	-24 476
<b>Cash and cash equivalent at the end of the period</b>	<b>79 135</b>	<b>36 388</b>	<b>79 135</b>	<b>36 388</b>

## 8 QUARTERS IN SUMMARY

(SEK 000)	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3
License	27 658	13 829	15 733	6 792	16 698	14 024	11 380	8 544
SaaS	2 662	3 491	3 866	5 341	6 147	6 535	7 110	8 125
Support and maintenance	42 619	43 638	42 685	44 536	45 130	45 678	47 610	48 147
Software revenues	72 939	60 958	62 285	56 670	67 975	66 237	66 101	64 815
<i>whereof recurring revenue</i>	45 282	47 129	46 552	49 877	51 277	52 214	54 720	56 272
Deliveries	33 757	33 765	34 774	31 332	42 482	34 972	33 916	30 822
<b>Net sales</b>	<b>106 696</b>	<b>94 722</b>	<b>97 059</b>	<b>88 002</b>	<b>110 457</b>	<b>101 209</b>	<b>100 016</b>	<b>95 637</b>
Sales expenses	-14 287	-13 625	-15 107	-12 772	-19 532	-10 645	-13 553	-13 195
Other costs	-18 621	-17 502	-18 700	-15 530	-19 978	-18 965	-18 919	-17 171
Personnel costs	-52 220	-54 465	-54 130	-46 428	-53 580	-54 358	-54 163	-48 327
Capitalized development costs	8 718	9 632	9 892	8 849	8 496	8 055	8 143	8 669
Total operating expenses	-76 410	-75 960	-78 046	-65 881	-84 595	-75 913	-78 492	-70 024
<b>EBITDA</b>	<b>30 286</b>	<b>18 763</b>	<b>19 013</b>	<b>22 121</b>	<b>25 862</b>	<b>25 296</b>	<b>21 524</b>	<b>25 613</b>
%	28,4%	19,8%	19,6%	25,1%	23,4%	25,0%	21,5%	26,8%
Items affecting comparability	-	-	1 260	-	-863	-	-	-
Depreciation/amortization	-14 460	-14 356	-12 820	-10 976	-10 330	-11 721	-11 884	-11 754
<b>EBIT</b>	<b>15 827</b>	<b>4 406</b>	<b>7 453</b>	<b>11 145</b>	<b>14 669</b>	<b>13 575</b>	<b>9 640</b>	<b>13 859</b>
%	14,8%	4,7%	7,7%	12,7%	13,3%	13,4%	9,6%	14,5%

\* In the connection of the Group's review of effects from the transition to IFRS 15 standard, the Groups's contracts has been reviewed and analyzed. The Group has not noted any effects from the transition that affects the income statement or balance sheet historically. During this work, a few contracts were noted where adjustments of the revenue type where needed between SaaS and support and maintenance. Therefore, reclassifications have been made in the above table between the revenue types SaaS and support and maintenance. At the same time the revenue type SaaS has been broken out of license and is now reported separately.

## SEGMENT SUMMARY

The Group's segments are divided according to which country they have their headquarters in and for which products that is accounted for. The segments are divided into Sweden, Denmark and Life Science. Segment Sweden comprises the Swedish companies and their products, segment Denmark consists of the Danish companies and their subsidiaries that accounts for products belonging to the Danish entities. Segment Life Science consists of the Group's total records related to life sciences customers for its products specifically designed for life science companies. Items related to life sciences are thus reported separately under its own segment and are not included in the other segments' reported amounts.

(SEK 000)	Jan-Sep 2018				Group
	Sweden	Denmark	Life Science	Eliminations	
Sales, external	119 817	167 232	9 813	-	296 862
Sales, internal	3 792	980	1 023	-5 795	-
<b>Total sales</b>	<b>123 609</b>	<b>168 212</b>	<b>10 836</b>	<b>-5 795</b>	<b>296 862</b>
Costs, external	-84 701	-131 116	-8 612	-	-224 429
Costs, internal	-2 404	-2 298	-1 094	5 795	-
<b>EBITDA</b>	<b>36 505</b>	<b>34 797</b>	<b>1 131</b>	<b>-</b>	<b>72 433</b>
%	29,5%	20,7%	10,4%		24,4%

(SEK 000)	Jan-Sep 2017				Group
	Sweden	Denmark	Life Science	Eliminations	
Sales, external	121 302	150 714	7 767	-	279 783
Sales, internal	3 607	367	571	-4 545	-
<b>Total sales</b>	<b>124 909</b>	<b>151 081</b>	<b>8 338</b>	<b>-4 545</b>	<b>279 783</b>
Costs, external	-84 234	-126 419	-9 233	-	-219 886
Costs, internal	-3 436	-531	-578	4 545	-
<b>EBITDA</b>	<b>37 239</b>	<b>24 131</b>	<b>-1 473</b>	<b>-</b>	<b>59 897</b>
%	29,8%	16,0%	-17,7%		21,4%

## GROUP-WIDE INFORMATION

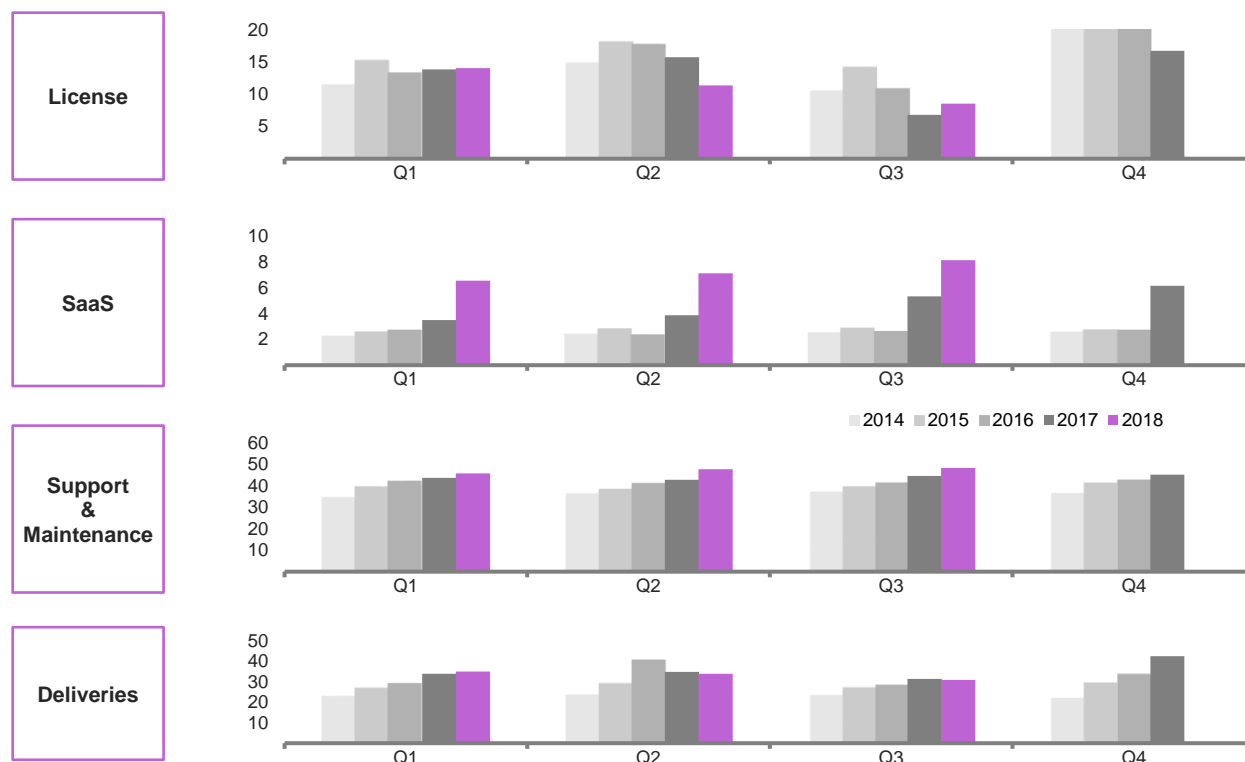
Revenues from all products and services are identified as follows:

2018	Life			
	Sweden	Denmark	Science	Group
License	12 566	20 421	960	33 947
SaaS	10 662	9 359	1 749	21 770
Support & Maintenance	73 201	66 015	2 219	141 435
Delivery	23 388	71 437	4 885	99 709
<b>Net sales</b>	<b>119 817</b>	<b>167 232</b>	<b>9 813</b>	<b>296 862</b>

2017	Life			
	Sweden	Denmark	Science	Group
License	17 632	18 188	535	36 355
SaaS	8 947	2 617	1 134	12 698
Support & Maintenance	69 280	59 318	2 262	130 860
Delivery	25 443	70 591	3 837	99 871
<b>Net sales</b>	<b>121 302</b>	<b>150 714</b>	<b>7 767</b>	<b>279 783</b>

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## SALES ANALYSIS BY QUARTER



## NUMBER OF SHARES

	2015-01-01 2015-12-31	2016-01-01 2016-12-31	2017-01-01 2017-12-31	2018-01-01 2018-06-30	2018-01-01 2018-09-30
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	-
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>52 887 406</b>

## KEY RATIOS FOR THE GROUP

	Jan-Sep	
	2018	2017
Net sales, SEK 000	296 862	279 783
EBITDA, SEK 000	72 433	59 897
EBITDA-adj., SEK 000	47 566	31 523
EBIT, SEK 000	37 074	23 004
Net profit for the period, SEK 000	27 358	14 379
EBITDA margin, %	24,4%	21,4%
EBITDA-adj. margin, %	16,0%	11,3%
EBIT margin, %	12,5%	8,2%
Profit margin, %	9,2%	5,1%
Return on equity, %*	10,2%	7,5%
Return on working capital, %*	13,7%	9,7%
Equity ratio, %	59%	58%
Equity per outstanding share at the end of the period, SEK	7,32	6,66
Earnings per share - before dilution, SEK	0,52	0,28
Earnings per share - after dilution, SEK	0,51	0,28
Share price at the end of the period, SEK	20,10	14,90

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

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#### PARENT COMPANY INCOME STATEMENT SUMMARY\*

(SEK 000)	Jul-Sep		Jan-Sep	
	2018	2017	2018	2017
<b>Net sales</b>	<b>32 422</b>	<b>32 961</b>	<b>110 746</b>	<b>108 089</b>
Operating expenses				
Sales expenses	-3 646	-3 809	-10 235	-14 854
Other costs	-9 171	-8 213	-26 425	-22 895
Personnel costs	-17 436	-15 652	-51 565	-48 809
Depreciation/amortization	-1 601	-1 571	-4 666	-4 688
<b>Total operating expenses</b>	<b>-31 853</b>	<b>-29 244</b>	<b>-92 890</b>	<b>-91 247</b>
<b>Operating profit/loss</b>	<b>569</b>	<b>3 717</b>	<b>17 856</b>	<b>16 843</b>
Other financial items	-2 254	714	-2 429	1 737
<b>Net profit for the period</b>	<b>-1 685</b>	<b>5 599</b>	<b>15 427</b>	<b>19 747</b>

#### PARENT COMPANY BALANCE SHEET SUMMARY

(SEK 000)	Sep 30		Dec 31
	2018	2017	2017
Intangible assets	12 711	15 785	14 852
Tangible assets	1 184	972	967
Financial assets	331 661	325 725	324 304
Deferred tax asset	2 816	-	-
Current assets (excl. cash equivalents)	45 472	70 462	79 439
Cash and bank balances	41 787	27 563	65 908
<b>TOTAL ASSETS</b>	<b>435 631</b>	<b>440 507</b>	<b>485 470</b>
Restricted equity	22 979	22 878	22 878
Non-restricted equity	214 157	215 330	211 628
<b>Total equity</b>	<b>237 136</b>	<b>238 208</b>	<b>234 506</b>
Long-term liabilities	70 815	77 457	81 429
Current liabilities	124 865	124 842	169 535
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>432 816</b>	<b>440 507</b>	<b>485 470</b>

\* A reclassification has been made between financial assets and current assets for the year 2017 as of Sep 30 related to the short-term part of interest bearing receivables on group companies. The reclassification amounts to 11 678 Tkr.

#### 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.

(SEK 000)	Sep 30		Dec 31
	2018	2017	2017
Pledged assets	307 246	302 219	310 329
Contingent liabilities	-	-	-

## 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.