ANNUAL REPORT 2013

Formpipe.

CALENDAR

Annual General Meeting
25 April 2014
Interim report January - March
16 April 2014
Interim report January - June
14 July 2014
Interim report January - September
24 October 2014
Year-end report for 2014
17 February 2015

ORDERING FINANCIAL INFORMATION

Financial information and other related corporate information is published on www.formpipe.se

Information may also be ordered from: Formpipe, Box 23131, SE-104 35 Stockholm and on info.se@formpipe.com

CONTACT PERSON FOR INVESTOR RELATIONS

CFO Joakim Alfredson
joakim.alfredson@formpipe.com

DISTRIBUTION POLICY

The 2013 Annual Report shall be sent to major shareholders shortly before the AGM.

The Annual Report is also available as a downloadable PDF on www.formpipe.se

Formpipe.

FORMPIPE IN BRIEF

Formpipe develops and provides high-quality information management software and solutions. The company focuses on enterprise content management (ECM) products for document and records management, archiving, preservation, and input and output data management. By offering high product quality and stability, Formpipe helps its customers realise cost savings and efficiencies.

Formpipe offers a unique position to the ECM market, with a stable and profitable customer base that provides resources for investing in new markets and developing new offerings High-quality products, along with a deep understanding of effective information management, differentiate Formpipe from its competitors. The company focuses its offering on the public sector, where it is the market leader, and on the life sciences sector, where it is challenging the established market players with innovative, user-friendly solutions. As the ECM market continues to grow, the future looks bright for Formpipe's competitive products and solutions.

"Business model, with large recurring revenue base drives strong cash flow generation."

GROWTH

+38%

System revenues rose by 38 percent year on year.

RECURRING REVENUES

50%

INCREASE IN EBITDA

12%

EBITDA at MSEK 64.6 compared to MSEK 57.3 previous year.

CASH FLOW

MSEK 75

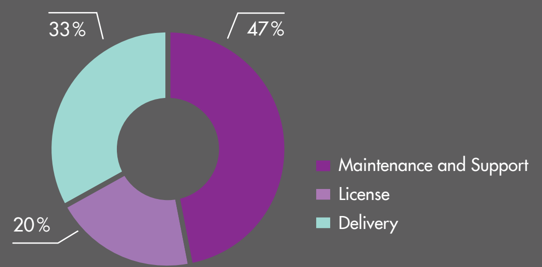
Up MSEK 40,2 compared to previous year.

THE YEAR IN BRIEF

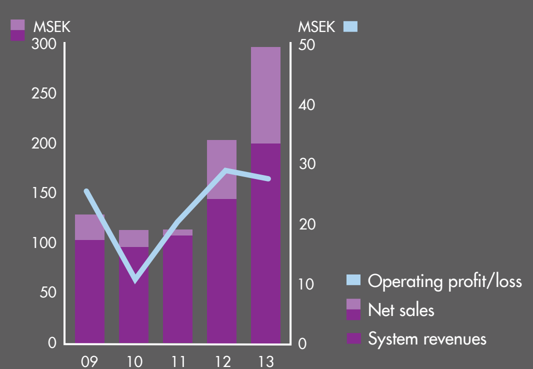
	2013	2012
Net sales, MSEK	294.1	201.2
Systems revenues, MSEK	197.1	142.9
EBITDA, MSEK	64.6	57.7
Operating profit, MSEK	27.3	28.6
Profit after tax, MSEK	15.8	13.7
Earnings per share	0.30	0.36

HIGHLIGHTS

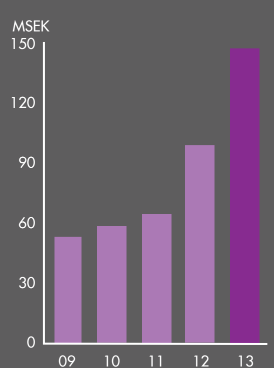
- Formpipe ranks highest in large framework agreements in the Danish public sector. Formpipe wins a framework agreement to supply IT solutions and maintenance to SKI (National Procurement Ltd. Denmark). SKI estimates the ttal value of the contract at roughly DKK 1.2 billion.
- Formpipe is awarded a framework agreement for long-term archiving from SKL (Swedish Association of Local Authorities and Regions, SALAR). The four-year agreement, worth an estimated SEK 250 million.
- Formpipe acquires Lemoon, a provider of publishing, mobility and e-services. Acquiring an existing, modern and proven technology, shortens Formpipe's lead time for launching advanced mobility solutions and additional e-services with integration to Formpipe's ECM products.
- Formpipe and a Danish public sector customer sign an agreement for the provision of TAS, a Grants Management solution for grants writing and administration). The agreement is for an extension of the customer's existing solution and is valid for four years. The total order value is SEK 10.5 million.
- A Life Sciences business has agreed to buy Platina QMS to manage and streamline their processing and documentation in quality and HSE (health, safety, and environmental). This order is valued over SEK 1.4 million, where 1.1 million represent stems revenues.
- Formpipe receives an order from Stockholmshem for our Platina ECM product. The order value totals SEK 2.9 million and includes licenses, support and maintenance, as well as implementation.



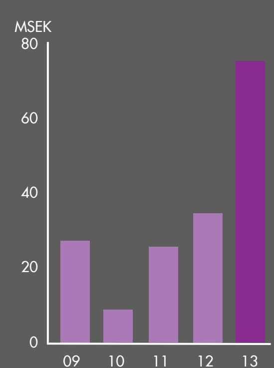
SALES BY REVENUE SOURCE



SALES AND OPERATING INCOME



RECURRING REVENUES



CASH FLOW FROM OPERATING INCOME

GREATER OPPORTUNITIES THAN CHALLENGES

Our stable foundation paved the way for investments in growth initiatives. We launched several new products and entered new industries and geographic regions.

2013 started short of expectations, while the second half of the year brought us momentum in the right direction, although this did not fully compensate for the slow start.

Entering 2014, we see greater opportunities than we do challenges. We have a fundamentally sound business, with sales to a stable customer base and a business model that provides substantial recurring revenue streams.

GROWTH INITIATIVES

Our strong customer base is the backbone of our ability to invest in several new growth initiatives in recent years. In addition to launching several new products for our existing customers, we have paved the way for reaching new industries and geographic regions. In our assessment, 2014 will bring a turnaround in sales and profitability even for these initiatives, as we describe a few of these initiatives here:

Long-Term Archive

Long-term archiving is an area that has received attention for several years without showing greater sales figures. We now see that this interest will transform into actual investment in 2014. Early 2014 saw the start of the major framework agreement with SKI (Procurement services function of the Swedish Association of Local Authorities and Regions), enabling our municipal and county council customers to call-off on our services for this. Interest in long-term e-archiving has taken root across government agencies, where we have already made several deals.

Life Sciences

Our European efforts in the life sciences sector continue, and we anticipate a high likelihood of further success in this field in 2014. Reference customers still present a limitation for us, but we are growing stronger with every new customer we win. Satisfied customers are our best sales message. We believe that we have the most user-friendly EQMS (Enterprise Quality Management System) offered on the market.

Cross-sales

We have expanded our product offerings in Sweden and Denmark. Sales of Grants Management software to Sweden remain at the forefront of our plans, as well as sales to Danish government agencies for document, and case and records management software with high speed processors. In each country, we are the market leaders in our fields. Coupled with local expertise and networks, we can leverage our offerings to create added value for our customers in both markets.

More efficient processes for EU subsidies

Denmark's agricultural board has progressed the farthest within the EU through its use of computer systems to automate and streamline the process for EU farming subsidies. This gives Denmark's farmers the advantage of receiving their EU subsidies much earlier in the year than farmers from other EU countries, while the board gains significant efficiencies. Even the Danish economy gains from the earlier subsidy pay outs. Our product is what makes this possible. And since we know that many other European agricultural boards are keen to learn from Denmark's success, we see potential in the coming years to sell this product to other agricultural agencies in Europe.

A major reform in this area is on the table for 2015, and many would gain by having a better system in place at that time.

In-house delivery organisation in Sweden

To better help our customers leverage the full potential of our products and to improve our partner support, we are building up a supply organisation in Sweden. By the end of 2014, we plan on having close to 20 new employees providing a profitable service.

"A stable core business with promising initiatives for growth."

E-services and mobility

To help our customers leverage their investment in our ECM products, we have acquired a product for publishing, mobility and e-services. The interaction between citizens, businesses, government agencies and politicians is facilitated by efficient and easily accessible e-mail services. Crucial simplicity and ease of use are in demand for processing and managing casework, whether by mobile phone, tablet or PC. E-services that we develop in cooperation with our customers, integrating with our ECM products, will be valuable to many of our other customers who often have similar requirements.

CHALLENGES

We see a great untapped potential for our growth initiatives, as well as areas that pose certain challenges.

Election year in Sweden

2014 is an election year in Sweden, and experience tells us we can expect slightly less activity in the market around the election.

Municipal markets in Denmark

In Denmark, we see signs that 2014 will likely be a better year than 2013 for the document and case management market. 2013 saw only three municipal tenders in this area, but anticipate up to ten in 2014.

In response to the challenging market in 2013, we have reduced supply capacity in Denmark This makes us less sensitive to a slow market, but also leaves us vulnerable to resource constraints during periods of high demand. In this case we will have to use subcontractors instead of having our own personnel, resulting in lower margins.

CASH FLOW AND SHAREHOLDER VALUE

Naturally, I cannot end my CEO comments without touching on the strength of our recurring revenues and cash flows.

We believe that despite 2013 being a weak year, and well below our expectations, still, we generated a positive operating cash flow of SEK 75 million. A stable business model with a high proportion of recurring revenues (50 per cent) lays the foundation for our strong cash flows

We must always strike a balance when using these cash flows in the best way possible, and for 2013 we prioritised debt reduction over dividends. During the year, we reduced net debt SEK 40 million, which in our assessment creates long-term value for our shareholders as more analysts believe that our debt burden negatively affects share performance.

In conclusion, we can say that the potential of opportunities outweighs our challenges. We believe 2014 holds more promise than 2013 regarding sales and profitability, and for improving shareholder value.

Christian Sundin
CEO Formpipe

ECM LIFTED TO STRATEGIC BUSINESS OPPORTUNITY

ECM solutions have evolved from being an IT issue to a strategic business issue, as evidenced by investment being increasingly financed through operating budgets.

IT costs are one of the biggest line items in the public sector, both in Sweden and in Denmark. Since IT is an important means of raising the quality and level of service for a country's citizens, the development of e-administration is high on the regional political agenda. 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 a strategic business issue.

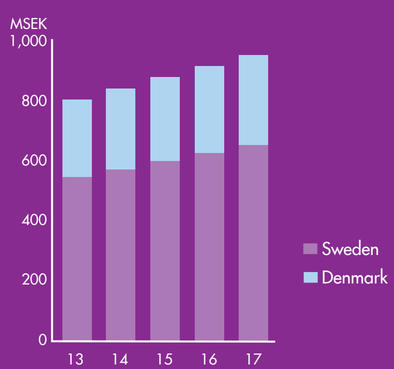
According to analysts at Radar Group, ECM continues to be a high-priority investment area for companies and organisations. The Gartner analyst group predicts that the Danish and Swedish license market for ECM software will total approximately SEK 840 (800) million in 2014 — an increase of 5 per cent over 2013.

This growth is fuelled in large part by the organisational and corporate-wide need to streamline operations and to meet legal requirements and regulations. Growth drivers continually gain strength as the sheer amount of data and information increases.

Formpipe addresses the needs of public sector markets in Sweden and Denmark as well as the global life sciences market.

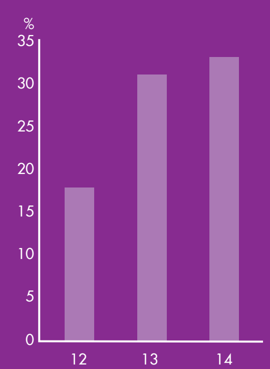
PUBLIC ADMINISTRATION MORE EFFICIENT

The ECM market for the public sector is less sensitive to economic cycles over time than many other industries where effective e-administration solutions require continued investments. In Europe, the population continues to age and the few must support the many, all while the standard of living is expected to increase. New technologies and digital channels are therefore important components for greater availability, and increasing productivity and quality. ECM solutions have long been a successful and important means of enhancing efficiency in public administration — what is known as e-administration.



SYSTEMS REVENUES ECM MARKET IN SWEDEN AND DENMARK

Source: Gartner September 2013



SHARE OF PUBLIC SECTOR OPERATIONS WITH ECM BUDGET

Source: Radar Ecosystem, ECM Market Report Sweden 2014

RANKING OF ECM AS PRIORITY AREA IN THE PUBLIC SECTOR

Source: Radar Ecosystem, ECM Market Report Sweden 2014

PUBLIC SECTOR GROWTH DRIVERS FOR ECM

Public administration bodies in Europe are facing the challenge to improve the efficiency, productivity and quality of their services. ECM products and solutions help these public administration bodies address the following challenges.

GREATER DEMAND FOR BETTER SERVICE LEVELS

In recent years, rapid technological advances in areas such as smart phones, tablets and the internet, as well as the development of e-services in other industries, have spurred citizens, businesses and organisations to demand more services from municipalities, county councils and other public authorities. We expect quicker replies and decisions — as well as 24/7 availability.

DEMAND FOR GREATER EFFICIENCY

Increasingly tightened budgets place high demands on efficiency. Much can be gained by making processes more efficient and thus avoiding unnecessary administration. Automation and self-service reduce the administrative burden on citizens and businesses alike. E-administration will gradually become even more important and continue to contribute to increased efficiency. E-administration will gradually become more important and continue to contribute to increased efficiency.

COMPLIANCE WITH LAWS AND REQUIREMENTS

Transparency and disclosure policies are necessary both for the work of the EU and in different forms among the Member States, not least in the Nordic countries. Laws and regulations govern which information must be available. The digitisation of cases, documents and other paperwork raises quality and traceability while ensuring the preservation of the growing amount of information that must be stored according to laws and regulations.

AN AGEING POPULATION NECESSITATES COST SAVINGS

Our ageing population and the expected population growth in Europe will place more demands on the public sector's welfare services. As more people age and do not work, welfare financing poses a challenge. Shrinking younger age groups must support a growing senior age group, while rising living standards are still expected. Digital development with good e-administration services is a vital part of meeting the challenge.

- A Governo survey shows that 64 per cent of Sweden's municipal managers are planning for e-administration and e-services.
- According to research firm Radar, planned investment in e-administration has seen a record increase of 40 percent year to year among government agencies in Sweden.
- This interest is mainly due to a better understanding of how e-services can lower costs and give citizens faster and better service.

BUSINESS CRITICAL INFORMATION MANAGEMENT

Formpipe delivers high-quality software for structured information management to organisations with demanding requirements.

BUSINESS CONCEPT

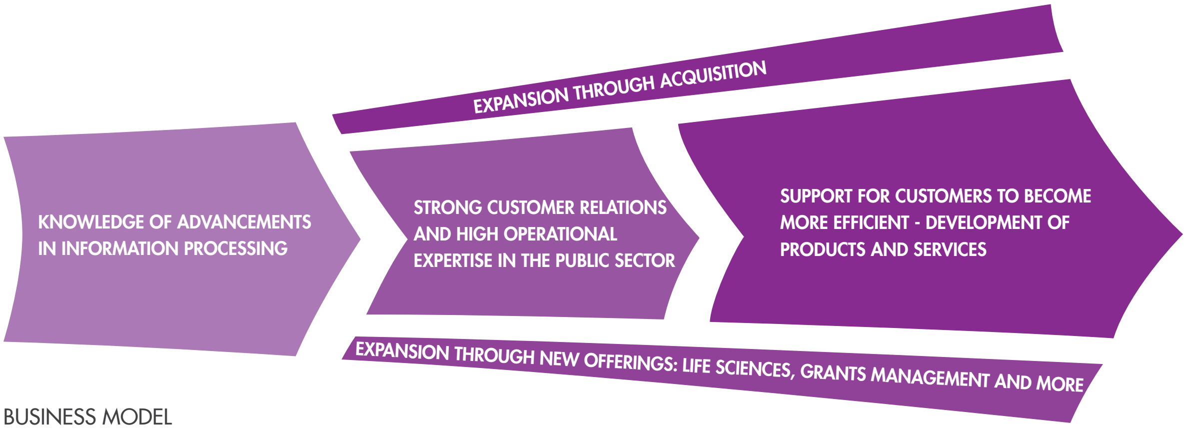
Formpipe develops IT solutions to create unique business value for companies and organisations that see data management as a business-critical process.

STRATEGIC OBJECTIVES

Formpipe's strategy is to develop high-quality ECM solutions for organisations that place high demands on information management. Formpipe aims to grow both organically within select industries and through strategic acquisitions.

BUSINESS MODEL

Formpipe develops and provides information management software and solutions for efficient information processing. The company focuses on ECM solutions for document and records management, workflow automation, archiving, preservation, and input and output data management. By offering superior product quality and industry-leading expertise, Formpipe helps its customers realise cost savings and efficiencies. Formpipe distributes its software through certified partners and the company's delivery organisation. This business model contributes to a balanced delivery capacity and the advancement of industry knowledge. This business model contributes to a balanced delivery capacity and the advancement of industry knowledge.



BUSINESS MODEL

FORMPIPE'S STRATEGIC FOUNDATION

HIGH SHARE OF RECURRING REVENUES

Formpipe's business model is based on license revenues for the company's software products and contractually recurring support and maintenance revenues, delivery revenues from implementation projects and recurring revenues from upgrades.

Through complete, industry-tailored solutions that can scale to meet the changing needs of the customer's organisation, we generate repeat business from additional development and enhancements. These developments and enhancement projects often expand the user base, thereby increasing both license revenues and extended support and maintenance revenues.

Formpipe also provides software where operation, maintenance, upgrades and support are included in the current agreement. This gives us a stable, repetitive revenue streams as most customers continually renew their agreements.

ACQUISITIONS

At Formpipe we proactively evaluate and implement the acquisition of companies whose offerings strengthen our own offering in the ECM space. Complete solutions, recurring revenues and industry expertise are vital components for a good fit with the Formpipe model.

STRONG CUSTOMER RELATIONS

Formpipe's customers are at the heart of the work we do. We have a deep understanding of our customers' business, and we understand that business issues are often complex. Our first priority at Formpipe is to find simple solutions that deliver the greatest return on investment for our customers. We then develop new, innovative solutions.

Through strong and close customer relationships in select industries, Formpipe continually develops new software and solutions to cross sell to other customers in the same industry, which creates value for both Formpipe and our customers.

PARTNERS - A CHANNEL FOR GROWTH AND GREATER UNDERSTANDING

Formpipe's business model utilises the company's partner network of more than 200 consultants to complete business deals and customer projects. With a combination of product knowledge and an understanding of our customers' business, our certified partners prove their value when helping clients gain the full benefits of our products. Formpipe works actively to evaluate and develop our partner network to reach a wider market.

EFFECTIVE ORGANISATION AND HIGH LEVELS OF EXPERTISE

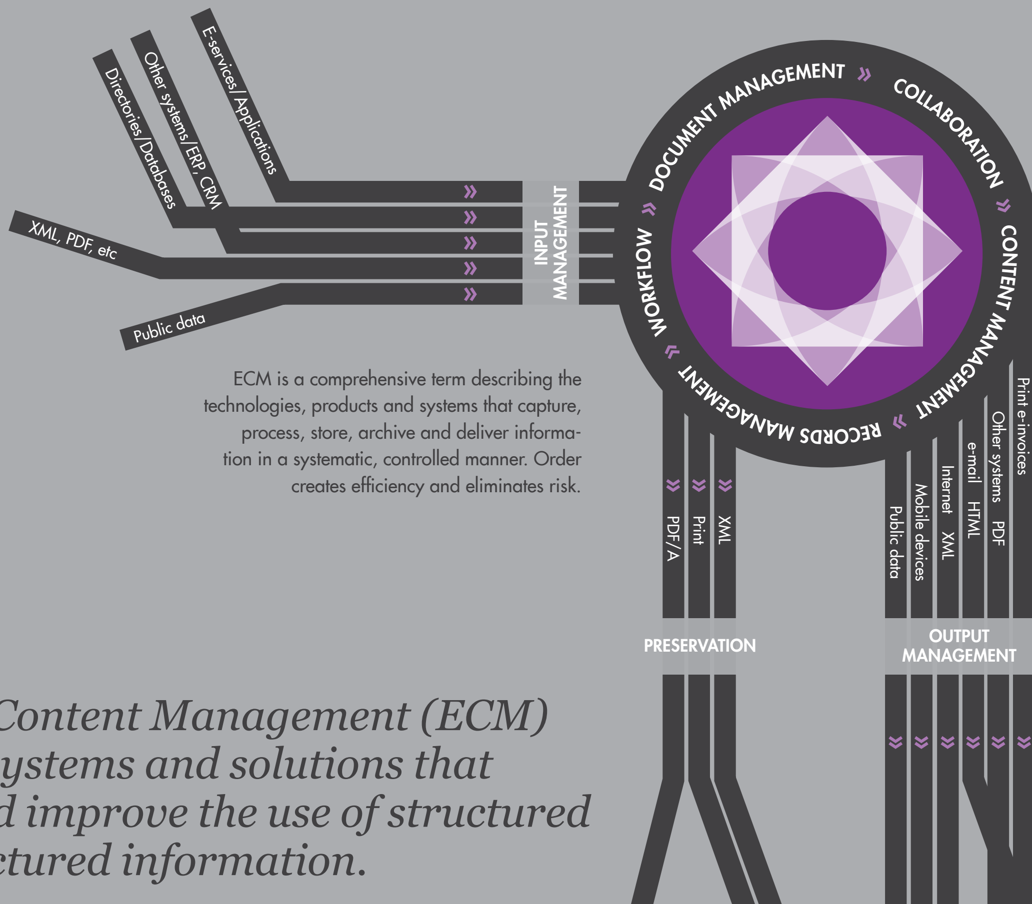
Formpipe is a decentralised organisation in which management promotes clear and open dialogue, makes timely decisions and always engages with the customer. Our business is knowledge intensive, with employees who possess a high level of expertise and dedication.

We focus on attracting and developing top talent by fostering an open and stimulating corporate culture where employees are encouraged to grow and develop. The company offers all employees participation in share-related incentive programmes.

CORE VALUES

Formpipe's core values are: Trust, pride, respect, teamwork and enjoyment.

Formpipe's goal is for all employees to promote long-term customer relationships by always delivering on promises. Employees at Formpipe should feel pride and excitement when they come to work and should nurture positive collaboration amongst employees, customers and partners.



ECM is a comprehensive term describing the technologies, products and systems that capture, process, store, archive and deliver information in a systematic, controlled manner. Order creates efficiency and eliminates risk.

ECM

Enterprise Content Management (ECM) consists of systems and solutions that manage and improve the use of structured and unstructured information.

ECM

Examples of ECM solutions are document management, records management, automated workflow management and electronic archiving.

The sheer volume of information being created in today's information society is enormous and constantly increasing. Being able to select, automate and ensure that the right information reaches the right people in their daily work is becoming more and more important.

Managing information correctly is a strategic opportunity to improve productivity and performance, enabling public sector organisations to achieve a higher level of service.

Enterprise Content Management (ECM) is a collective term for the technologies, products and systems that help organisations create a clear and orderly system for managing the entire information lifecycle, from input through to long-term storage. In this area, Formpipe has emerged as the market leader in the public sector and a challenger in life sciences.

DOCUMENT MANAGEMENT

The management of electronic documents with features such as version control, document registration, records management, linked and composite documents, and integration with standard tools such as Microsoft Office.

COLLABORATION

Tools that enable several people to work with the same information in a common environment, platforms for publishing, mobility and e-service.

CONTENT MANAGEMENT

Features for managing and publishing information and documents on the Internet or an Intranet.

RECORDS MANAGEMENT

Features for controlling, tracing and preserving different types of information that is governed by legal requirements, such as disclosure policies, the FDA or SOX, and internal regulatory and policy documents.

WORKFLOW

Routine manual tasks can be completely or partially automated by defining digital workflows, approval processes and application processes or event-driven flows for streamlining business processes.

PRESERVATION

The long-term preservation of legal documents and cases, public documents and cases, medical records, and more. Features for exporting, storing, and retrieving data in electronic archives according to applicable standards, rules and laws.

E-ADMINISTRATION

The digital society is being developed in public administration through strategic operational advances supported by IT – we call this e-administration.

ECM IN THE PUBLIC SECTOR

Just twenty years ago, our reality looked very different. Communication between citizens and their public administrators meant filling in paper forms, scheduling meetings with case managers, or calling time and again. Incorrectly filled information could mean that weeks of effort was lost and public funds went to waste.

Now to an increasing degree, both citizens and companies expect fast, easy and secure processes for their needs, greater access to information and greater opportunities to influence these process through digital contact pathways. The development of the digital society offers greater opportunity to meet these expectations and to overcome challenges like an ageing population, financing our welfare needs, and climate change.

By using IT and information intelligently, service can be improved, quality, and efficiency raised and participatory needs supported. The digital society is being developed in public administration through strategic operational advances supported by IT – We call this e-administration.

E-administration levels vary in relation to the services offered and how information is used between municipalities and various authorities. A recurring and basic idea behind all development in e-administration is that information, which is already available at these governmental agencies and municipalities, should be easy to reuse and and redistribute. IT support is necessary for that kind of collaboration - support that is open to integration and that complies with the standards established for information processing in the public sector.

IT SUPPORT FOR EFFICIENT E-ADMINISTRATION

There are many good examples of how the efficiency and service levels of e-administration programmes have improved. The Danish Agricultural Board uses the Formpipe solution for Grant management in processing EU farming subsidies. Our solution provides IT support the entire path from application to the pay out of billions of Kronor granted every year. This has enabled dramatically cutting the time from the application to payment compared to other countries, while processing also minimizes the number of incorrect payments. These incorrect payments are a significant problem throughout the EU. That Denmark's farmers gain advantage from receiving their subsidies earlier than other country's farmers also creates gains for the Danish economy, gains that these other countries should be interested in obtaining as well. Electronic submission of tax returns is natural for Swedes now, but many other less complicated services are also provided through e-administration, as with reporting broken street lights to municipal offices using a smart phone or reporting parental leave for the care of a sick child to the Social Insurance Agency.

Formpipe is a total solution provider for e-administration with a broad product offering and the know-how based on operations specific requirements to develop solutions that provide the greatest possible utility for all those affected.

”New and effective e-services have contributed to reducing total administrative expenses between 2006 and 2010 by SEK 7 billion from the 2006 level of SEK 96.5. ”

Tillväxtverket (Swedish Agency for Economic Growth) 2010

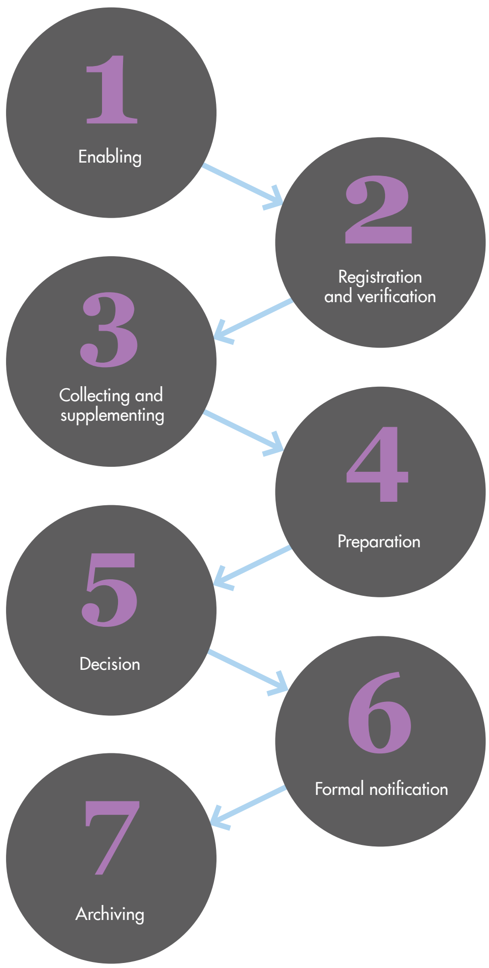
DENMARK

Denmark has decided to make digital communication mandatory between its public sector and its citizens and businesses within 63 fields of service. Currently, 44 percent of all communication between citizens and the Danish public sector in these service fields is through digital channels The target for the end of 2015 is to increase this figure to nearly 84 percent. The Danish Digitaliseringsstyrelsen (Agency for Digitisation) estimates that total societal savings after fully digitalising all of these 63 fields can be DDK 900 million annually. The higher level of digitalisation is expected to reduce the total number of queries to the public sector by 9.2 million.

THE ELEMENTS OF RECORDS MANAGEMENT

The technical level used can be adjusted in each of the records management steps below. Formpipe has developed IT support to automate, publish, communicate/collaborate, and for electronic authentication and automatic archiving. Simply depending on the service levels necessary. A very large proportion of routine matters at municipal or national authorities are currently processed manually. Which means a staff member must perform a task at each step.

With IT support for e-administration, many of the routine matters can be automated entirely. For example, a private person applies for a resident parking permit using e-service - the matter can be managed by automatically checking the civil registry and the vehicle registry; the individual can be immediately approved (or denied); they can pay electronically, and print their permit and park their car. When completed, this simple record can be automatically archived.



Example: an e-service or forms, and contact with the case manager.

Receiving information, document registration at the agency, checking the data provided.

Retrieving additional information internally or externally.

Calculating or assessing the information based on regulation, laws, ordinances, and similar.

Review of the matter and decision taken.

Notification and information regarding the decision.

Closing the matter at the agency and archiving.

FORMPIPE PRODUCTS FOR E-ADMINISTRATION ARE STANDARD COMPLIANT

Danish public sector organisations are now required to use open standards for their IT solutions. The public sector there has to guarantee that future IT solutions are based on or support these standards. For example, this applies to standards for electronic document management systems (the FESD project).

Common administrative specifications are well-defined interchangeable formats that enable transferring information between different IT systems used within the Swedish public sector.

LIFE SCIENCES

ECM and EQMS solutions are necessary in the pharmaceuticals sector to improve operating efficiency, reduce costs for regulatory compliance, and to ensure full control.

Formpipe's market in Life Sciences is global, and is largely regulated according to the frameworks established by the USFDA (Food and Drug Administration) and the EMA (European Medicines Agency). The Life Sciences industry has a significant need for software for regulatory document and records management to support structured quality assurance systems. The pharmaceutical industry has rigorous quality control requirements in every level of the organisation, from research and development to production and distribution.

All tasks in production and quality assurance are controlled under strict quality regulation, Good Manufacturing Practice (GMP), and national drugs authorities conduct regular inspections to ensure compliance with GMP. Digital processing of these strictly regulated processes places high demands on any IT support, which must live up to the same strict requirements as are placed on the pharmaceutical production. The Formpipe Electronic Quality Management System (EQMS) meets these requirements. The Platina QMS by Formpipe product - is a fully integrated complete solution that maximizes control and efficiency.

GROWTH DRIVERS FOR LIFE SCIENCES

The growth drivers for investment in EQMS products for life science businesses can be compared to those in the public sector, where increasing financial demands contribute to requirements for cost efficiency and transparent processes and solutions. The demand for innovative and cost effective medicines continues to grow, while supervisory authorities, investors, care providers and patients demand more for their money - that is, the evidence-based efficacy of the products, greater openness and greater access to information. For years, the Life Sciences market has been the object of fast growing regulatory requirements and industry standards. Many companies are therefore taking an integrated view of quality and regulatory compliance by using technology and automatic processing for their critical business processes. EQMS solutions are necessary to improve operating efficiency, cut costs for regulatory compliance and create greater control throughout the entire product life cycle, and thereby reducing the likelihood of costly product recalls and long interruptions in production.

IMPORTANT CHALLENGES FOR LIFE SCIENCES BUSINESSES ARE:

- fast growth in industry regulation and standards
- closer control from supervisory authorities
- increasing costs for regulatory compliance.

OUR OFFERINGS

ACADRE BY FORMPIPE

Acadre by Formpipe is an ECM system for electronic records and document management. The system is the most widely used by Danish municipalities and was developed based on a vision to offer process oriented support for municipal administrative tasks and processing demands. Acadre can be integrated with all types of existing systems and provides a tested digital records and document management solution.

CONTENT WORKER BY FORMPIPE

Content worker by Formpipe provides a kit of tools for simple and efficient document management in Microsoft SharePoint. Matter centric document management with e-mail, contract management, knowledge management, and extranet helps law firms, and company legal counsel share information while maintaining close document control. Content worker is easily integrated in the customer's existing SharePoint environment.

LASERNET BY FORMPIPE

Lasernet by Formpipe is currently used by nearly 2,000 companies world-wide for more efficient management of incoming and outgoing documents. Lasernet cuts our customers' administrative expenses through automating processes and electronic distribution of their organisations' business documents. Lasernet is often sold as an add-on module to various ERP systems, such as SAP, Microsoft Dynamics and similar.

LONG-TERM ARCHIVE BY FORMPIPE

Long-Term Archive by Formpipe is a system for the long-term preservation of documents and was developed in close collaboration with the Riksarkivet in Sweden (the Swedish National Archives). Regardless your operational system or the design requirements and structure of the objects to be preserved, Long-Term Archive can manage it for secure long term preservation.

ONDEMAND BY FORMPIPE

OnDemand by Formpipe is a service offering based on functionality from Formpipe's leading products. For OnDemand, Formpipe manages upgrades, operation and maintenance. Our customers can concentrate on their core business and utilise all the available functionality from the market leading document and case management software.

PLATINA BY FORMPIPE

Platina by Formpipe is a modern web-based and cohesive ECM product for quality assured management of documents, processes and registers. Typical customers for this product are governmental agencies, county councils, and municipal governments who have high demands for traceability and where documentation procedures are critical.

PLATINA QMS BY FORMPIPE

Platina QMS by Formpipe meets legislative requirements and is the market's most advanced EQMS product available. It is a powerful and flexible tool to manage documents and processes for regulatory quality management. Platina QMS built in modules so the customer can select only the functionality they want. The Platina QMS product has complete processes including for document control, SOP management, deviation management, CAPA and training.

PORTAL BY FORMPIPE

Portal by Formpipe is a platform for publishing, mobility and e-services that integrates with Formpipe's case management products for e-administration. Portal is used to create two way communication between government administrators and citizens, directly linked to the same matter and related documents. Portal enables creating anything from simple e-services to qualified communication with collaborative interfaces and identification using e-ID.

TAP BY FORMPIPE

TAP by Formpipe is a configurable Business Process Management platform (BPM) used to create efficient, automatic business processes based on Service Oriented Architecture (SOA). The TAP platform can be configured and designed on a standard platform that enables fast, secure start-up.

TAS BY FORMPIPE

TAS by Formpipe is a configurable standard platform for application and grant management. Development of TAS is based on the Company's long-term commitment within the public sector. Sales service and automated processes throughout the entire case flow creates high availability and effective, quality assured management of all granting matters.

W3D3 BY FORMPIPE

W3D3 by Formpipe is a powerful web-based ECM product for information processing and e-services. The product has a wide-ranging customer base within the public sector where W3D3 creates and keeps order among documents, records, and files.

FIVE CASE STUDIES

THE CITY OF MALMÖ

In the City of Malmö, the document and records management flow is considered the backbone of e-administration. Since 2010, Malmö has been driving a comprehensive project to develop and streamline its processes and IT support for document and records management. By successfully managing its documents and records, the city hopes to achieve common routines and work methods, more efficient work processes, less paper use and better service to its citizens

Malmö has chosen Platina by Formpipe for municipal-wide IT support, aiming to create a fully digital process for records management. The project goal is clear: "By 2015, the entire document flow from initiation to archiving will be digital."

"Having smarter, modern administrative processes for document and records management increases service and quality while enabling financial and environmental savings."

Johanna Fransson, Project Manager for the municipal-wide development of document and records management.

HIGH GRADES FOR UNIVERSITY E-APPLICATIONS

In close cooperation with UNI • C, the Danish IT Centre for Education and Research, Formpipe has continuously developed and expanded optagelse.dk, a website for applying to secondary and higher education courses throughout Denmark. UNI • C is an agency under the Danish Ministry of Education providing a wide range of IT services for education and research. More than one million users regularly use UNI • C's IT services and products.

REALISING PROFITS IN ESBJERG MUNICIPALITY

Denmark's fifth largest municipality, Esbjerg, awarded Formpipe a contract for the document and records management system Acadre by Formpipe. Esbjerg Municipality chose Acadre after awarding the highest score to the product for most 'value for money'. The contract award paves a new digital path for Esbjerg Municipality, now looking forward to better service, greater efficiency and simplified workflows.

"In implementing Acadre, Esbjerg Municipality gains a modern, efficient system that will make life easier for employees and management alike. Acadre is also a financially advantageous solution that will yield economic benefits over the contract period."

Laurits Thomsen, IT Project Manager for Esbjerg Municipality.

GRANTS MANAGEMENT AND ADMINISTRATION AT THE MINISTRY OF SOCIAL AFFAIRS, CHILDREN AND INTEGRATION

Each year, the Danish Ministry of Social Affairs, Children and Integration allocates funds for approximately 1.5 billion Danish Kroner across nearly 300 different types of grants. At the start of the year, the ministry switched over to a new model for grants management, which requires a management system that supports the ministry's new work processes. Formpipe is charged with implementing the Department's future grants management system, which will build on their existing solution, TAS by Formpipe.

"We are very pleased with having chosen a grants management system that provides complete IT support for the processes required for public sector grants management. We also achieve better internal and external management and we improve our ability to offer even better service to our stakeholders."

Jesper Brask Fischer, Deputy Permanent Secretary at the Social Affairs, Children and Integration Ministry.

DIGITAL MEETING MANAGEMENT IN MOTALA SAVES TIME, MONEY AND THE ENVIRONMENT

Motala Municipality currently uses tablets and the Meetings from Formpipe app to streamline and digitize board work. This eliminates the paperwork used as decision-guidance documents by politicians. Instead, all documentation is distributed using the app and politicians can easily annotate and search the documents. Postal, printing and paper costs are eliminated. Preparation time for meetings in the municipal government has plunged from about a week to a few hours, thanks to Meetings and a direct link to the Platina by Formpipe document and records management system.


Skånetrafiken

STAFF

MEHRDAD JAVADPOUR
Lives: Stockholm
Age: 33
Profession: Consultant
Family: Wife and two children
Recreation Hunting, Sheep farming and boxing
Employed with Formpipe since: 2013

I SAW THE OPPORTUNITY TO BE INVOLVED IN BUILDING SOMETHING NEW

When I was contacted by a head-hunting firm, my interest in Formpipe was immediate. I was working as consultant for Kentor with system developers in dental care for the county councils in Stockholm and Uppsala. The determinative factor for me in joining Formpipe was the opportunity to contribute to building up a new delivery organisation, and things have turned out more interesting and enjoyable than I expected.

Today, I'm part of a growing team of first class colleagues who all come from different fields in the IT world. All told, I believe that between us, we have over 100 years of IT know-how, with differing talents that complement each other. As I see it, our combined skills provide the foundation on which Delivery stands.

My role as consultant is to support our customers in devising new solutions, building on existing solutions and helping them simplify and improve the processes in their operations. This can involve creating new modules for our products or designing integration solutions.

Formpipe is an employer that has great respect for the individual's circumstances and development. They have an understanding of people having different needs depending on whether you have small children or an entirely different background. We were recently joined by a new colleague who came straight from the Java world where he was working with entirely different technology than the Microsoft-based products we work with. This brings an exciting exchange of knowledge, which says a lot about Formpipe - quite simply, you are helped to develop in your career based on your own experience.

MARTIN SÖDERBERG
Lives: Älvsjö, Sweden
Age: 40
Profession: Manager Supply
Family: Wife and three children
Recreation Marathon running, this year aiming for the Swedish Classic
Employed with Formpipe since: 2013

A SWEDISH DELIVERY ORGANISATION OPENS NEW DOORS

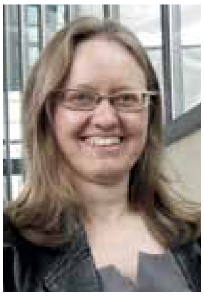
Historically, we have invested heavily in developing our core products, and largely handed over installation and customisation to our licensed partners. This has created our strong products, but put us a little too far from our customer's daily operations. Formpipe holds a huge knowledge bank of how these products can be used most effectively while our customers have complete insight into the organisational and administrative challenges they face. We saw a need to match our product know-how with our customers' problem descriptions, in order to enable us to help these customers maximise the benefits of their investment in our products – while we added revenues and profit to the company. There are a myriad possibilities to create effective e-administration that build on our products, for us and for our partners.

Looking at our Danish operations, we see they have succeeded with this. Our public sector customers are trending towards demanding modular solutions that fit their specific operating processes where they can attain the greatest benefit - but they are also working towards reducing the number of operative systems. That intersection of customer needs highlights the strength of Formpipe's flexible products that provide cohesive e-administration.

Though we are still building up the Swedish delivery organisation, I see significant advantages for both Formpipe and our public sector customers since we are already creating qualified solutions for them. I am proud over what we have been able to accomplish in such a short time.

FORMPIPE CORE VALUES:

Trust
Pride
Respect
Teamwork
Enjoyment



PIA MCCLUSKEY
Lives: North of Copenhagen
Age: 47
Profession: Engineer
Family: Husband and two children
Recreation Exercise and gardening
Employed with Formpipe since: 2013

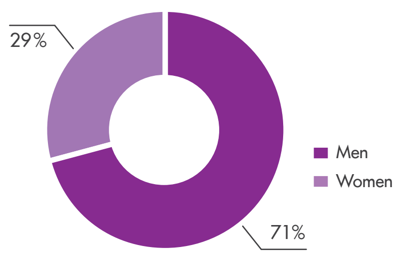
ADVANCED SYSTEMS LIKE TAP BY FORMPIPE CHALLENGE ME

I was drawn to be a consultant because I like being part of larger IT projects. Formpipe in Denmark has a professional and committed team of consultants, so it was a perfect fit for me. I've worked before as an IT trainer. But during my time at Ericsson I learned a lot about system testing and realized this was something I was good at, so I continued doing this for SAP systems and payment terminals.

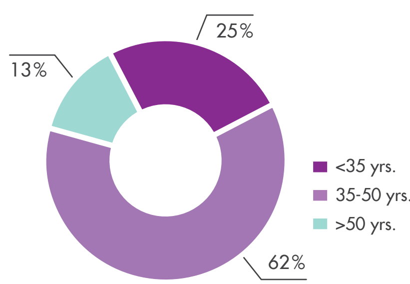
I always look for IT projects and systems that can challenge me, and TAP by Formpipe has really lived up to my expectations. It's fun to work with such a complex and advanced system that ultimately simplifies and creates value for our customers.

Today, I work as a consultant at NaturErhvervs-tyrelsen (the Danish Agrifish Agency). I'm responsible for testing integration to TAP. There are several teams working with configurations of TAP, and in my role as a tester I have a good working relationship with all the teams. It is important for me to make a difference, and I feel that I do this at my job. Our team has a good sense of camaraderie, and we always strive to help each other as much as we can.

Looking ahead, I see that Formpipe can give me the chance to learn more about testing and testing tools by enabling me to receive training and obtain the certifications I need. But the best knowledge I can get comes from keeping up to date on the various systems we deliver. I make every effort to create maximum benefit for our customers when they use our systems.



PERCENTAGE
WOMEN AND MEN



EMPLOYEES BY AGE GROUP

OUR SHARE

The Formpipe share is listed on the NASDAQ OMX Stockholm exchange, with the short name FPIP. Market value at year-end was MSEK 289.

EQUITY

Equity totals SEK 4,893,458.80 for 48,934,588 shares at par value SEK 0.10. Each share carries the right to a single vote and qualified shareholder may vote for the entire total of shares owned and represented. All shares carry an equal right to share in the company assets and profit.

SHARE PRICE AND TURNOVER FOR 2013

The Formpipe share price started the year at SEK 5.55 and ended as SEK 5.90 (closing prise 31 December). The highest price paid for the year was SEK 6.50 on 28 February 2013. The lowest price paid was SEK 4.55 on 23 August 2013. A total of 37 million shares were traded at a value of SEK 294 million.

DIVIDEND

Formpipe has the ambition to issue dividends to shareholders corresponding to an average of 30 to 50 percent of the Company profits over time. For 2013, however, the Company has set higher priority on amortising the Company net borrowings used to finance the acquisition of Traen in 2012, instead of issuing dividends. The Board of Directors therefore proposes to the AGM 24 April 2014, to resolve that the retained earnings be carried forward in their entirety.

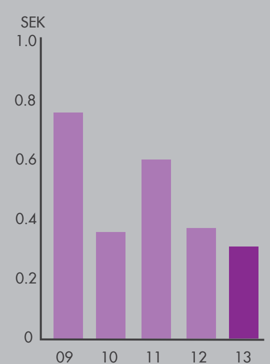
EMPLOYEE STOCK RELATED INCENTIVE PROGRAMME

The employee stock options from 2011 expired during the year. The exercise price for the shares was not achieved, whereby no options were exercised and no new shares were issued. The AGM held on 25 April 2013 resolved to offer the staff a new stock related incentive programme based on stock options. This programme includes 1,500,000 stock options and a duration of three years.

SHAREHOLDERS

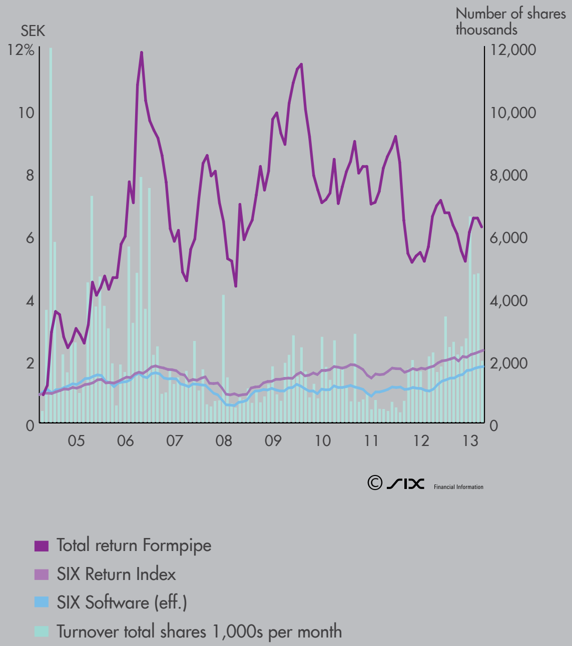
The schedule of shareholders and ownership structure of Formpipe is based on data from Euroclear as of 31 December 2013. The twenty largest shareholders represent 57.8 (64.8) percent of the equity. In all, Formpipe had approximately 2,700 shareholders as of the date above.

> "We have not changed our view of the fundamental value drivers and the company has much higher earnings capacity than shown in 2013."
> Carnegie



EARNINGS PER SHARE

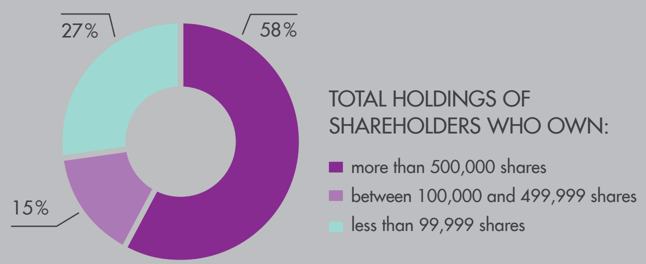
THE FORMPIPE SHARE – TOTAL RETURN



OWNERSHIP STRUCTURE TOTAL SHARES 2013-12-31

	Number of shares	%
Försäkringsaktiebolaget, Avanza Pension	4,367,685	8.93
Swedbank Robur Småbolagsfond Sverige	3,063,848	6.26
Nordnet Pensionsförsäkring AB	2,474,495	5.06
Länsförsäkringar Småbolagsfond	2,286,198	4.67
Humle Småbolagsfond	2,000,000	4.09
SEB Sverigefond Småbolag ch/risk	1,925,800	3.94
UBS Ag Clients Account	1,752,262	3.58
AB Wallinder & Co	1,376,632	2.81
Bp2s Paris/No Convention	1,300,000	2.66
Handelsbanken Fonder AB Re Jpmel	1,228,902	2.51
Andra AP-Fonden	1,000,000	2.04
Lindeberg, Erik	754,000	1.54
Sundin, Christian	716,068	1.46
Svenska Handelsbanken AB For Pb	706,036	1.44
Nykredit Bank	605,056	1.24
Jonsson, Christer	588,190	1.20
Granit Småbolag	575,000	1.18
Alfredson, Joakim	560,853	1.15
Stiftelsen Chalmers Tekniska	500,000	1.02
Wernhoff, Thomas	500,000	1.02
Other	20,653,563	42.2
Total	**48,934,588**	**100.00**

"Several factors speak for the market for longterm archiving opening up in 2014."
Redeye



DISTRIBUTION OF SHAREHOLDINGS

EQUITY

Year	Month	Transaction	Number of shares	Total SEK	Total number of shares	Par value/share
2004	Oct	Equity	100,000	100,000	100,000	1.00
2004	Nov.	Split 10:1	900,000	–	1,000,000	0.10
2004	Dec.	In kind share issue	4,799,970	479,997	5,799,970	0.10
2005	Dec.	New share issue Digital Diary AB	615,000	61,500	6,414,970	0.10
2005	Dec.	Offset share issue	1,917,909	191,791	8,332,879	0.10
2006	Sept.	New share issue ALP Data i Linköping AB	454,545	45,455	8,787,424	0.10
2007	Sept.	New share issue EFS Technology A/S	1,011,236	101,124	9,768,660	0.10
2008	Sept.	New share issue EBI System AB	1,937,521	193,752	11,736,181	0.10
2010	Mar.	New share issue share option redemption	268,323	26,832	12,004,504	0.10
2011	Mar.	New share issue share option redemption	229,143	22,914	12,233,647	0.10
2012	July	New share issue - pre-emptive rights	36,700,941	3,670,094	48,934,588	0.10
		Equity 31 Dec. 2013	**48,934,588**	**4,893,458**	**48,934,588**	**0.10**

KEY RATIOS

KSEK	2013	2012	2011	2010	2009
SALES					
Net sales	294.1	201.2	112.5	112.0	127.6
System revenues	197.1	142.9	105.3	96.7	102.1
Maintenance and Support	137.7	89.9	56.5	52.5	47.6
License	59.4	53.0	48.8	44.2	54.6
Delivery	97.0	58.2	7.2	15.4	25.5
Recurring revenues	146.3	97.8	63.6	57.6	52.7
Growth and distribution					
Sales growth	46.2	78.8	0.4	-12.2	27.6
Growth in systems revenues, %	37.9	35.7	9.0	-5.3	42.6
Share of net shares, systems revenues, %	67.0	71.0	93.6	86.3	80.0
Share of net shares, recurring revenues, %	49.7	48.6	56.5	51.4	41.3
Margins					
Operating margin before depreciation and non-recurring items (EBITDA), %	22.0	28.7	27.0	17.8	27.5
Operating margin (EBIT), %	9.3	14.2	18.0	9.7	20.8
Profit margin %	5.4	6.8	13.1	7.7	14.1
Return on capital					
Return on operating capital employed, %	6.6	10.7	17.4	9.7	23.8
Return on capital employed, %	6.5	10.5	16.3	9.8	22.2
Return on equity, %	6.2	7.4	11.8	7.2	15.8
Return on total capital, %	4.7	7.4	10.5	6.2	13.7
Capital structure					
Operating capital	405.6	416.7	117.6	114.0	109.8
Capital employed	425.8	420.4	130.4	118.4	121.7
Equity	266.8	241.8	130.4	118.4	121.7
Interest bearing net debt (+)/cash (-)	141.5	178.6	-12.8	-4.4	-11.8
Debt/equity ratio	45.1	42.1	64.9	63.7	63.7
Cash flow and liquidity					
Cash flow from operating activities	74.6	34.4	25.4	8.9	27.1
Cash flow from investing activities	-34.2	-145.1	-14.2	-13.0	-9.6
Cash flow from financial activities	-23.8	102.0	-2.8	-2.9	-15.7
Cash flows for the year	16.7	-8.7	8.4	-7.0	1.7
Free cash flow	44.6	15.1	11.1	5.4	7.8
Cash and cash equivalents	20.3	3.6	12.8	4.4	11.8
Personnel					
Total staff, annual average	226	136	69	77	79
Total staff at year-end	226	226	72	74	79
Share data					
Total shares at year-end, thousands	48,935	48,935	25,053	24,583	24,034
Average total shares before dilution, thousands	48,935	38,254	24,935	24,446	24,034
Average total shares after dilution, thousands	48,935	38,254	24,949	24,680	24,095
Earnings per share outstanding, SEK	0.30	0.28	0.59	0.35	0.75
Earnings per average total shares before dilution, SEK	0.30	0.36	0.59	0.35	0.75
Earnings per average total shares after dilution, SEK	0.30	0.36	0.59	0.35	0.75
Equity per average total shares	5.45	6.32	5.23	4.84	5.06

BOARD OF DIRECTORS

BO NORDLANDER
Chair
Elected 2009
Born 1956
BSc Business and Economics Stockholm School of Economics
Shareholding 318,159

Other board appointments
Member SIX Financial Information Sweden AB.

STAFFAN TORSTENSSON
Member Board of Directors
Elected 2005
Born 1972
MBA Jönköping International Business School
Shareholding –

Other board appointments
Tuida Holding AB.

KRISTINA LINDGREN
Member Board of Directors
Elected 2013
Born 1959
Shareholding –

Other board appointments –

JACK SPIRA
Member Board of Directors
Elected 2012
Born 1953
Med. Dr. Karolinska Institutet
Shareholding –

Other board appointments
Isifer AB and Nuclisome AB.

SENIOR EXECUTIVES

SENIOR MANAGEMENT SWEDEN

Christian Sundin
Country Manager

Joakim Alfredson
CFO

Rasmus Staberg
CTO

Erik Lindeberg
Director of Sales and Marketing
Head of BA Life Science

Mauritz Wahlqvist
Head of BA Public Sector

Martin Söderberg
Head of Delivery

Mats Persson
Head of Product Management

Lina Elo
HR Director

SENIOR MANAGEMENT DENMARK

Thomas à Porta
Country Manager

Anders Stahl Eriksen
CFO

Sten Nygaard-Andersen
CTO

Mette Fløe Nielsen
Director of Client Services

Simon Svarrer
Director of Sales and Marketing

Anders Terp
Head of BA Input &
Output Management

Ronny Schandorph
HR Director

CHRISTIAN SUNDIN
CEO
Born 1971
Employed 2006
Shareholding 560,853
Employee stock options 133,504

JOAKIM ALFREDSON
CFO
Born 1975
Employed 2007
Shareholding 560,853
Employee stock options 133,504

FORMPIPE OFFERS THESE PRODUCTS:

ACADRE BY FORMPIPE
Acadre by Formpipe is an ECM system for electronic records and document management. The system is the most widely used by Danish municipalities and was developed based on a vision to offer process oriented support for municipal administrative tasks and process demands. Acadre can be integrated with all types of existing systems and provides a tested digital records and document management solution.

CONTENT WORKER BY FORMPIPE
Content worker by Formpipe provides a kit of tools for simple and efficient document management in Microsoft SharePoint. Matter centric document management with e-mail, contract management, knowledge management, and extranet helps law firms, and company legal counsel share information while maintaining close document control. Content worker is easily integrated in the customer's existing SharePoint environment.

LASERNET BY FORMPIPE
Lasernet by Formpipe is currently used by nearly 2,000 companies world-wide for more efficient management of incoming and outgoing documents. Lasernet cuts our customers' administrative expenses through automating processes and electronic distribution of their organisations' business documents. Lasernet is often sold as an add-on module to various ERP systems, such as SAP, Microsoft Dynamics and similar.

LONG-TERM ARCHIVE BY FORMPIPE
Long-Term Archive by Formpipe is a system for the long-term preservation of documents and was developed in close collaboration with the Riksarkivet in Sweden (the Swedish National Archives). Regardless your operational system or the design requirements and structure of the objects to be preserved, Long-Term Archive can manage it for secure long term preservation.

ONDEMAND BY FORMPIPE
OnDemand by Formpipe is a service offering based on functionality from Formpipe's leading products. For OnDemand, Formpipe manages upgrades, operation and maintenance. Our customers can concentrate on their core business and utilise all the available functionality from the market leading document and case management software.

PLATINA BY FORMPIPE
Platina by Formpipe is a modern web-based and cohesive ECM product for quality assured management of documents, processes and reg-

MANAGEMENT REPORT

The Board of Directors and the Chief Executive Officer of Formpipe Software AB (publ), registration number 556668-6605, hereby present their Management Report for the fiscal year 2013.

GROUP STRUCTURE

Formpipe Software AB (publ) is the Parent Company of a Group with seven wholly-owned subsidiaries: Formpipe Software Uppsala AB, Formpipe Software Linköping AB, Formpipe Software Skellefteå AB, Formpipe Software A/S, Traen Holding A/S, Traen A/S and Traen Ltd., along with a 65 percent-owned subsidiary, Traen AB.

The Formpipe share is listed on the NASDAQ OMX Stockholm exchange, with the short name FPIP.

ABOUT FORMPIPE

Formpipe is a software company specialising in the area of ECM (Enterprise Content Management) The Company develops and delivers ECM products for structuring information in large companies, public authorities and organisations. Formpipe's software helps organisations capture, manage, preserve and contextualise information. Reduced expenses, minimised risk exposure and structured information are benefits realised from using the Company's ECM products.

Formpipe addresses the needs of public sector markets in Sweden and Denmark as well as the global life sciences market.

Business model

Formpipe's business model is based on signing long-term licenses and maintenance agreements and assisting customers with implementing and customizing the Company's software to the customer's specific needs. Formpipe reports its revenues in three classes: license revenue, support and maintenance revenue and delivery revenue. Customers pay for the license on signing the agreement, and expenses for the maintenance agreement (which entitles the customer to upgrades) and software support are paid annually in advance. A small but growing part of Formpipe's revenue comes from sales of our OnDemand Services, where the customer pays a regular fee for license rights and maintenance. Delivery revenues are continuously recognised during the project.

In addition to its own delivery organisation, Formpipe has a wide network of certified partners that install and sell the Company's products. Through this partner network, the Company reaches customers it would be unable to cultivate with its own resources, bringing greater sales and more leverage for profitability in the Company's business model. This way, Formpipe can achieve greater sales and market penetration without having to increase its own workforce at the same rate, improving our ability to control operational business risk.

The majority of Formpipe's customers are in the public sector, a sector that has come a long way in its use of ECM products. Starting in 2010, the Company has invested in designing its Life Science product offering, which is similar to the public sector in being tightly regulated by a central body. The governing regulations for participants in the Life Sciences market are those from the FDA (U.S. Food and Drug Administration) and the

isters. Typical customers for this product are governmental agencies, county council, and municipal governments who have high demands for traceability and where documentation procedures are critical.

PLATINA QMS BY FORMPIPE

Platina QMS by Formpipe meets legislative requirements and is the market's most advanced EQMS product available. It is a powerful and flexible tool to manage documents and processes for regulatory quality management. Platina QMS is built in modules so the customer can select only the functionality they want. The Platina QMS product has complete processes including for document control, SOP management, deviation management, CAPA and training.

PORTAL BY FORMPIPE

Portal by Formpipe is a platform for publishing, mobility and e-services that integrates with Formpipe's case management products for e-administration. Portal is used to create two way communication between government administrators and citizens, directly linked to the same matter and related documents. Portal enables creating anything from simple e-services to qualified communication with collaborative interfaces and identification using e-ID.

TAP BY FORMPIPE

TAP by Formpipe is a configurable Business Process Management platform (BPM) used to create efficient, automatic business processes based on Service Oriented Architecture (SOA). The TAP platform can be configured and designed on a standard platform that enables fast, secure start-up.

TAS BY FORMPIPE

TAS by Formpipe is a configurable standard platform for application and grant management. Development of TAS is based on the Company's long-term commitment within the public sector. Sales service and automated processes throughout the entire case flow creates high availability and effective, quality assured management of all granting matters.

W3D3 BY FORMPIPE

W3D3 by Formpipe is a powerful web-based ECM product for information processing and e-services. The product has a wide-ranging customer base within the public sector where W3D3 creates and keeps order among documents, records, and files.

EMA (European Medicine Agency). These regulations are complied with globally, making this sector a suitable springBoard into the international market. Formpipe offers highly competitive products to the Life Sciences sector that intelligently and efficiently resolve these customers' needs.

FINANCIAL YEAR 2013

The large acquisitions of 2012 have naturally continued to impact operations. During the year, we invested in learning about our combined operations and product offering, and to investigate opportunities for cross selling. Though the public sectors in Sweden and Denmark have many similarities, there are also differences in requirement specifications and attitudes, resulting in extensive effort related to submitting the first tenders, that involved en entirely new product for that market. No cross-border procurements have been won yet, but a large internal exchange of knowledge has since occurred, and the Company confidently looks forward to future procurements.

From a purely financial perspective, 2013 started consistently below expectations for the our other areas of operation. Most areas saw the tempo pick up in the second quarter, yielding a satisfactory result for the rest of the year. However, for the Company's offering aimed at Danish municipalities, the year as a whole was disappointing, which has also significantly weighed on the bottom line. An unsuccessful product release in the first quarter meant that extensive effort was required in order to restore to operation an exposed customer. This problem was quickly remedied and a new product release was made available shortly thereafter. Unfortunately, this had follow-on effects where several customers chose not to complete planned upgrades, which led to low delivery order levels for these consultants. 2013 can be summarised by noting that beyond these initial concerns, there has also been an unusually low level of activity in this area. In all, only three Danish municipal procurements for document and workflow management were held in 2013. Formpipe won two of these three, which is positive, but it is an historically low figure, where we expect ten or so municipal procurements in this area for 2014.

Generally, the Danish public sector market was challenging for the year with a certain wait-and-see attitude, possibly due, at least partly, to the uncertain parliamentary situation that prevailed during the year. However, since February 2014 a new government is now in place, creating a more settled atmosphere for Company customers. During fall, the important agreement for IT in Denmark, procured through National Procurement Ltd. Denmark, came into place. This meant activity in this market has increased, but from experience we know it will take some time before a new framework agreement begins to yield actual call-offs. Other areas in the Danish public sector recovered well during the year. Above all, the Grants Management area continues to develop positively, maintaining a high and consistent level of revenue.

For the Swedish public sector, trends from the previous year continued, with increasing numbers of customers choosing to go out with their own for procurements rather than using framework agreements already in place. This is an expensive and lengthy process for our customers, but they chose to do so instead of making call-offs on the existing framework agreement, generally considering this involves as much effort. For Formpipe's part, it means longer sales processes requiring much more time to evaluate and respond to these tenders. At the end of 2013, we also noticed a new pattern the market where many procurements were appealed, further extending the time until business that has been won can be booked as revenue. However, this is a natural consequence of the increasingly complicated and demanding tender procedures that have become more the rule.

I early summer, an eagerly-awaited framework agreement came into place for electronic long-term preservation, with SKL Kommentus Inköpscentral (SKI). However, it took until year-end before definitive specifications were ready, which meant that the first suppliers, including Formpipe, were approved for call-offs even later. Formpipe has long has its Long-Term Archive product, but only now the operative drivers for this market are falling into place.

Our planned creation of an in-house delivery organization in Sweden also proceeded during the year. By year-end this consisted of four staff, and an additional three are on the way in, for early 2014. Our target is to have some 20 staff over the next few years. Now that Formpipe can start to take its own delivery projects, the Company can get closer to and gain a better dialogue with our customers, which in turn leads to increased sales.

The results from the Company's efforts in the Life Sciences industry have not lived up to expectations during the year. We received positive signals only in the final quarter when we closed two deals. Both these deals were foothold transactions for large international corporations, which gives us good reason to believe in the possibility to grow these installations over time. Generally, the European market has shown a wait-and-see attitude in recent years, as also shown in statistics from Gartner. Gartner explains this wait-and-see situation as companies seeking new, broader solutions for these purposes, which suits Formpipe's Platina QMS very well - it is a flexible product that covers what currently requires several separate products. Formpipe has succeeded in creating a name for itself in the industry and is well-situated when market activity increases. In order to increase our international presence, a sales representative was hired in England in spring and who is now primarily working this major geographic Life Science market.

OUTLOOK FOR 2014

We currently expect a better 2014 than the outcome for 2013. We have completed internal organisational changes in both Denmark and Sweden, while a majority of external factors appear more favourable for the coming year.

The wait-and-see situation that prevailed in Denmark during 2013 is assessed as easing, largely due to the framework agreement for IT in Denmark (SKI) having come into place. Formpipe's largest customer, the Danish agricultural agency, has assured they will maintain the same investment level as previously, which ensures a secure cash flow.

The Company also anticipates that demand for document and workflow management in the Swedish public sector will remain near the same levels as in 2013. Additionally, we expect 2014 to bring increased activity within long-term archiving, driven by the framework agreement first concluded after year-end. Long-term archiving is seen as mostly new market segment, but we note a certain unease since this may claim some of the same budgetary funding normally reserved for investment in document and workflow management. Establishing our delivery organisation strengthens the Company's customer relationships, and given our extensive customer base, will lead to greater opportunities for add-on sales. The concern for the Swedish public sector market is that 2014 is an election year, and from previous experience we expect somewhat lower activity in the market around the election.

Among other things, Gartner assesses the European market for Life Science is beginning to waken. However, significant uncertainty remains as this is a sluggish market with long sales cycles.

MARKETS

Formpipe addresses the needs of public sector markets in Sweden and Denmark as well as the global life sciences market. According to analysts at Radar Group, ECM continues to be a high-priority investment area for companies and organisations. Analyst firm Gartner also sees the Danish and Swedish licensing market for ECM software totalling approximately MSEK 840 (800) in 2014, an increase of 4.7 percent from 2013.

This growth is fuelled in large part by the organisational and corporate-wide need to streamline operations and to meet legal requirements and regulations. Growth drivers continually gain strength as the sheer amount of data and information increases. ECM continues to be an especially high-priority area in the public sector.

The public sector

The ECM market for the public sector is less sensitive to economic cycles over time than many other industries where effective e-administration solutions require continued investments. In Europe, the population continues to age and the few must support the many, all while the standard of living is expected to increase. New technologies and digital channels are therefore important components for greater availability, and increasing productivity and quality. ECM solutions have long been a successful and important means of enhancing efficiency in public administration — what is known as e-administration.

IT costs are one of the biggest line items in the public sector, both in Sweden and in Denmark. Since IT is an important means of raising the quality and level of service for a country's citizens, the development of e-administration is high on the regional political agenda. 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 a strategic business issue.

Public Sector challenges and driving forces

Government services in Europe are confronting the challenge to improve efficiency, productivity and quality in these services. ECM products and solutions help these public administration bodies address the following challenges:

- increasing financial pressure
- increasing requirements for improved availability, technology and service levels
- an ageing population means a diminishing tax base while demand for quality services grows
- increasing demand for transparency, laws, and regulations control the information that must be available.

Life Sciences

In the private sector, Formpipe is strongly focused on becoming an established provider in the area of quality management (document and workflow management) for the Life Sciences industry. Like the public sector, this industry has a high level of regulatory requirements. The market is controlled by regulations from the FDA (U.S. Food and Drug Administration) and the EMA (European Medical Agency), which makes the segment independent of national borders, opening an export market far larger than our current primary markets.

SIGNIFICANT EVENTS DURING THE YEAR

New framework agreements

- Formpipe was chosen as supplier in the National Procurement Ltd. Denmark framework agreement regarding IT solutions and maintenance.
  - Formpipe participated with offers for three of the eighteen subareas covered in the framework agreement: electronic document and workflow management; digital self-service solutions; and electronic collaboration solutions. Formpipe is ranked number one in the first two areas and number two in the third.
- Formpipe was chosen as supplier for the SKL Kommentus Inköpscentral (SKI) framework agreement for long-term archiving.

Acquisition of product for mobility and availability

Formpipe completed an asset and liability acquisition of the Lemoon product, a publishing, mobility and e-services product. Acquiring an existing, modern and proven technology, shortens Formpipe's lead time for launching advanced mobility solutions and additional e-services with integration to Formpipe's ECM products.

Other news of a significant nature

- Bo Nordlander was elected as Board Chair at the 2013 AGM.
- The employee incentive programme offered after the AGM was significantly oversubscribed.
- Carnegie was appointed market maker.

Orders of a significant nature

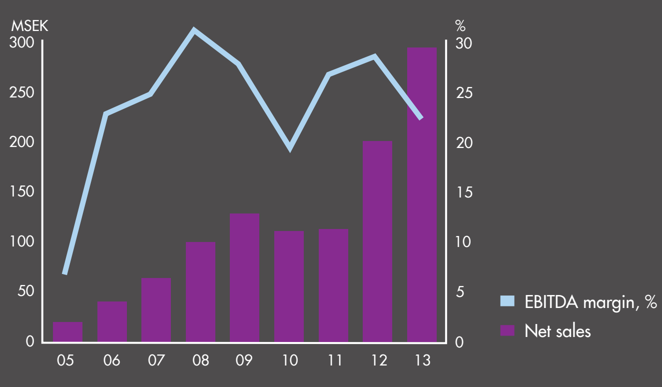
Formpipe received many orders of which several were larger in nature, with a subsequent positive effect on the year's earnings.

SIGNIFICANT EVENTS AFTER YEAR-END

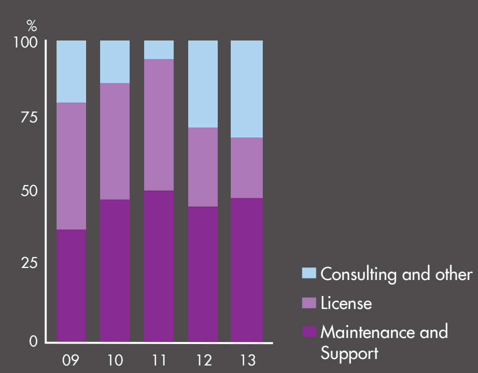
Other than several orders announced in press releases, no events of a significant nature have occurred after year-end.

COMMENTS ON THE INCOME STATEMENT

The multi-year overview shows that the Company has historically had strong growth in sales, partly driven by acquisitions, with sustained high level profitability levels. 2010, however, showed declining sales and profitability. This is partly explained by the Company's strategic choice to become a pure product company and thereby relinquish consulting revenues for the benefit of its partners. 2011 was the first full year after completing the realignment, and system revenue totalled 94 percent of revenues. Acquiring Traen, which was consolidated into the Company as of 1 August 2012, resulted in significantly higher net sales for 2012, and for 2013 as well, when it was reported for the entire year.



NET SALES AND PROFITABILITY



SALES REVENUE BY SOURCE

Revenues

Net sales for the period totalled MSEK 294.1 (201.2), which corresponds to an increase of 46 percent. System revenues increased 38 percent from the previous year, were MSEK 197.1 (142.9). Total recurring revenue for the period increased 50 percent from the previous year and were MSEK 146.3 (97.8), corresponding to 50 percent of net sales. Exchange rate differences have not materially affected net sales against the previous year.

Expenses

Operating expenses increased 56 percent over the previous year, were MSEK 266.8 (172.6).

A large part of Formpipe's operating expenses are tied to staff, and staff expenses for the year totalled MSEK 171.6 (102.4), an increase of 68 percent. The number of employees at year-end were 226 (226) and the average for the year was 226 (136). The distribution of personnel along with salaries and other remunerations appears in Note 7.

Cost of sales totalled MSEK 29.9 (20.4) and consist primarily of sales commissions to partners and expenses for third-party products.

Other expenses amounted to MSEK 57.8 (41.3).

Capitalised development work at the Company's own expense during the year amounted to MSEK 29.7 (20.7).

Depreciation for the year amounted to MSEK 37.3 (22.3).

Net financial items were MSEK -8.5 (-12.5) and consist mostly of interest expenses.

Tax expense for the year amounted to MSEK 3.1 (2.4).

Profit

Operating income before depreciation and non-recurring transaction-related expenses (EBITDA) for the year were MSEK 64.6 (57.7), with an EBITDA margin of 22.0 (28.7) percent.

Operating income for the period totalled MSEK 27.3 (28.6), which corresponds to an increase of 46 percent. Exchange rate effects (mainly exposure to DKK) have not materially affected operating results comparing the average rates for 2013 and 2012 (see Note 10).

Profit before tax was MSEK 18.8 (16.1), corresponding to an increase of 6.4 (8.0) percent.

Profit for the year totalled MSEK 15.8 (13.7), which corresponds to a profit margin of 5.4 (6.8) percent and is distributed per share according to the table below.

Parent

Net sales for the Parent totalled MSEK 28.3 (27.8), and profit after financial items was MSEK 3.2 (1.5). This includes profit from shares in Group companies of MSEK 13.6 (23.3).

COMMENTS ON THE STATEMENT OF FINANCIAL POSITION

Investments and business combinations

Total investments for the period January to December amounted to MSEK 37.4 (147.5).

Intangible assets

Formpipe continually invests resources in product development for new and existing applications. During the year, a total of MSEK 29.7 (20.7) was capitalised for product development. Other investments in intangible assets totalled MSEK 5.2 (0) and involve acquisition of the Lemoon product and investments in software.

Tangible assets

Investments in tangible assets were MSEK 1.9 (1.0) million and consisted primarily of computers and office equipment.

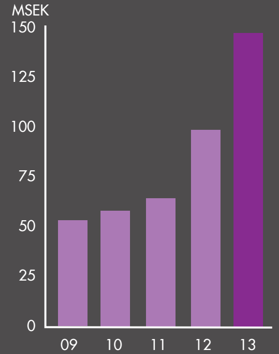
Financial position and liquidity

Cash and cash equivalents

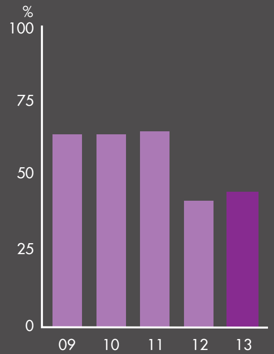
Cash amounted to MSEK 20.3 (3.6) at the end of the period. The Company has an overdraft facility totalling MSEK 10.0 and MDKK 17.6, which at the end of period was unused (MSEK 0.0). Formpipe had interest-bearing debt at year-end totalling MSEK 161.8 (182.2), after which the Company's net liabilities were MSEK 141.5 (178.6).

The Company has a strong cash flow and in current circumstances we sees no need for additional external financing. A strong negative inflow of orders may have an impact on operating cash flow, whereby a short-term financing need cannot be ruled out. However, management believes that no such need will arise in future periods.

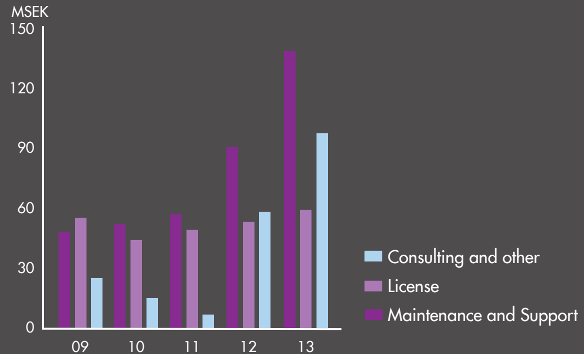
Earnings per share	2013	2012
Total outstanding shares at year-end	48,934,588	48,934,588
Average total shares before dilution	48,934,588	38,254,048
Average total shares after dilution	48,934,588	38,254,048
Profit or loss for the year attributable to equity holders of the Parent, KSEK	14,706	13,693
Earnings per share outstanding, SEK	0.30	0.28
Earnings per average total shares before dilution, SEK	0.30	0.36
Earnings per average total shares after dilution, SEK	0.30	0.36



RECURRING REVENUES



DEBT/EQUITY RATIO



SALES GROWTH PER REVENUE TYPE

Deferred tax assets

The Group's deferred tax asset pertaining to accumulated tax-loss carry forwards amounted to MSEK 27.9 (27.1) at the end of the period. During the period, additional tax-loss carry forwards of MSEK 3.0 have been capitalised. The adopted reductions in corporate tax in Denmark cause a revaluation of the tax losses capitalised in Denmark, which in turn resulted in a charge against the period's result of MSEK -2.1. All tax losses have been capitalised at the end of the period.

Equity

Equity at year-end was MSEK 264.0 (240.0), corresponding to SEK 5.39 (4.91) per outstanding share. The strengthening of the Swedish krona has increased the value of the Group's net assets in foreign currency by MSEK 8.6 (-8.1) from previous year-end.

Interest bearing liabilities

In connection with the acquisition of Traen, Formpipe took out an interest-bearing loan of MSEK 63.0 and MDKK 103.2 for the purpose of refinancing the existing loan debt at Traen and to finance portions of the transaction. Of the total loan amount, MSEK 42.0 and MDKK 68.8 are being amortised over five years.

At year-end, interest-bearing debt totalled MSEK 161.8 (182.2), allocated as MSEK 54.6 (63.0) and MDKK 89.4 (103.2).

Debt/equity ratio

The Group's equity ratio was 45 (42) percent at year-end.

COMMENTS ON THE CASH FLOW STATEMENT

Cash flow from operating activities amounted to MSEK 74.6 (34.4).

Annual cash flow from investment activities amounted to MSEK -34 (-145.1).

Cash flow-affecting investments in intangible assets amounted to MSEK 32.3 (18.3), and investments in tangible assets amounted to MSEK 1.9 (1.0).

The annual cash flow from financing activities amounted to MSEK -23.8 (102.0) and consists of amortisation of interest-bearing debts of MSEK 24.4 (-172.2) and paid-in premium from new staff share option programmes of MSEK 0.6 (0.3).

The Group's total cash flow for the year amounted to MSEK 16.7 (-8.7).

SIGNIFICANT RISKS AND UNCERTAINTY FACTORS

The most obvious uncertainty factors in Formpipe's operations concern Company sales and the Company's ability to attract and retain skilled staff.

Recurring revenue constituted 50 (49) percent of Formpipe's net turnover of MSEK 294.1 (201.2). Recurring revenue is annually recurrent and thus constitutes a stable and secure base for Company earnings. The remaining revenue comes from new license sales and supply function projects and is subject to greater uncertainty, as it is affected by customer demand and changing market conditions.

Projects of our new Delivery operations primarily concern the Company's own product portfolio, and therefore the risk in this type of consulting activity can be considered low. Large portions of this activity concern upgrades which are simple to plan and implement, and which in turn contribute to an operation that is stable over the long term. The delivery organization is primarily in the Group's Danish operations. The Danish market has greater flexibility and better opportunities to quickly redeploy the workforce based on a changes in demand, which is a more manageable risk for the Group.

Formpipe's human capital is important and the availability of skilled personnel is a critical success factor. The Company satisfies this by offering the staff market-adjusted and competitive compensation packages. Over time, however, the availability of staff with the right skills varies, which can lead to cost increases for the Company.

The sensitivity analysis below describes the effect on Formpipe's pre tax profit for 2013, which amounted to MSEK 18.8, with changes several factors:

Sensitivity Analysis	Change	Effect on pre-tax profit, MSEK
Demand for licenses	+/– 5%	+/– 2.6
Demand for delivery	+/– 5%	+/– 2.9
Staff expenses	+/– 5%	+/– 5.1
STIBOR/CIBOR*	+/– 100 bps	+/– 1.8
DKK/SEK	+/– 5%	+/– 0.8

*The change in the reference interest rate for the loan (STIBOR and CIBOR) is calculated as the full-year effect based on interest-bearing debt at year-end.

Further explanation of the risks and uncertainty factors to which the Company is exposed can be found under Note 4.

GUIDELINES FOR REMUNERATION TO SENIOR MANAGEMENT

The Annual General Meeting decided to approve the Board of Directors' proposal for guidelines for remuneration to the Company's Chief Executive Officer and other senior executives as follows: The decision of the Annual General Meeting agrees in substance with previously applied principles for remuneration. The guidelines apply for agreements that are made after the 2013 Annual General Meeting, or where a change in remuneration occurs thereafter. The Board has not appointed any remuneration committee, but instead the Board handles in their entirety questions regarding remuneration and other conditions of employment.

The Company shall offer market-adjusted terms which result in the Company being able to recruit and retain skilled personnel. Remuneration to senior management shall consist of fixed salary, variable remuneration, a long-term incentive programme, pensions, severance terms and other customary benefits. Remuneration will be based on the individual's commitment and performance in relation to previously established objectives, including individual as well as common objectives for the entire Company. Evaluation of individual performance will occur continuously. The fixed salary will generally be reviewed once a year and shall take into account the individual's qualitative performance.

The fixed salary for the Chief Executive Officer and other senior executives shall be adjusted to market conditions. The variable remuneration shall take into account the individual's level of responsibility and degree of influence. The size of the variable remuneration is related to the degree that financial objectives established by the Group's Board of Directors are met. The variable remuneration shall constitute at maximum 30 to 40 percent in addition to fixed salary. All variable remuneration plans have defined maximum allotment and outcome limits. For 2013, the objectives were not met, and thus no variable remuneration was paid for financial year 2013. The Company has a stock-related incentive programmes directed at the entire staff (including the Chief Executive Officer and other senior management) that is intended to promote the Company's long term interests. The option programmes run for three years. The Board continuously evaluates whether additional option programmes or any other form of stock-related or stock price-related incentive programme should be proposed to the Annual General Meeting. The Chief Executive Officer and other senior executives shall have defined contribution pension agreements. Retirement occurs at age 65 for the Chief Executive Officer and the senior executives. Pension provisions are based solely on the budgeted salary. In the event of the Chief Executive Officer's termination, six months' notice of termination and six months' severance pay apply for termination by the Company. Other income which the Chief Executive Officer receives during the period severance pay is paid will be subtracted from the severance pay. In the event of termination on the part of the Chief Executive Officer, six months' notice of termination applies. A mutual notice of termination period of three to six months applies between the Company and the other senior executives In the event the Company is the object of a public takeover bid that results in at least thirty percent of the Company's shares landing in the same shareholder's possession, the Chief Executive Officer is entitled, upon termination by the Company or by the Chief Executive Officer, to special severance pay corresponding to twelve fixed monthly salaries at the time of the notice of termination. Such severance pay is not subject to deduction for other income, shall be paid in its entirety upon the cessation of the employment and replaces the severance pay which the Chief Executive Officer normally is entitled to according to his or her employment agreement.

The Annual General Meeting provided the Board of Directors an opportunity to deviate from the proposed guidelines above in the event there are particular grounds for this in individual cases.

The guidelines proposed to the 2014 Annual General Meeting for remuneration to senior executives are unchanged from 2013.

SHARE STRUCTURE

Formpipe's shares are traded under the short-name FPIP on the NASDAQ OMX Stockholm Exchange. Each share in Formpipe entitles the holder to one vote at the Annual General Meeting and entails an equal right to the Company's assets and income.

Formpipe's share capital was SEK 4,893,458.80 at year-end 2013, allocated to 48,934,588 shares.

On 31 December 2013, Formpipe had 1,700,000 share options registered for staff. The share options can increase the total shares outstanding and voting rights in the Company by a maximum of 3.8 percent. At the end of the year, Formpipe had two outstanding share option programmes. A new share issue in connection with the redemption of the 2012/2015 share option programme may result in an increase in share capital by no more than SEK 36,000 and 360,000 shares. A new share issue in connection with the redemption of the 2013/2016 share option programme may result in an increase in share capital by no more than SEK 150,000 and 1,500,000 shares.

Formpipe held no treasury shares at the end of 2013.

At the end of 2013, there were no agreements limiting the right to transfer shares.

PROPOSED APPROPRIATION OF PROFIT

Appropriation of profits	
The following retained earnings are at the disposal of the Annual General Meeting:	
Non-restricted reserves	186,613,469
Profit for the year	6,053,111
	192,666,580
The Board of Directors proposes:	
To be carried forward	192,666,580
	192,666,580

The Board proposes that no dividend be paid for the 2013 financial year SEK – (–), so the entire profit shall be carried forward.

As basis for their proposal to carry forward the entire retained earnings, the Board has assessed the Parent Company and the Group consolidation requirements, liquidity, financial position in general and the ability to meet its short and long-term undertakings, in accordance with Chap. 17, § 3, §§ 2–3 of the Swedish Companies Act. The Board assessment is that the proposed appropriation of Company profit is well suited to the risks, scope and nature of the company's business, and to the capital requirements of the Parent and Group.

This annual report shows that the equity ratio for the Parent was 46 percent.

Group equity was MSEK 264.1 (240.0) at the end of the period and net liabilities were MSEK 141.5 (178.6).

CORPORATE GOVERNANCE REPORT

The Formpipe Corporate Governance Report is on page 64 of this Annual Report.

CONSOLIDATED INCOME STATEMENT

KSEK	Note	2013	2012
Net sales		294,132	201,155
Operating expenses			
Cost of sales		-29,897	-20,429
Other costs	6	-57,757	-41,281
Staff expenses	7	-171,586	-102,387
Own work capitalized		29,739	20,686
Non-recurring transaction related items	28	–	-6,882
Depreciation		-37,316	-22,265
Total operating expenses		-266,817	-172,557
Operating profit/loss		**27,315**	**28,598**
Income from financing activities	8, 10	205	217
Expenses from financing activities	8, 10	-8,673	-4,194
Transaction related items	8, 28	–	-8,558
Profit/loss after financial items		**18,848**	**16,063**
Tax on profit/loss for the year	9, 23	-3,071	-2,370
Profit/loss for the year		**15,776**	**13,693**
Of which attributable to:			
Equity holders of the Parent		*14,706*	*13,619*
Non-controlling interests		*1,071*	*74*
Total		*15,776*	*13,693*
Other comprehensive income			
Items that may be reclassified to profit/loss			
Currency translation differences		8,656	-8,053
Other comprehensive income for the period, net after tax		8,656	-8,053
Comprehensive income for the year		**24,432**	**5,640**
Of which attributable to:			
Equity holders of the Parent		*23,362*	*5,566*
Non-controlling interests		*1,071*	*74*
Total		*24,432*	*5,640*

KSEK	Note	2013	2012
Earnings per share, based on income attributable to equity holders of the Parent (SEK per share)			
– before dilution	11	0.30	0.36
– after dilution	11	0.30	0.36
Average total shares before dilution, thousand	11	48,935	38,254
Average total shares after dilution, thousands	11	48,935	38,254

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

KSEK	Note	31 Dec 2013	31 Dec 2012
ASSETS			
Non-current assets			
Intangible assets	13		
Capitalised expenditure		124,797	116,026
Goodwill		299,418	289,336
Other intangible non-current assets		25,199	31,753
Total intangible non-current assets		**449,414**	**437,114**
Property, plant and equipment	14		
Computer equipment and other equipment, etc.		2,935	2,532
Total property, plant and equipment		**2,935**	**2,532**
Financial assets	15		
Other financial assets		1,351	1,357
Total non-current financial assets		**1,351**	**1,357**
Non-current liabilities	23		
Deferred tax assets		27,936	27,142
Total non-current assets		**27,936**	**27,142**
Total non-current assets		**481,636**	**468,145**
Current assets			
Inventories and work in progress			
Inventories	17	10	14
Work in progress		26,488	19,564
Inventories and work in progress		**26,498**	**19,578**
Current liabilities			
Trade and other receivables	16, 18	53,552	72,005
Current tax assets		7	2,079
Other receivables		46	499
Accruals and prepaid expenses	19	9,933	8,864
Total current liabilities		**63,537**	**83,447**
Cash and cash equivalents	16, 20	20,269	3,636
Total non-current assets		**110,304**	**106,660**
TOTAL ASSETS		**591,940**	**574,805**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

KSEK	Note	31 Dec 2013	31 Dec 2012
EQUITY			
Equity	21	4,893	4,893
Other paid-in capital		178,568	177,908
Revaluation reserves		-2,701	-11,357
Retained earnings		83,300	68,596
Total equity attributable to equity holders		**264,060**	**240,039**
Non-controlling interests		2,787	1,716
Total equity		**266,847**	**241,755**
LIABILITIES			
Non-current liabilities			
Borrowings	22	134,105	154,333
Deferred tax liabilities	23	22,516	17,021
Total non-current liabilities		**156,621**	**171,354**
Current liabilities			
Borrowings	22	24,893	24,296
Trade and other payables	16	13,768	11,612
Other liabilities	24	22,550	24,350
Other provisions	25	–	4,293
Accruals and pre-paid income	26	107,261	97,145
Total current liabilities		**168,472**	**161,695**
Total liabilities		**325,093**	**333,049**
TOTAL EQUITY AND LIABILITIES		**591,940**	**574,805**

KSEK	Note	31 Dec 2013	31 Dec 2012
Pledged assets			
Mortgages	15	326,153	300,905
Contingent liabilities		–	–

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Equity attributable to equity holders						
KSEK	Note	Equity Capital	Other Paid-in Capital	Revaluation reserves	Retained earnings	Total	Non-controlling interests	Total equity
Assets under management on 1 January , 2012		**1,223**	**70,152**	**-3,305**	**62,317**	**130,387**	**–**	**130,387**
Comprehensive income								
Earnings for the period		–	–	–	13,618	13,618	74	13,693
Other comprehensive income items		–	–	-8,053	–	-8,053	–	-8,053
Total comprehensive income		**–**	**–**	**-8,053**	**13,618**	**5,565**	**74**	**5,640**
Transactions with shareholders								
Acquisitions of non-controlling interests		–	–	–	–	–	1,642	1,642
Dividends	12	–	–	–	-7,340	-7,340	–	-7,340
New share issue	21	3,670	107,458	–	–	111,128	–	111,128
Paid in premiums for staff share option programme	21	–	298	–	–	298	–	298
Total transactions with equity holders		**3,670**	**107,756**	**–**	**-7,340**	**104,086**	**1,642**	**105,728**
Assets under management as of December 31, 2012		**4,893**	**177,908**	**-11,357**	**68,596**	**240,039**	**1,716**	**241,755**
Assets under management on 1 January , 2013		**4,893**	**177,908**	**-11,357**	**68,596**	**240,039**	**1,716**	**241,755**
Comprehensive income								
Earnings for the period		–	–	–	14,706	14,706	1,071	15,776
Other comprehensive income items		–	–	8,656	–	8,656	–	8,656
Total comprehensive income		**–**	**–**	**8,656**	**14,706**	**23,362**	**1,071**	**24,432**
Transactions with shareholders								
Paid in premiums for staff share option programme	21	–	660	–	–	660	–	660
Total transactions with equity holder		**–**	**660**	**–**	**–**	**660**	**–**	**660**
Assets under management as of December 31, 2013		**4,893**	**178,568**	**-2,701**	**83,301**	**264,060**	**2,787**	**266,847**

PARENT INCOME STATEMENT

KSEK	Note	2013	2012
Net sales		28,307	27,829
Operating expenses			
Cost of sales		-596	-459
Other costs	6	-8,819	-13,002
Staff expenses	7	-28,277	-26,433
Depreciation		-1,027	-971
Total operating expenses		-38,720	-40,865
Operating profit/loss		**-10,413**	**-13,036**
Income from participating interests	8, 10	13,627	23,304
Income from financing activities	8, 10	7,323	6,936
Expenses from financing activities	8.10, 28	-7,387	-15,738
Profit/loss after financial items		**3,150**	**1,467**
Tax on profit/loss for the year	9, 23	2,902	2,252
Profit/loss for the year		**6,053**	**3,719**

The Parent Company has no items to report under Other comprehensive income to report.

PARENT STATEMENT OF FINANCIAL POSITION

KSEK	Note	31 Dec 2013	31 Dec 2012
ASSETS			
Non-current assets			
Intangible assets	13		
Capitalised expenditure		4,468	114
Goodwill		703	314
Total intangible non-current assets		**5,171**	**428**
Property, plant and equipment	14		
Computer equipment		591	639
Equipment, tools, fixtures and fittings		130	17
Total property, plant and equipment		**720**	**656**
Financial assets			
Shares in subsidiaries	15	286,279	277,831
Other financial assets		19	31
Interest bearing loans to group companies		116,290	133,561
Total non-current financial assets		**402,588**	**411,422**
Non-current liabilities			
Deferred tax assets	23	7,898	4,996
Total non-current assets		**7,898**	**4,996**
Total non-current assets		**416,377**	**417,503**
Current assets			
Inventories	17	10	14
Current liabilities			
Interest bearing loans to group companies		21,153	20,556
Trade and other payables	18	767	631
Current tax assets		873	863
Interest bearing loans to related companies		14,802	28,766
Accruals and pre-paid income	19	1,391	1,164
Total current assets		**38,986**	**51,979**
Cash and cash equivalents	20	15,256	5,315
Total non-current assets		**54,252**	**57,308**
TOTAL ASSETS		**470,629**	**474,811**

PARENT STATEMENT OF FINANCIAL POSITION

KSEK	Note	31 Dec 2013	31 Dec 2012
EQUITY			
Restricted equity			
Equity	21	4,893	4,893
Other contributed capital		17,691	17,691
		22,584	**22,584**
Non-restricted equity			
Distributable reserves		147,420	146,760
Retained earnings		39,193	35,475
Profit/loss for the year		6,053	3,718
		192,667	**185,953**
Total equity		**215,251**	**208,537**
LIABILITIES			
Non-current liabilities			
Borrowing from credit institutions	22	134,105	154,334
Total non-current liabilities		**134,105**	**154,334**
Current liabilities			
Borrowing from credit institutions	22	24,893	24,296
Trade and other payables		1,972	1,466
Liabilities to group companies		74,935	68,960
Other liabilities	24	5,908	4,260
Accruals and pre-paid income	26	13,565	12,958
Total current liabilities		**121,273**	**111,940**
Total liabilities		**255,378**	**266,274**
TOTAL EQUITY AND LIABILITIES		**470,629**	**474,811**

KSEK	Note	31 Dec 2013	31 Dec 2012
Pledged assets			
Mortgages	15	326,153	300,905
Contingent liabilities		–	–

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

KSEK	Note	Equity	Other contri- buted capital	Distributable reserves	Other non-restricted equity	Total equity
Assets under management on 1 January, 2012		**1,223**	**17,691**	**46,345**	**35,475**	**100,734**
Comprehensive income						
Profit/loss for the year		–	–	–	3,718	3,718
Total comprehensive income		**–**	**–**	**–**	**3,718**	**3,718**
Transactions with shareholders						
Dividend	12	–	–	-7,340	–	-7,340
New share issue	21	3,670	–	107,458	–	111,128
Paid in premiums for staff share option programme	21	–	–	298	–	298
Total transactions with equity holders		**3,670**	**–**	**100,416**	**–**	**104,085**
Assets under management as of December 31, 2012		**4,893**	**17,691**	**146,760**	**39,193**	**208,537**
Assets under management on 1 January, 2013		**4,893**	**17,691**	**146,760**	**39,193**	**208,537**
Comprehensive income						
Profit/loss for the year		–	–	–	6,053	6,053
Total comprehensive income		**–**	**–**	**–**	**6,053**	**6,053**
Transactions with shareholders						
Paid in premiums for staff share option programme	21	–	–	660	–	660
Total transactions with equity holders		**–**	**–**	**660**	**–**	**660**
Assets under management as of December 31, 2013		**4,893**	**17,691**	**147,420**	**45,247**	**215,251**

CASH FLOW STATEMENT

		Consolidated		Parent	
KSEK	**Note**	**2013**	**2012**	**2013**	**2012**
Cash flow from operating activities					
Operating profit/loss		27,315	28,598	-10,413	-13,036
Items not affecting cash flows					
- Depreciation		37,316	22,265	1,027	971
- Provisions	25	–	4,293	–	–
- Other items		712	2,382	–	95
Items affecting liquidity					
Income from participating interests		–	–	14,229	23,304
Interest revenue		18	137	6,722	2,033
Interest expense		-7,750	-3,005	-7,366	-2,452
Income tax paid		-571	-1,850	-36	-437
Cash flow from operating operating activities before changes in working capital		**57,039**	**52,820**	**4,163**	**10,478**
Increase (-) / decrease (+) inventories		-6,185	2,558	4	-10
Increase (-) / decrease (+) trade receivables		20,259	-23,875	7,581	128
Increase (-) / decrease (+) other current receivables		83	-3,770	-232	-15,524
Increase (+) / decrease (-) trade payables		1,855	592	506	514
Increase (+) / decrease (-) non-current liabilities		1,572	6,049	15,300	32,168
Cash flow from operating activities		**17,586**	**-18,446**	**23,159**	**17,276**
Cash flow from operating activities		**74,625**	**34,374**	**27,322**	**27,754**
Cash flow from operating activities					
Investments in subsidiaries	28	–	-125,777	-8,448	-153,257
Investment in intangible non-current assets	13	-32,354	-18,275	-5,367	–
Investment in property, plant, and equipment	14	-1,878	-1,011	-466	-480
Investment in financial assets	15	54	-20	20,651	-155,401
Cash flow from operating activities		**-34,178**	**-145,083**	**6,370**	**-309,138**
Cash flow from financial activities					
New share issue	21	–	111,136	–	111,136
Issue of warrants	21	660	290	660	290
Proceeds from new loans	22	–	178,629	–	179,057
Repayment of loans	28	-24,411	-180,713	-24,411	-8,478
Dividends paid	12	–	-7,340	–	-7,340
Cash flow from financial activities		**-23,751**	**102,002**	**-23,751**	**274,665**
Cash flows for the year		**16,696**	**-8,707**	**9,941**	**-6,719**
Currency translation differences for cash and cash equivalents		-63	-452	–	–
Cash and cash equivalents		3,636	12,794	5,315	12,035
Cash and cash equivalents at year-end	20	**20,269**	**3,636**	**15,256**	**5,315**

NOTES

All amounts in these notes are stated in SEK thousands (KSEK) unless otherwise specified. The closing date is 31 December 2013.

NOTE 1 GENERAL INFORMATION

Formpipe Software AB (Parent) and its subsidiaries (jointly, the Group) sell software and consulting services used to capture, manage and distribute information.

The Group has offices in Sweden and Denmark and primarily sells its products in both these countries.

The Parent is a Limited Liability Company registered and domiciled in Sweden. The company address is Formpipe Software AB (publ), Box 231 31, SE-104 35 Stockholm. The visiting address is Sveavägen 168 in Stockholm.

The Parent is listed on the NASDAQ OMX Nordic Stock Exchange.

The Board of Directors approved the consolidated financial statements for publication on 3 April 2014.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in preparing these Consolidated and Parent financial statements are stated below. These policies have been consistently applied for all represented years, unless otherwise stated.

BASIS FOR PREPARING THE REPORTS

The consolidated annual report for the Formpipe Group was prepared in compliance with the Swedish Annual Accounts Act, the Swedish Financial Reporting Board's Recommendations for (RFR) Supplemental Accounting Rules for Groups and the International Financial Reporting Standards (IFRS) and the the IFRC interpretations as adopted to the EU. The consolidated financial reports were prepared using the cost method except for financial assets valued at fair value through profit and loss.

The Parent's financial statements were prepared in compliance with the Swedish Annual Accounts Act, and RFR 2. These accounting policies are consistent with those for the Group unless otherwise specified.

Preparation of financial statements in accordance with IFRS requires using several significant accounting estimates. Management is also required to make certain judgements when applying the Group accounting policies. Information about the areas that are complex or involve a high proportion of assumptions and estimates, or areas where accounting estimates are of key significance to the consolidated financial statements are stated in Note 4.

New or amended standards applied by the Group

No IFRS or IFRIC interpretations that are mandatory for the first time in the financial year (as of 1 January 2013) are deemed to have any significant impact on the Group.

New standards, or amended or changed interpretations of current standards, where the change has not come into force are not applied in advance by the Group.

No IFRS standards, or IFRIC interpretations of existing standards, that have been published but are not in force are deemed to have any significant impact on the Group.

BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are all entities (including special purpose entities) where the Group controls financial and operational strategies in a way that is normally consistent with power over more than half the voting rights. The existence and effects of potential voting rights, which can currently be utilized or converted, are taken into account in the assessment of whether the Group has control over another company. The Group also assesses whether it has control though it does not have a shareholding greater than half the voting rights but still has the ability to control financial and operating policies through de facto control. De facto control may arise in circumstances where the proportion of the Group's voting rights in relation to the size and distribution of other shareholders' voting rights gives the Group the ability to control financial and operative strategies, and similar. Subsidiaries are consolidated in the financial statements on the date control is transferred to the Group. They are de-consolidated on the date that control ceases.

Business combinations for the Group are accounted for using the acquisition method. The cost of an acquisition comprises the fair value of assets transferred, the liabilities the Group incurred or assumed in regard to the previous owners, and equity instruments issued at the transfer date. The cost also includes the fair value of assets or liabilities that result from any agreement for contingent consideration. Identifiable acquired assets and assumed liabilities and contingent liabilities in a business combination are measured initially at their transfer-date fair value. For each business combination, the Group determines whether non-controlling interests in the acquired business are reported at fair value or at the proportionate share of the carrying amount of the identifiable net assets in the acquired business.

Transaction expenses attributable to the acquisition are recognised as incurred.

When the business combination is taken in more than one step, the previous equity stakes in the acquired business are remeasured at their fair value at the transfer date. Any profit or loss is reported in the income statement.

Every contingent consideration to be transferred by the Group is recorded at fair value at the transfer date. Subsequent changes to the fair value of contingent consideration that was classified as an asset or liability is accounted for in accordance with IAS 39 in either the income statement or other comprehensive income. Contingent consideration classified as equity is not revalues and subsequent settlement is recognized in equity.

Goodwill is initially recognised as the amount whereby the total cost and fair value of the holding without control exceeds the fair value of the net identifiable assets of the acquired assets and assumed liabilities. If the cost is lower that the fair value of the net identifiable assets of the business, the difference is recognised immediately in the income statement.

Intra-group transactions, and balances, and gains or costs on intra-group transactions are eliminated. Profit or loss arising from intra-group transactions and that are recorded as assets are also eliminated. The accounting policies of subsidiaries have been amended, when necessary, to ensure consistent application of Group policies.

Group contributions from the Parent to subsidiaries are recognised as an increase in the holding in the subsidiary, while at that time an assessment is made whether their is objective evidence that the shares may be impaired. Group contribution received by the Parent is recognised using the same policies as regular dividends from the subsidiary, as financial income.

NOTE 2 Summary of significant accounting policies (cont.)

Foreign currency translation

Functional and presentation currency

Items in the individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements are presented in Swedish kronor (SEK), which is the Parent Company functional and presentation currency.

Transactions and balance items

Foreign currency transactions are translated into the functional currency according to the exchange rates prevailing on the date of the transaction. Exchange gains and losses arising from the settlement of these transactions, and when translating foreign currency monetary assets and liabilities at the closing rate on the balance sheet date are recognised in the income statement.

Translation differences for non-monetary financial assets and liabilities are recognised at fair value of profit or loss.

Group entities

The results and financial position of all Group entities that have a different functional currency than the Group's presentation currency are translated into the Group's presentation currency as follows:

a) Assets and liabilities in each of the statements of financial position are translated at the closing rate.
b) Income and expenses for each income statements are translated at the average rate (to the extent the average rate is not a reasonable approximation of the accumulated effect of the applicable rates on the transaction date, in which case income and expenses are translated at the transaction date rate), and
c) all exchange rate differences that arise are recognised in Other comprehensive income.

In consolidation, exchange rate differences arising due to translation of net investment in foreign operations are recorded as Other comprehensive income. When disposing the foreign operation, wholly or in part, exchange rate differences recognised as Other comprehensive income are recorded in the income statement and recognised as part of the capital gain or loss.

Goodwill and changes to fair value that arise in acquisition of a foreign business are treated as assets and liabilities of the operations and translated on the balance sheet date.

CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method.

OPERATING SEGMENTS

Operating segments are reported in agreement with the internal reporting structure as provided to the chief operating executive for the entity. The chief operating executive is the function responsible for allocation of resources and assessment of the operating segments profit or loss. In the Group, this function is identified as the Group Chief Executive Officer.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recognised at cost less depreciation. The cost comprises expenses that are directly or indirectly attributable to acquisition of the asset.

Additional expenses are added to the asset's carrying amount or recognised as a separate asset, depending on the most appropriate, only when it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount for the replaced part is derecognised in the statement of financial position. All other forms of repair and maintenance are recognised as expenses in the income statement in the period they arise.

Depreciation of assets is linear in order to allocate their cost or revalued amount to their estimated residual value for their useful life, as follows:

- Computer equipment — 3 years
- Equipment, tools, fixtures and fittings — 3–5 years

The residual values and useful life of all assets are tested annually on the balance sheet date and adjusted as necessary.

Impairment loss is recognised for assets when their carrying amount exceeds the recoverable amount for the asset where the loss equals the difference in amounts.

Gain or loss arising on disposal is the difference between the selling income and the asset's carrying amount, and is recognised as other income/expense - net in the income statement.

INTANGIBLE ASSETS

Goodwill

Goodwill is the amount by which the cost exceeds the acquisition date fair value of the Group's share of the acquired subsidiary's net identifiable assets. Goodwill on acquisitions of subsidiaries is reported under intangible assets. Goodwill that is recognised separately is tested for impairment annually and is carried at cost less accumulated impairment. Goodwill impairment is not reversed. Gain or loss arising from disposal of the unit include the remaining carrying amount of the goodwill related to that unit.

Customer relations

Acquired customer relationships are recognised at cost. Customer relationships have a determinable useful life and are recognised at cost less accumulated depreciation and impairment loss. Depreciation is linear in order to allocate the cost of customer relationships over their estimated useful life (5 years).

Technology

Acquired technology is recognised at cost. Technology have a determinable useful life and are recognised at cost less accumulated depreciation and impairment loss. Depreciation is linear in order to allocate the cost of the technology over it estimated useful life (3 years).

Brand names

Acquired brand names are recognised at cost. Acquired brand names have a determinable useful life and are recognised at cost less accumulated depreciation and impairment loss. Depreciation is linear in order to allocate the cost of brand names over their estimated useful life (3 years).

Patents

Acquired patents are recognised at cost. Patents have a determinable useful life and are recognised at cost less accumulated depreciation and impairment loss. Depreciation is linear in order to allocate the cost of the patents over their estimated useful life (3 to 5 years).

Proprietary software

Costs for maintaining software are recognised when they arise. Development costs that are directly attributable to development and testing of identifiable and unique software products under the Group's control, are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so it is available for use,
- The Company intends to complete the software and to use or sell it,
- Conditions are present to use or sell the software,
- It can be demonstrated how the software will generate probable future economic benefits
- adequate technological, financial, and other resources are available to complete development and to use or sell the software, and
- the expenses directly attributable to the software during its development can be measured reliably.

NOTE 2 Summary of significant accounting policies (cont.)

Directly attributable expenses that are capitalised as part of the software include staff costs and an reasonable proportion of indirect cost.

Other development costs, that do not meet these criteria are charged as they arise. Previously recognised development costs are not reported as an asset in subsequent periods.

Development costs for software recognised as an asset are depreciated over its estimated useful life, which does not exceed five years.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that are subject to depreciation are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The impairment loss is the amount whereby the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less selling cost or its value in use. For impairment testing, assets are grouped at the lowest levels at which there are separate identifiable cash flows (cash generating units). All assets, except financial assets and goodwill, that have been previously impaired are tested annually on the balance sheet date to determine if they should be reversed.

FINANCIAL ASSETS AND LIABILITIES

The Group classifies its financial assets and liabilities into the following categories: financial assets at fair value through profit or loss; financial assets and liabilities measured at amortised cost. This classification depends on the purpose for which the financial asset or liability was acquired.

(a) Financial assets and liabilities measured at amortised cost

Financial assets measured at their amortised cost are loans and receivables that are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These comprise Trade receivables, Other receivables, and cash and cash equivalents included in current assets unless the item has a settlement date more than 12 months after the balance sheet date, in which case they are classified as non-current assets.

Financial liabilities measured at amortised cost comprise Borrowings and Trade payables in the statement of financial position where cost is its fair value at acquisition date. Borrowings correspond to the amount received less any transaction costs.

Financial assets and liabilities measured at amortised cost are recognised after the acquisition date at amortised cost applying the effective interest method.

(b) Financial assets and liabilities measured at fair value through profit and loss

Financial assets and liabilities measured at fair value through profit and loss are financial assets or liabilities that are available for trade. A financial asset or liability is classified in this category when they were acquired principally for the purpose of selling in the short term. Derivatives are classified as though they are available for trade if the they are not identified as hedging. Assets and liabilities in this category are classified as current assets or current liabilities unless the item has a settlement date more than 12 months after the balance sheet date, in which case they are classified as non-current assets or non-current liabilities. The items, as reported in the consolidated statement of financial position, include derivative instruments that do not meet the criteria for hedge accounting and liabilities in foreign currencies to other than a financial institution.
Financial assets and liabilities measured at fair value through profit and loss are recognised after the acquisition date at fair value.

Purchases and sales of financial assets and liabilities are recognised on the trade date, that is, the date the Group commits itself to purchase or sell the asset. Financial instruments are measured initially at fair value plus transaction costs, which applies to all financial assets and liabilities that are not recognised through fair value through profit and loss. Financial assets and liabilities measured at fair value through profit and loss are initially recognised at fair value, while attributable transaction costs are recognised in the income statement. Financial assets and liabilities are derecognised in the statement of financial position when the right to receive or the obligation to pay cash flows from the instrument has expired or been transferred and the Group has transferred substantially ll the risks and rewards associated with ownership or obligation.

Gain or loss due to changes in fair value for the category of financial assets and liabilities measured at fair value through profit and loss, are reported in the income statement in the period when the arise and are included in the Financial income and expenses - net.

Fair value of quoted securities is stated at their bid price. If the market for a financial assets is not active (or for unquoted securities), the Group determines the fair value through application of measurement techniques such as using information from recently completed arm's length transactions, using the fair value of a different financial instrument that is materially similar, assessment of the discounted cash flow, or derivative valuation models. Market information is used for this to the greatest extent possible, and company specific information is used the the least extent possible.

At the balance sheet date, the Company measures whether there is objective evidence of that the asset or group of financial assets is impaired.

DERIVATIVE INSTRUMENTS AND HEDGING

Derivative instruments are recognised in the statement of financial position on the contract date and are measured as fair value, both initially and in subsequent testing. The Group's derivative instruments do not meet the criteria for hedge accounting. The derivative instruments are classified as financial assets or liabilities measured at fair value through profit and loss. Changes to fair value for such derivative instruments is recognised net in the income statement under Financial income and expenses.

The Group held not derivative instruments at the balance sheet date.

INVENTORIES

Inventories are recognised at the lower of either cost or net selling value Cost is determined using the first in, first out method (FIFO). Cost of finished good or work in progress consists of the cost of the hardware (card reader) for the business area NetMaker, and consulting income Salary expenses are not included. Net selling value is the estimated selling price in on going operations less appropriate selling costs.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially reported at fair value and thereafter at amortised cost applying the effective interest method less provision impairment. The carrying amount, after any impairments, for trade receivables is presumed to correspond to their fair value, since these items are current in their nature. Provisions for loss in value of trade receivables are imposed when there is objective evidence that the Group will not receive the amount that is past due under the original conditions of the receivable. Significant financial difficulties in the debtor, the likelihood the debtor will enter bankruptcy or financial reconstruction, and late or non-payment (more than 30 days past due) are considered indications of the necessity for provision of impairment for the trade receivable The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is written off against a provision account and the change in the amount of the provision is recognised in the income statement in selling expenses. When the trade receivable is deemed non-collectable, it is written off against the provision account for trade receivables. Recovery of any amount previously written off is added to sales expenses.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and bank balances, and other short term investments with original maturity of three months or less from the acquisition date. Utilised overdraft facilities are reported as borrowings under current liabilities in the statement of financial position.

NOTE 2 Summary of significant accounting policies (cont.)

EQUITY

Common shares are classified as equity.

Transaction expenses directly attributable to the new share issue or warrants are recorded, net of tax, in equity as a deduction from the issue proceeds.

TRADE AND OTHER PAYABLES

Trade and other payables are initially reported at fair value and thereafter at amortised cost applying the effective interest method. The carrying amount for trade payables is presumed to correspond to their fair value, since these items are current in their nature.

BORROWINGS

Borrowings are recognised initially at fair value net after transaction costs. They are subsequently recognised at amortised cost and any differences between the amount received (net transaction costs) and the repayment amount is recognised in the income statement over the borrowing period using the effective interest method.

Fair value for the debt portion of convertible debentures is measured using market rates for an equivalent non-convertible debenture. This amount is reported as a liability at amortised cost until the debt is extinguished through conversion or maturity The remaining portion of the received amount is attributable to the option. This is recognised as equity, net after tax.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

DEFERRED INCOME TAX

Tax cost is calculated based on the applicable tax rates enacted or substantively enacted by the balance sheet date and in the countries where the Group's subsidiaries operate and generate taxable income. Management regularly assesses the claims made in tax returns regarding circumstances where applicable tax regulations are subject to interpretation and makes provisions for amounts that will likely be paid to tax authorities, when deemed appropriate.

Deferred tax is recognised fully, using the balance sheet liability method for all temporary differences that arise between the taxable amount of assets and liabilities and their recognised amounts in the consolidated financial statements. However, deferred tax is not recognised when it arises from a transaction that is the first reporting of an asset or liability that is not a business combination and which, at the transaction date does not affect reported or taxable income. Deferred income tax is calculated by applying the tax rates (and regulations) that are enacted as of the balance sheet date and are expected to apply when the affected deferred tax asset is sold or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent it is probable that anticipated future income will be available against which the temporary differences can be utilised.

Deferred tax is calculated on the temporary differences that arise in shares of subsidiaries and related companies, except when the date for settling the temporary difference can be controlled by the Group and it is probable that the temporary differences will not be reversed in the foreseeable future.

EMPLOYEE BENEFITS

Post-retirement obligations

The Group has defined contribution retirement plans. Defined contribution retirement plans are those where the Group pays fixed fees to a separate legal entity. The Group has no legal or informal obligations to pay additional fees if this legal entity does not have sufficient resources to pay all the benefits to employees that are related to their service in the current or previous periods. The fees are recognised as staff expenses when due for payment. Prepaid fees are recognised as an asset to the extent that cash repayment or reduction of future payments can flow to the Group.

Share option programme

The Group implements from time to time share-based compensation plans. A premium corresponding to the fair value of the options is paid by the employee on the grant date. Share option premium is recorded as Other paid-in capital. Payments received for the shares, after deducting any directly attributable transaction expenses, are added to share capital (par value) and Other paid-in capital when the options are exercised.

The consideration paid by the staff for all outstanding options is based on market prices determined using the Black-Scholes Pricing Model. No benefits or remuneration are paid to the staff, and therefore no staff expenses arise in the income statement in compliance with IFRS 2.

Benefits on termination

Termination benefits are paid when the employee's employment is terminated before the normal retirement date or when the employee decides to accept voluntary redundancy in exchange for those benefits. The Group recognises severance pay when, and only when, it is demonstrably committed to either terminate the employee in accordance with a detailed formal plan for the termination and is without realistic possibility of withdrawal, or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy. Benefits that come due more than 12 months after the balance sheet date are discounted to present value.

Profit-sharing and bonuses

The Group recognised a liability and an expense for bonuses and profit-sharing plans based on a formula that includes the profit that is attributable to the Group shareholder after adjustment. The Group recognises a provision when the legal or informal obligation based on prior practice arises.

PROVISIONS

Provisions for restructuring expenses and legal requirements are recognised when the Group when a legal or informal obligation based on previous events arises, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably measured. Provisions for restructuring include costs for terminating leasing agreements and termination benefits. No provisions are made for future operating losses.

Provisions are discounted at present value of the expenditures expected to be required to settle the obligation. This uses a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the provision. The increase in the provision due to time passing is recognised as interest expense.

REVENUE

Revenues include the fair value of the consideration received or receivable for sold goods and services in the Group's on going operations. Revenues are recognised excluding VAT, returns, discounts and after eliminations for internal Group transactions.

The Group recognises revenue when the amount of the revenue can be measured reliably, when it is probable that future economic benefits will flow to the Company and specific criteria are met for each of the Group operations as described below. The revenue amount cannot be reliably measured before all obligations regarding the sale have been met or expired. The Group bases its assessment on the historical outcome and thereby considers the type of customer, the type of transaction and specific circumstances in each case.

Sale of goods

The Group develops and sells software. The sale of licenses are recognised as revenue on completion of delivery as agreed and when no material obligations remain after the delivery date. Support and maintenance agreements entered in conjunction with license sales are billed in advance and recognised as revenue on a straight-line basis.

NOTE 2 Summary of significant accounting policies (cont.)

Sales of services
The Group sells consulting and training services that are provided on the basis of time or fixed price agreements.

Revenues for time-based agreements are recognised at the agreed rates as the agree hours are delivered.

Sales revenues from fixed price agreements regarding services are recognised using the completion method. The completion method means that revenues are recognised based on the proportion of services that have been performed compared to the total services to be performed (percentage completion). Sales revenues from fixed price agreements for services are normally recognised in the period the services are delivered, on a straight-line bases over the agreement period.

When circumstances arise that can change the original estimated revenues, expenditures, or completion percentage, these estimations are retested. Retesting can result in the increase or decrease of estimated revenues or expenditures, and will impact revenues for the period when Company managers became aware of the circumstances causing the change.

The Group offers certain agreements where the customer purchases a license including one year of service. For such multiple element agreements, the revenue recognised from the sale of the license is the amount of the fair value of the license element in relation to the fair value of the whole agreement. Revenues from the service portion, corresponding to the service element in relation to the fair value of the sales agreement, are allocated over the period of service. Fair value for each element is measured based on market prices of these elements when sold separately.

Interest income
Finance income is recognised as revenue allocated of the maturity using the effective interest method.

LEASING
Operating leases are where the lessor retains substantially all the risks and advantages of ownership. Payments made during the lease period (after deducting any incentives provided by the lessor) are charged to the income statement on a straight-line basis over the lease period. The Group has entered only operating leases.

DIVIDENDS
Dividends to the Parent's shareholders are recognised as a liability in the Group financial reporting for the period the dividend is approved by these shareholders.

EXCEPTIONAL ITEMS
Exceptional items are recognised separately in the financial reporting when necessary to explaining Group results. Exceptional items include material revenue or expenditure items that are reported separately due to their unusual size or nature.

NOTE 3 FINANCIAL RISK MANAGEMENT

FINANCIAL RISKS
The Group is exposed in its operations to many financial risks: market risk (currency risk, fair value interest risk, cash flow interest risk, and price risk. The overall Group risk management policy concentrates on unpredictability of the financial markets and strives to minimise potentially negative effects on the financial results of the Group. The Group uses derivative instruments to hedge portions of its risk exposure.

Risk management is done by a central finance unit following policies established by the Board of Directors. The Formpipe Financial policy is approved by the Board for one year at a time. The Financial policy sets the guidelines for managing financial risks in the Group. The Formpipe Finance policy is designed to produce the highest possible returns on the Company's liquid assets, or the lowest possible borrowing costs when the Company has a net debt, while closely limiting and controlling risk levels and maintaining appropriate payment readiness in order to be able to meet all the Company payment obligations at all times.

The Group finance unit identifies, assesses, and hedges financial risks in close co-operation with company operating units. The Board establishes the written policies for both overall risk management and for specific considerations such as currency risk, credit risk, use of derivatives, and non-derivative financial instruments, and investing excess liquidity.

a) Market risk
(i) Currency risk
The Group operates internationally and is exposed to currency risks arising from various currency exposures, primarily in regard to DKK. Currency risk arises through future business transactions, recognised assets and liabilities and net investments in foreign operations.

Since the Formpipe Swedish operations have their currency flows nearly exclusively in SEK, there is no need for currency hedging. In regard to the Danish operations, Formpipe has chosen to hedge currency against the Danish krona for specific material, known payments, through futures contracts at the Group level.

The Group risk management policy is to hedge known material future cash flows.

The Group holds foreign operations whose net assets are exposed to currency risk. Currency exposure arises when the net assets in Group foreign operations are primarily managed through borrowing in the specific foreign currency.

If the Swedish krona had weakened or strengthened by 10 percent in relation to the Danish krona, with all other variables constant, profit for the year in 2013 would have been KSEK 885 (1,367) higher or lower and equity on 31 December 2013 (including profit for the year) would have been KSEK 1,187 (277) higher or lower.

(ii) Price risk
The Group holds no investments in shares and therefore has no exposure to price risk. The Group is not exposed to price risk for basic material or commodities.

(iii) Interest rate risk regarding cash flows and fair value.
The Group holds no material interest-bearing assets, and therefore Group revenues and cash flows from on going operations are substantially independent of changes in market interest rates in relation to its assets.

Group interest rate risk arises through our long-term borrowing. Borrowings that use variable interest rates exposes the Group to interest rate risk in regard to cash flows. Borrowings that use fixed interest rates exposes the Group to interest rate risk in regard to cash flows.

At year-end, interest-bearing borrowing totalled KSEK 54,600 (63,000) with a variable interest rate linked to STIBOR and KDKK 89,440 (103,200) with a variable interest rate linked to CIBOR. A change of 10 bps in the underlying reference interest rate would have changed profit for the year and equity by plus or minus KSEK 130 (59).

(b) Credit risk
Credit risk is managed at the Group level. Credit risk arises through cash and equivalents at banks or financial institutions or through credit exposure to customers including outstanding receivables and agreed transactions. If the customer credit rating is determined by an independent agency, these ratings are used. When no independent credit rating is available, a risk assessment is made of the customer's creditworthiness where their financial position is considered as well as previous experience and other factors. Individual risk limits are established based on internal and external credit assessments in accordance with the limits established

NOTE 3 Financial risk management (cont.)

by the Board of Directors. Use of credit limits is monitored regularly.

Formpipe has significant sales to the public sectors in Sweden and Denmark, whereby the risk related to these trade receivables is nearly non-existent. The Group has a portion of sales to the private sector, primarily in Sweden and Denmark. However, these deals are smaller in size and greater in number, whereby the credit risk for these receivables is widely spread. Customer losses for the Group are negligible.

(c) Liquidity risk

Liquidity risk is managed by the Group maintaining sufficient levels of cash and equivalents and short-term investments on liquid markets, available financing through agreed credit facilities and the capability to close market positions.

Management also closely follows rolling forecasts of Group liquidity reserves on the basis of anticipated cash flows.

The table below presents Group financial liabilities that will be settled net, according to remaining maturity at the balance sheet date. The amounts specified in the table are the agreed, non-discounted cash flows. The amounts due within 12 months agree with the recorded amounts, as discounting effects are negligible.

KSEK	<1 yr.	1-2 yrs.	2-5 yrs.	>5 yrs.
2013				
Bank borrowings	25,924	24,893	112,017	–
Trade payables and other liabilities	36,318	–	–	–
Total	**62,242**	**24,893**	**112,017**	**–**
2012				
Bank borrowings	25,485	24,296	72,891	60,734
Trade payables and other liabilities	40,255	–	–	–
Total	**65,740**	**24,296**	**72,891**	**60,734**

Group goodwill at year-end was KSEK 299,418 (289,336).

CAPITAL RISK MANAGEMENT

Capital is defined as total equity. The Group objective in regard to capital is to ensure its capability to continue operations long term, in order to generate returns to the shareholders and continued benefit to other stakeholders; and to maintain an optimal capital structure that minimises capital costs.

To maintain or change its capital structure, the Group can change dividends issued to the shareholders, return capital to the share holders, issue new shares, or sell assets to reduce debt. The Board determines when to change the capital structure based on assessment of the maximum long-term return to the shareholders.

As the Group strategy is currently based to a certain extent on acquisition, Group debt levels will fluctuate significantly from year to year. Therefore, the Board and senior management continually assess future payment obligations and decide based on a comprehensive assessment of how to administer Group assets.

ESTIMATING FAIR VALUE

The fair value of financial instruments traded on an active market (as with financial assets valued at fair value through profit and loss) are based on quoted market prices on the balance sheet date. The quoted market prices used for Group financial assets is the bid price.

Financial instruments are measured according to classification in the fair value hierarchy as follows:

1. Quoted prices (Note 16) on active markets for identical assets or liabilities
2. Other observable inputs about the asset or liability than quoted prices in level 1, either directly (prices) or indirectly (derived from prices)
3. Inputs for the asset or liability that are not based on observable market date (unobservable inputs).

At the start of 2013 the Group held no (–) financial derivative instruments.

The carrying amount, after any impairments, for trade receivables and trade payables is presumed to correspond to their fair value, since these items are current in nature. Fair value of financial liabilities are measured, for informational purposes, by discounting future contractual cash flows at current market interest rates that are available to the Company for similar financial instruments.

At year-end 2013 the Group had no financial instruments recognised at fair value through profit and loss (-).

NOTE 4 SIGNIFICANT ACCOUNTING ESTIMATES AND ESTIMATES FOR ACCOUNTING PURPOSES

Accounting estimates and judgements are regularly assessed and based on historical experience and other factors, including expectations about future events that are considered reasonable in the present circumstances.

The Group makes judgements and assumptions concerning the future. These result in accounting estimates, which, by definition, rarely correspond with actual outcome. The estimates and assumptions which involve considerable risk for material adjustments to the carrying amounts of assets and liabilities during the next financial year are described below.

IMPAIRMENT TESTING OF GOODWILL

The Group conducts annual impairment testing of goodwill. The recoverable amount for cash-generating units is measured by calculating value in use. Value in use is judged based on forecasted future cash flows for each of the cash-generating units. Impairment testing involves assumptions about expected growth, gross margins, and discount rates, as specified in Note 13.

NOTE 4 Significant accounting estimates and estimates for accounting purposes (cont.).

CUSTOMER RELATIONSHIPS, TECHNOLOGY, AND BRAND NAMES

The Group has made judgements about useful life for customer relationships, technology, and brand names as identified in the acquisition analyses, which affects recognised expenses for depreciation in the income statement and valuation of assets in the statement of financial position.

CAPITALISED EXPENDITURES

Development expenses are capitalised base on the policies described under 'Intangible Assets' in Note 2. The Group has made assessments regarding useful life, which affects recognised expenses for depreciation in the income statement and valuation of assets in the statement of financial position.

DEFERRED TAX ASSETS

Deferred tax assets are capitalised based on the policies described under 'Deferred income tax' in Note 2. The Group has made assessments regarding the extent to which it is probable that future taxable income will be available against which tax loss carry forwards can be utilised.

NOTE 5 SEGMENT INFORMATION

Operating segments are reported in agreement with the internal reporting structure as provided to the Chief Operating Executive for the entity. The chief operating decision maker is the function responsible for allocation of resources and assessment of the operating segments profit or loss. In the Group, this function is identified as the Group Chief Executive Officer.

The chief operating decision maker assesses the operation based on a geographical perspective, Sweden and Denmark. The segments have the same operations and business model, that is to develop and sell software and services with Enterprise Content Management – ECM. ECM is a comprehensive term describing the technologies, products and systems that capture, process, store, archive and deliver information in a systematic, controlled manner.

The operating segments are assessed based on net sales and income using the metric known as EBITDA. This metric is defined as operating income before depreciation, transaction related expenses, and other non-recurring items affecting comparison.

2013	**Sweden**	**Denmark**	**Eliminations**	**Consolidated**
Sales, external	110,314	183,818	–	294,132
Sales, internal	804	3,411	-4,215	–
Total sales	**111,118**	**187,229**	**-4,215**	**294,132**
Expenses, external	-83,122	-146,379	–	-229,501
Expenses, internal	-3,411	-804	4,215	–
Total costs	**-86,533**	**-147,183**	**4,215**	**-229.501**
EBITDA	**24,585**	**40,046**	**–**	**64,631**
Depreciation				-37,316
EBIT				**27,315**
Net interest income/expense				-8,467
Tax				-3,071
Profit/loss for the year				**15,776**

2012	**Sweden**	**Denmark**	**Eliminations**	**Consolidated**
Sales, external	92,287	108,868	–	201,155
Sales, internal	274	1,368	-1,642	–
Total sales	**92,561**	**10,236**	**-1,642**	**201,155**
Expenses, external	-67,256	-76,155	–	-143,411
Expenses, internal	-1,368	-274	1,642	–
Total costs	**-68,624**	**-76,429**	**1,642**	**-143,411**
EBITDA	**23,937**	**33,807**	**–**	**57,744**
Transaction expenses				-6,882
Depreciation				-22,265
EBIT				**28,598**
Transaction expenses, financial				-8,558
Net interest income/expense				-3,977
Tax				-2,370
Profit/loss for the year				**13,693**

NOTE 5 Segment information (cont.

ASSETS

The operative segments are not assessed based on management of assets and liabilities, but rather these are managed centrally by asset management.

GROUP-WIDE INFORMATION

Revenues from all products and services are identified as follows:

	2013	2012
Licenses	59,364	52,972
Maintenance and Support	137,733	89,941
Delivery services	97,035	58,242
Total	**294,132**	**201,155**

INFORMATION ABOUT CUSTOMERS

The Group is domiciled in Sweden Revenues from external customers in Sweden were 110,314 (92,287) SEK and total revenues from external customers in other countries were 183,818 (108,868) SEK. Revenues of approximately 58,816 (28,396) TSEK refer to a single external customer and is attributable to the Denmark segment.

NOTE 6 AUDITORS' REMUNERATION

	Consolidated		Parent	
	2013	**2012**	**2013**	**2012**
PricewaterhouseCoopers AB				
Audit assignment	750	623	461	380
Auditing services other than audit assignment	250	170	18	170
Other services	48	1,897	–	1,897
Group total	**1,048**	**2,690**	**480**	**2,448**

The audit assignment refers to fees charged for the statutory required audit, that is work necessary to prepare the auditors report, and auditing advice provided in connection thereto. Auditing services other than for the audit assignment for 2013 is primarily for advice provided in connection with revaluing the tax loss carry forward necessitated by the reduction of corporate tax levels in Denmark. Other services refers to consulting hours in 2013.

NOTE 7 PERSONAL, SENIOR MANAGEMENT AND BOARD OF DIRECTORS

Salaries and other employee benefits for all employees identified for the Parent and subsidiaries	**2013**	**2012**
Parent		
Salaries and other benefits	16,977	15,958
Pension cost	2,541	2,124
Social security contributions	6,528	5,819
Subsidiaries		
Salaries and other benefits	107,517	56,873
Pension cost	7,269	3,803
Social security contributions	7,514	5,417
Consolidated		
Salaries and other benefits	124,493	72,831
Pension cost	9,810	5,927
Social security contributions	14,042	11,236

NOTE 7 Personal, Senior Management and Board of Directors (cont.).

Total staff at year-end	Consolidated 2013	Consolidated 2012	Parent 2013	Parent 2012
Formpipe Software Stockholm	30	25	30	25
Formpipe Software Uppsala AB	19	18		
Formpipe Software Linköping AB	13	13		
Formpipe Software Lasernet A/S (DK)	14	13		
Formpipe Software A/S (DK)	138	144		
Traen Ltd. (UK)	1	1		
Traen AB, Stockholm	11	12		
Total staff	**226**	**226**	**30**	**25**
Average number staff	**226**	**136**	**28**	**25**

Salary and employee benefits - Board, senior executives	Fixed salary/ Board of Director's fees	Variable remuneration	Retirement expenses	Other remunerations	Total
2013					
Bo Nordlander (Chair)	225	–	–	–	225
Staffan Torstensson	125	–	–	–	125
Jon Pettersson	125	–	–	–	125
Jack Spira	125	–	–	–	125
Kristina Lindgren	125	–	–	–	125
Christian Sundin	1,980	–	493	262	2,735
Other senior executives, 13 persons	14,618	–	1,573	1,438	17,628
Total 2013	**17,323**	**–**	**2,065**	**1,700**	**21,093**
2012					
Hans Möller (Chair)	180	–	–	100	280
Staffan Torstensson	100	–	–	–	100
Jon Pettersson	100	–	–	–	100
Bo Nordlander	100	–	–	–	100
Jack Spira	100	–	–	–	100
Kristina Lindgren	55	–	–	–	55
CEO Christian Sundin	1,686	–	439	93	2,218
Other senior executives, 7 persons	7,720	–	963	1,235	9,918
Total 2012	**10,041**	**–**	**1,402**	**1,428**	**12,886**

CEO

The CEO retains a performance-based variable remuneration in addition to his fixed salary. The size of the performance-based remuneration is related to the degree that financial targets established by the Group's Board of Directors are met. The performance-based remuneration shall constitute an addition of no more than 30 to 40 percent of the fixed salary. The financial targets for 2013 were not attained and therefore no performance-based remuneration was paid or reserved for the period. The CEO retains no Board fees.

BOARD OF DIRECTORS' FEES

The members of the Board of Directors who invoice the amount of their Board fees through a separate company may add to their invoice an amount corresponding to social security contributions. The social security contributions that are thereby included in the invoiced amount are not greater than the employer's contribution for social insurance fees.

VARIABLE REMUNERATION

The Company has both a fixed salary and performance-based remuneration for all senior executives, and sales commission for employed salespeople. The size of the variable remuneration to senior executives is related to the degree that financial targets established by the Group Board of Directors are met. The performance-based remuneration shall constitute an addition of no more than 30 to 40 percent of the fixed salary. All variable remuneration plans have defined maximum allotment and outcome limits.

PENSION COST

Retirement occurs at age 65 for the CEO. The CEO retirement program corresponds to 25 percent of the fixed salary.

OTHER REMUNERATIONS

Other remuneration includes vacation pay, car allowance, and other benefits and sales commissions.

SEVERANCE PAY

In the event of the Chief Executive Officer's termination, six months' notice of termination and six months' severance pay apply for termination by the Company. Other income which the Chief Executive Officer receives during the period severance pay is paid will be subtracted from the severance pay. In the event of termination on the part of the Chief Executive Officer, six months' notice of termination applies. A mutual notice of termination period of three to six months applies between the Company and the other senior executives In the event the Company is the object of a public takeover bid that results in at least thirty percent of the Company's shares landing in the same shareholder's possession, the Chief Executive Officer is entitled, upon termination by the Company or by the Chief Executive Officer, to special severance pay corresponding to twelve fixed monthly salaries at the time of the notice of termination. Such severance pay is not subject to deduction for other income, shall be paid in its entirety upon the cessation of the employment and replaces the severance pay which the Chief Executive Officer normally is entitled to according to his or her employment agreement.

NOTE 7 Personal, Senior Management and Board of Directors (cont.).

	Consolidated		Parent	
Members, Board of Directors	**2013**	**2012**	**2013**	**2012**
Women	1	1	1	1
Men	3	5	4	5

Boards of Directors for subsidiaries	Women 2013	Men 2013	Women 2012	Men 2012
Formpipe Software Uppsala AB	–	1	–	1
Formpipe Software Linköping AB	–	1	–	1
Formpipe Software Lasernet A/S	–	3	–	3
Formpipe Software Skellefteå AB	–	1	–	1
Formpipe Software Holding A/S	–	3	–	3
Formpipe Software A/S	–	3	–	3
Traen Ltd.	–	1	–	1
Traen AB	–	3	–	3

The Board of Directors in the subsidiary received no remuneration for 2013. There are no post-retirement obligations for Board members. Board members do not receive remuneration on leaving their mandate either.

The CEO and Board of Directors annually set fixed salaries for senior managers and determine any changes. All changes to remuneration take effect on 1 January.

	Consolidated		Parent	
Senior Management, including CEO	**2013**	**2012**	**2013**	**2012**
Women	2	2	1	1
Men	12	9	6	4

	Consolidated		Parent	
Sick leave	**2013**	**2012**	**2013**	**2012**
Total sick leave from regular work hours, %	3.3	2.2	2.6	1.1
of which is long-term sick leave, %	*	*	*	*
Sick leave according to age				
Age < 29 years	1.2	1.6	*	*
Age 30 - 49 years	3.5	7.0	2.8	1.3
Age > 50 years	5.5	1.9	*	*
Sick leave according to sex				
Women	3.4	2.4	5.1	*
Men	4.2	7.0	0.9	1.2

Total sick leave is 3.3 percent of the total work hours in the Formpipe Group for 2013. There is no significant difference in this between sex or age groups.

*No information is provided for a sex or age group that includes less than 0 individual. No information is provided where the sick leave can be attributed to a specific employee.

NOTE 8 FINANCIAL INCOME AND EXPENSES

	Consolidated		Parent	
	2013	**2012**	**2013**	**2012**
Income from financing activities:				
Dividends	–	–	2,937	3,539
Group contributions received	–	–	10,690	19,765
Interest income	199	137	7,323	3,317
Exchange rate differences	–	80	3,928	3,496
Other financial income	6	–	–	–
Total financial revenues	**205**	**216**	**24,878**	**30,117**

	Consolidated		Parent	
	2013	2012	2013	2012
Expenses from financing activities				
Interest expense bank borrowings	-6,463	-3,718	-6,463	-3,165
Other interest expense	-441	–	-2	–
Exchange rate differences	-736	–	-3,949	-3,416
Transaction expenses, financial	–	-8,558	–	-8,558
Other financial costs	-1,032	-477	-901	-477
Total financial expenses	**-8,673**	**-12,752**	**-11,315**	**-15,615**

NOTE 9 INCOME TAX

	Consolidated	
	2013	2012
Current tax	1,935	1,117
Deferred tax	1,136	1,253
	3,071	**2,370**

Deferred tax refers to capitalised tax loss carry forward of KSEK -3,949 (-792), utilisation of accumulated tax loss carry forward from previous years totalling KSEK 1,217 (2,317), and deferred tax expenses attributable to intangible assets of KSEK 1,783 (3,371). All tax loss carry forwards are capitalised as deferred tax assets.

Income tax on consolidated earnings before tax differs from the theoretical amount that would have been obtained when using the weighted average tax rate for the profit/loss recognised in the consolidated entities as follows:

	Consolidated		Parent	
	2013	2012	2013	2012
Profit/loss before tax	18,848	16,063	3,151	1,466
Income tax calculated using national tax rates applicable to profit /loss in each country.	4,650	4,009	693	386
Non-taxable income	-647	-796	-646	-931
Non-allowable expenses	76	-267	55	-2,683
Difference between accounting treatment and tax treatment of depreciation	–	-724	–	–
Tax attributable to previous years	-1	-187	–	–
Tax attributable to intangible assets	–	15	–	–
Effect of subsidiaries' tax rates	2,085	321	–	976
Capitalisation of tax loss carry forward	-3,092	–	-3,004	–
Tax expense	**3,071**	**2,370**	**-2,902**	**-2,252**

Weighted effective tax rate was 16.3 (14.8) percent.

NOTE 10 EXCHANGE RATE DIFFERENCES – NET

	Average rate Jan. to Dec.		Rate at balance sheet date 31 Dec.	
Exchange rates (against SEK)	2013	2012	2013	2012
DKK	1.16	1.17	1.20	1.16

	Consolidated		Parent	
Exchange rate differences were recognised in the income statement as follows:	2013	2012	2013	2012
Other revenues and expenses - net	18	-12	19	-8
Financial items - net	-736	80	-21	80

NOTE 11 EARNINGS PER SHARE

BEFORE DILUTION

Earnings per share before dilution is calculated by dividing the profit/loss attributable to equity holders of the Parent by the weighted average outstanding common shares for the period excluding repurchased shares held as treasury shares in the Parent.

	2013	2012
Profit or loss for the year attributable to equity holders of the Parent	14,706	13,618
Weighted average outstanding common shares (thousand)	48,935	38,254
Earnings per share before dilution (SEK per share)	**0.30**	**0.36**

AFTER DILUTION

In calculating earnings per share after dilution, the weighted average total outstanding common shares before dilution effects to all potential common shares. The Parent owns one category of potential common shares that have a dilution effect -- stock options. In calculating share options, the total shares that could have been purchased at fair value (calculated as the average market price of shares in the Parent for the entire year), for an amount corresponding to the monetary value of the subscription rights that are tied to outstanding share options. The total shares calculated as above is compared to the total shares that could have been issued (assuming all share options are exercised).

	2013	2012
Profit or loss for the year attributable to equity holders of the Parent	14,706	13,618
Net profit used to determine earnings per share after dilution	14,706	13,618
Weighted average outstanding common shares (thousand)	48,935	38,254
Adjustments for:		
– share options 2010 to 2012 (thousand)	–	–
– share options 2011 to 2012 (thousand)	–	–
– share options 2012 to 2012 (thousand)	–	–
– share options 2013 to 2012 (thousand)	–	–
Weighted average total common shares used in calculating earnings per share after dilution (thousand)	48,935	38,254
Earnings per share after dilution (SEK per share)	**0.30**	**0.36**

NOTE 12 DIVIDEND PER SHARE

At the Annual General Meeting on 25 April 2014, total retained earnings for financial year 2013 will be proposed to be carried forward, and thereby no dividend will be issued (SEK 0.00 per share totalling SEK 0).

NOTE 13 INTANGIBLE ASSETS

CONSOLIDATED	Goodwill	Capitalised expenditure	Customer relations	Technology	Brand names	Total
Financial year 2012						
Starting carrying amount	109,865	35,544	1,274	–	–	146,682
Increase due to business combination	190,809	80,765	33,718	–	2,613	307,905
Exchange rate differences	-11,338	-3,950	-1,700	–	-132	-17,120
Purchases	–	20,711	–	–	–	20,711
Depreciation	–	-17,043	-3,679	–	-342	-21,064
Ending carrying amount	**289,336**	**116,026**	**29,613**	**–**	**2,139**	**437,114**
At December 31, 2012						
Cost	289,336	155,432	40,565	2,205	3,435	490,974
Accumulated depreciation	–	-39,406	-10,953	-2,205	-1,296	-53,860
Carrying amount	**289,336**	**116,026**	**29,613**	**–**	**2,139**	**437,114**

NOTE 13 Intangible assets (cont.).

CONSOLIDATED	Goodwill	Capitalised expenditure	Customer relations	Technology	Brand names	Total
Financial year 2013						
Starting carrying amount	289,336	116,026	29,613	–	2,139	437,114
Increase due to asset acquisition	741	4,350	–	–	–	5,091
Exchange rate differences	9,341	3,816	905	–	55	13,841
Purchases	–	29,739	–	–	–	30,015
Depreciation	–	-29,134	-6,679	–	-833	-36,646
Ending carrying amount	**299,418**	**124,797**	**23,839**	**–**	**1,361**	**449,414**
At December 31, 2013						
Cost	299,418	193,337	41,470	2,205	3,490	539,921
Accumulated depreciation	–	-68,540	-17,632	-2,205	-2,130	-90,506
Carrying amount	**299,418**	**124,797**	**23,839**	**–**	**1,361**	**449,414**

Capitalised expenditures represent essentially only product development.

PARENT	Goodwill	Capitalised expenditure	Total
Financial year 2012			
Starting carrying amount	715	234	949
Purchases	–	–	–
Depreciation	-401	-120	-521
Ending carrying amount	**314**	**114**	**428**
At December 31, 2012			
Cost	4,057	775	4,833
Accumulated depreciation	-3,743	-661	-4,404
Carrying amount	**314**	**114**	**428**
Financial year 2013			
Starting carrying amount	314	114	428
Purchases	741	4,626	5,367
Depreciation	-352	-272	-625
Ending carrying amount	**703**	**4,468**	**5,171**
December 31, 2013			
Cost	4,799	5,401	10,200
Accumulated depreciation	-4,095	-934	-5,029
Carrying amount	**703**	**4,468**	**5,171**

IMPAIRMENT TESTING OF INTANGIBLE ASSETS AND GOODWILL FOR THE GROUP

Group goodwill at year-end was KSEK 299,418 (289,336) Goodwill is not amortised according to plan, but rather is impairment tested annually. Goodwill is tracked by the Group financial administration. For impairment testing, assets are allocated to the smallest level for which identifiable cash flows can be determined (cash-generating units), that is per country or segment within the Group. Allocation of Group goodwill on these cash-generating units shows KSEK 61,522 for Sweden and 237,896 for Denmark. 2012 is the first year the Group has identified more than on cash generating units, and therefore goodwill as not previously been allocated.

Impairment testing for all units is based on calculating value in use. This value is based on future cash flow forecasts where the five first years are based on the business plan established by the senior company management.

Critical variables, and the method of estimating these values for the five year explicit forecast period is described below.

FORECASTED AND LONG TERM GROWTH RATE

The explicit forecasting period is five years. Cash flows beyond the explicit forecasting period are extrapolated using an annual growth rate of 2 (2) percent, which is somewhat higher than the expected general GNP growth rate and is justified by the Company operating within a growth industry that includes continued good outlook beyond the explicit forecast period.

EXPLICIT GROWTH AND MARGINS

The growth rate and cost growth during the first five year are based on a balanced overall assessment of external analyses of relevant markets for our operations and the experience of senior management, and an assessment of the Company's market position.

DISCOUNT FACTORS

Discount factors are calculated as the Group weighted average cost of capital The expected future cash-flows have been discounted using a discount rate of 12.0 (12.0) percent before tax.

SENSITIVITY ANALYSIS

Recoverable amounts for all cash-generating units exceeds their carrying amount Senior Management considers that a reasonable and supportable change (+/- 1 percentage point) in the critical variables above would not have such an effect that they would reduce the recoverable amounts to a value beyond their carrying amounts.

NOTE 14 PROPERTY, PLANT AND EQUIPMENT

CONSOLIDATED	Data inventories	Inventories	Total
Financial year 2012			
Starting carrying amount	586	272	858
Increase due to acquisition	1,791	–	1,791
Exchange rate difference	–	–	–
Purchases	923	85	1,008
Disposals and retirements	–	–	–
Depreciation	-972	-153	-1,125
Reversed accumulated disposals and retirements	–	–	–
Ending carrying amount	**2,327**	**205**	**2,532**
At December 31, 2012			
Cost	5,171	1,361	6,532
Accumulated depreciation	-2,844	-1,156	-4,000
Carrying amount	**2,327**	**205**	**2,532**
Financial year 2013			
Starting carrying amount	2,327	205	2,532
Increase due to acquisition	–	–	–
Exchange rate differences	63	–	63
Purchases	1,885	139	2,024
Disposals and retirements	–	–	–
Depreciation	-1,559	-126	-1,685
Reversed accumulated disposals and retirements	–	–	–
Ending carrying amount	**2,717**	**218**	**2,935**
At December 31, 2013			
Cost	7,119	1,500	8,620
Accumulated depreciation	-4,402	-1,282	-5,685
Carrying amount	**2,717**	**218**	**2,935**

PARENT	Data inventories	Inventories	Total
Financial year 2012			
Starting carrying amount	571	56	627
Purchases	480	–	480
Disposals and retirements	–	–	–
Depreciation	-412	-38	-451
Reversed accumulated disposals and retirements	–	–	–
Ending carrying amount	**639**	**17**	**656**
At December 31, 2012			
Cost	2,647	707	3,355
Accumulated depreciation	-2,009	-690	-2,698
Carrying amount	**639**	**17**	**656**
Financial year 2013			
Starting carrying amount	639	17	2,698
Purchases	334	133	466
Disposals and retirements	–	–	–
Depreciation	-382	-20	-402
Reversed accumulated disposals and retirements	–	–	–
Ending carrying amount	**591**	**130**	**720**
At December 31, 2013			
Cost	2,981	840	3,821
Accumulated depreciation	-2,391	-710	-3,101
Carrying amount	**591**	**130**	**720**

NOTE 15 FINANCIAL NON-CURRENT ASSETS

	Parent	
Shares in subsidiaries	**2013**	**2012**
Starting cost	277,830	124,573
Shareholder contribution	8,448	–
Transaction related changes	–	153,257
Ending accumulated cost	**286,279**	**277,830**

	Consolidated		Parent	
Other non-current financial assets	**2013**	**2012**	**2013**	**2012**
Other financial assets	1,351	1,357	19	31
Ending value, financial assets	**1,351**	**1,357**	**286,297**	**277,861**

Pledge assets refer to shares in subsidiaries as security for loans.

Subsidiaries	**Domicile**	**Legal form**	**Corp. reg. no.**	**Ownership %**	**Carrying amount**
Formpipe Software Uppsala AB	Uppsala	Limited Liability Company	556463-9861	100	18,371
Formpipe Software Linköping AB	Linköping	Limited Liability Company	556389-0564	100	16,977
Formpipe Software Lasernet A/S	Ballerup	Limited Liability Company	26366216	100	61,048
Formpipe Software Skellefteå AB	Skellefteå	Limited Liability Company	556601-0087	100	28,177
Formpipe Software	Ballerup	Limited Liability Company	20811307	100	161,705
Formpipe Software	*Ballerup*	*Limited Liability Company*	*29177015*	*100*	–
Traen Ltd.	*Reading*	*Limited Liability Company*	*06377974*	*100*	–
Traen AB	*Solna*	*Limited Liability Company*	*556411-3479*	*65*	–

NOTE 16 FINANCIAL INSTRUMENTS PER CATEGORY

	Measured at amortised cost	Measured at fair value through profit and loss	Total
December 31, 2013			
Assets in the statement of financial position			
Trade receivables and other receivables excluding prepayments	53,598	–	53,598
Cash and cash equivalents	20,269	–	20,269
Total	**73,867**	**–**	**73,867**
Liabilities in the statement of financial position			
Borrowings	158,998	–	158,998
Trade receivables and other liabilities excluding non-financial liabilities	13,768	–	13,768
Total	**172,766**	**–**	**172,766**
December 31, 2012			
Assets in the statement of financial position			
Trade receivables and other receivables excluding prepayments	72,504	–	72,504
Cash and cash equivalents	3,636	–	3,636
Total	**76,140**	**–**	**76,140**
Liabilities in the statement of financial position			
Borrowings	178,629	–	178,629
Trade receivables and other liabilities excluding non-financial liabilities	11,612	–	11,612
Total	**190,241**	**–**	**190,241**

Credit ratings for the loans and trade receivables cannot be assessed based on external credit ratings Impairments for trade receivables are historically very rare. Liquid assets are entirely cash and cash equivalents.

NOTE 17 INVENTORIES

The recorded expense for inventory is included in Current assets/finished goods and is 10 (14) KSEK.

NOTE 18 TRADE RECEIVABLES

	Consolidated		Parent	
	2013	**2012**	**2013**	**2012**
Trade and other receivables	53,552	72,005	767	631
Total	**53.552**	**72,005**	**767**	**631**

The Group has no non-current trade receivables. Fair value regarding current trade receivables equals the carrying amount. As of 31 December 2013, trade receivables were 53,552 (72,005) KSEK. These represented KSEK 19,537 (23,899) and KDKK 28,378 (41,643). No impairment was deemed necessary for the total trade receivables of KSEK 53,552.

The age analysis of trade receivables shows as follows:

	Consolidated		Parent	
Past due trade receivables on the balance sheet date	**2013**	**2012**	**2013**	**2012**
Less than 3 months	9,670	51,703	345	423
Greater than 3 months	1,136	2,293	4	-14
Total	**10,806**	**53,995**	**349**	**409**

As of 31 December 2013, the Group anticipated no doubtful debts and no provisions for doubtful trade receivables are therefore reported on 31 December 2013 (325) KSEK.

For other classes of trade receivables and other receivables, there are no assets requiring impairment.

The maxim exposure for credit risk on the balance sheet date is the fair value in each class of receivable identified above. The Group has no pledge as collateral.

NOTE 19 ACCRUALS AND DEFERRED INCOME

	Consolidated		Parent	
	2013	**2012**	**2013**	**2012**
Pre-paid insurance	543	474	282	231
Prepaid IT expenses	1,253	1,699	458	602
Prepaid rent	426	312	119	–
Prepaid training	281	–	281	–
Prepaid sales and marketing expenses	120	–	120	–
Deferred income	5,015	5,222	–	–
Other	2,294	1,155	131	331
Total	**9,933**	**8,864**	**1,391**	**1,164**

NOTE 20 CASH AND CASH EQUIVALENTS

	Consolidated		Parent	
	2013	**2012**	**2013**	**2012**
Cash and cash equivalents	20,269	3,636	15,256	5,315
Total	**20,269**	**3,636**	**15,256**	**5,315**

Approved overdraft facilities total KSEK 10,000 and KDKK 17,600, and these were not utilised at the year-end.

NOTE 21 EQUITY

	Total shares (thousand)
December 31, 2011	**12,234**
New share issue 2 July 2012	36,701
December 31, 2012	**48,935**
–	–
December 31, 2013	**48,935**

Total shares outstanding are 48,934,588 (48,934,588) par value SEK 0.1 (0.1) per share. All issued shares are fully paid up.

NOTE 21 Share capital (cont.)

NEW SHARE ISSUE

No new share issues were conducted in 2013 to affect equity.

The Company conducted a new share issue in 2012 for 36,700,941 shares at a ratio of 3:1. Due to the new share issue, historical data related to total shares outstanding and share prices have been restated at a factor of 2.048.

SHARE-RELATED COMPENSATION

On 17 May 2013 company staff were offered the opportunity to acquire share options for company shares. A total of 1,500,000 share options were issued. Each share option entitles the holder to subscribe to 1 new share in the Company during the period from 2 May 2016 to 13 May 2016 at a price of SEK 6,67 per share. The paid-in option premiums totalling SEK 660,000 was recognised as in increase in Other paid-in capital. The exercise price and total number of shares for which each share option carries a right to subscribe have been recalculated according to the terms of the options due to the completed new share issue with pre-emptive rights for shareholders.

On 15 May 2012, company staff were offered the opportunity to acquire share options for company shares. A total of 200,000 share options were issued. Each share option entitles the holder to subscribe to 1.8 new shares in the Company during the period from 16 February 2015 to 27 February 2015 at a price of SEK 9.66 per share. The paid-in option premium totalling SEK 298,000 was recognised as an increase in Other paid-in capital. The exercise price and total number of shares for which each share option carries a right to subscribe have been recalculated according to the terms of the options due to the completed new share issue with pre-emptive rights for shareholders.

On 11 March 2011, company staff were offered the opportunity to acquire share options for company shares. This programme was fully subscribed and a total of 350,000 share options were issued. Each share option entitled the holder to subscribe to 1.8 new shares in the Company during the period from 4 February 2013 to 13 February at a price of SEK 9.72 per share. The paid-in option premiums totalling SEK 381,500 were recognised as in increase in Other paid-in capital. The exercise price and total number of shares for which each share option carries a right to subscribe have been recalculated according to the terms of the options due to the completed new share issue with pre-emptive rights for shareholders. This programme expired with no new shares subscribed.

On 12 March 2010, company staff were offered the opportunity to acquire share options for company shares. This programme was fully subscribed and a total of 350,000 share options were issued. Each share option entitled the holder to subscribe to 1 new share in the Company during the period from 6 February 2012 to 15 February 2012 at a price of SEK 25.76 (recalculated to SEK 12.58) per share. The paid-in option premiums totalling SEK 616,000 were recognised as in increase in Other paid-in capital. This programme expired with no new shares subscribed.

The consideration paid by the staff for all outstanding options is based on market prices determined using the Black-Scholes Pricing Model. No benefits or remuneration are paid to the staff, and therefore no staff expenses arise in the income statement in compliance with IFRS 2.

Changes to the total number of outstanding share options and the weighted average exercise price are as follows:

	2013		2012	
	Average exercise price SEK per share	**Share options (total)**	**Average exercise price SEK per share**	**Share options (total)**
At 1 January	**9.70**	**550,000**	**11.15**	**700,000**
+ Allocated	6.67	1,500,000	9.66	200,000
- Forfeited	–	–	–	–
- Exercised	–	–	–	–
- Expired	9.72	350,000	12.58	350,000
At 31 December	**7.02**	**1,700,000**	**9.70**	**550,000**

At the period end, the Company has two (2) outstanding share option programmes with the following expiration date and exercise prices:

		Share options	
	Exercise price	**2013**	**2012**
13 February 2013	9.72	–	350,000
February 2015	9.66	200,000	200,000
13 May 2016	6.67	1,500,000	–
		1,700,000	**550,000**

The weighted average fair value of the options allocated during 2013, determined using the Black-Scholes Pricing Model, was SEK 0.44 (1.49) per option. Significant input data to the model included the weighted average share price of SEK 5.56 (14.50) as of the grant date, exercise of the option premium price of SEK 6.67 (17.40) per new share, volatility of 27 (27) percent, estimated time to expiration of the options of 1,080 (1,000) days and annualised risk free interest of 1.00 (1.03) percent. The options do not carry a right to payment of dividend, which is included in the calculation.

NOTE 22 BORROWINGS

Non-current	**2013**	**2012**
Bank borrowings	134,105	154,333
Total non-current	**134,105**	**154,333**
Currency		
Bank borrowings	24,893	24,296
Total current	**24,893**	**24,296**
Total borrowings	**158,998**	**178,629**

NOTE 22 Borrowings (cont.)

The bank borrowings are assigned to the Parent and mature in 2017 with variable interest. At year-end the average variable interest rate was 3.74 (3.87) percent. The borrowing in SEK is linked to STIBOR and the borrowing in DKK is linked to CIBOR. Security for the bank borrowing is in shares in subsidiaries. Furthermore, these bank borrowings are subject to regular terms and conditions primarily in regard to EBITDA against net debt.

The recognised amounts agree with the fair value since the discount rate is equal to the loan interest rate.

The amount recognised, per currency, forGroup borrowings are as follows:

	2013	2012
DKK	107,202	119,216
SEK	51,796	59,413
Total	**158,998**	**178,629**

The Group has credit facilities totalling KSEK 31,096 (30,332), allocated to KSEK 10,000 (10,000) and corresponding to KSEK 21,096 in DKK (20,332). The credit facilities were not utilised at year-end KSEK (-). The credit facilities have variable interest rates.

NOTE 23 DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legal right to set-off for the tax assets and liabilities in questions and when the deferred taxes are for the same tax agency. The Group has not off set tax assets or liabilities.

	2013	2012
Deferred tax assets	27,936	27,142
Deferred tax liabilities	22,516	17,021

Gross changes to deferred tax assets are as follows:

	2013	2012
Starting balance	**27,142**	**6,414**
Increase due to business combination	-	23,079
Change due to reclassification	1,296	-
Un-utilised loss carry forward	-1,217	-1,215
Loss carried forward, previously not reported	3,092	-
Revaluation due to changed tax rates in Denmark	-2,556	-
Exchange rat differences	179	-1,136
Ending balance	**27,936**	**27,142**

The deferred tax assets are deemed to be able to be utilised within the next five-year period. Gross change regarding deferred tax assets allocated to assets type:

	Loss carry forward	Other	Total
December 31, 2011	**6,414**	**-**	**6,414**
Increase due to business combination	23,079	-	23,079
Un-utilised loss carry forward	-1,215	-	-1,215
Exchange rat differences	-1,136	-	-1,136
At December 31, 2012	**27,142**	**-**	**27,142**
Increase due to business combination	-	-	-
Change due to reclassification	1,296	-	1,296
Un-utilised loss carry forward	-1,217	-	-1,217
Loss carried forward, previously not reported	3,092	-	3,092
Revaluation due to changed tax rates in Denmark	-2,556	-	-2,556
Exchange rat differences	179	-	179
At December 31, 2013	**27,936**	**-**	**27,936**

Deferred tax assets are recognised as tax loss carry forwards to the extent which it is probable that they can be utilised against future taxable profit. At year-end, all tax loss carry forwards in the Group are capitalised as deferred tax assets. In 2013, KSEK 1,217 (3,467) of these tax loss carry forwards were utilised and KSEK 3.092 (2,252) capitalised. In addition, the changed tax rates in Denmark have required a revaluation of the capitalised tax loss carry forward by KDKK -2,556. The taxable amount at 31 December 2013 was KSEK 27,936 (27,142).

NOTE 23 Deferred income tax (cont.).

Gross changes to deferred tax liabilities are as follows:

	2013	2012
Starting balance	**17,021**	**8,463**
Increase due to business combination	-	9,083
Change due to reclassification	903	-
Adjustment temporary difference	3,088	-
Recognised in income statement	1,854	38
Revaluation due to changed tax rates in Denmark	-471	-
Exchange rat differences	121	-563
Ending balance	**22,516**	**17,021**

Of the deferred tax liabilities of KSEK 22,516 a total of KSEK 3,500 are expected to be used in the next twelve month period. The remaining amount will be used within the next 5 year period.

Gross changed regarding deferred tax liabilities allocated to asset type:	Intangible Assets	Other	Total
At December 31, 2011	**8,463**	**–**	**8,463**
Increase due to business combination	9,083	–	9,083
Recognised in income statement	38	–	38
Exchange rat differences	-563	–	-563
December 31, 2012	**17,021**	**–**	**17,021**
Increase due to business combination	-	-	-
Change due to reclassification	903	-	903
Adjustment temporary difference	3,088	-	3,088
Recognised in income statement	1,854	-	1,854
Revaluation due to changed tax rates in Denmark	-471	-	-471
Exchange rat differences	121	-	121
December 31, 2013	**22,516**	**-**	**22,516**

Deferred taxes recognised as intangible assets refers to fair value adjustments for acquired assets, and capitalised development expenses. The decrease of deferred tax liabilities attributable to depreciation of acquired intangible assets for the year totalled SEK 1,871 (846) and attributable to depreciation of capitalised development expenses to SEK 2,139 (2,350).

NOTE 24 OTHER LIABILITIES

	Consolidated		Parent	
Current liabilities	**2013**	**2012**	**2013**	**2012**
VAT	6,977	8,741	5,372	3,805
Other current liabilities	15,573	15,609	536	455
Total other current liabilities	**22,550**	**24,350**	**5,908**	**4,260**

NOTE 25 OTHER PROVISIONS

	Restructuring	Total
As at 1 January	**–**	**–**
Recognised in income statement	4,293	4,293
December 31, 2012	**4,293**	**4,293**
Recognised in income statement	–	–
Used in the year	-4,293	-4,293
Reversed, not used	–	–
December 31, 2013	**–**	**–**

Provisions of KSEK 4,293 per 31 December 2012 were utilised fully during the the first six months of 2013.

NOTE 26 ACCRUALS AND DEFERRED INCOME

	Consolidated		Parent	
	2013	**2012**	**2013**	**2012**
Staff-related accrued expenses	9,873	11,383	5,061	5,433
Pre-paid income	92,101	71,900	5,934	5,266
Other accrued expenses	5,288	13,862	2,570	2,259
Total	**107,261**	**97,145**	**13,565**	**12,958**

NOTE 27 COMMITMENTS

Commitments regarding operational leasing where one group company is the tenant. The Group rents several premises and offices, with notice of vacation periods between 2 and 4 years. The lease agreements are different terms and conditions, index clauses, and right to extension.

The Group also leases various type of office equipment and cars under operational leasing agreements subject to cancellation. The notice period for cancellation for the Group in regard to these agreements is 1 month. Leasing expenses total KSEK 1,049 (969).

Total future minimum leasing fees for operational leasing agreements not subject to cancellation are as follows:

	2013	**2012**
Within 1 year	434	393
Between 1 and 5 years	657	773
Greater than 5 years	–	–
	1,091	**1,166**

NOTE 28 BUSINESS COMBINATIONS

ACQUISITION TO TRAEN HOLDING A/S (NAME CHANGED TO FORMPIPE SOFTWARE HOLDING A/S) - 1 AUGUST 2012

In order to broaden company markets. the Group acquired Traen Holding A/S ('Traen') on 1 August 2012. Traen is the market leading provider of ECM products and services to the public sector in Denmark. The acquisition was for 100 percent of the shares in Traen and has impacted the Group balance sheet and cash and cash equivalents as specified below. Since the transaction date, Traen has contributed MSEK 87.6 in sales and MSEK 29.5 in operating profit before depreciation and non-recurring transaction related expenses (EBITDA). If the acquisition had taken place on 1 January 2012 Traen would have contributed a total of MSEK 198.3 in sales and MSEK 38.2 in EBITDA. The transaction has lead to Goodwill which consists of synergy effects and staff. Adjustments to the carrying amount is represented by the excess price embedded in the purchase price in regard to customer relationships and brand names. This adjustment also considers the effect of deferred tax . No portion of the recognised goodwill is anticipated to be income tax deductible.

The acquisition balance sheet is subject to final adjustment no later than one year after the transaction date.

Consideration and recognised amounts of identifiable net assets:	
Tangible assets	1,883
Intangible assets	117,096
Financial assets	1,374
Deferred tax assets	23,079
Trade and other receivables	44,934
Cash and cash equivalents	9,047
Interest bearing liabilities	-172,215
Trade payables and other liabilities	-79,543
Non-controlling interests	-1,642
Acquired net assets	**-55,986**
Goodwill	190,809
Cash consideration	**134,824**
Cash and cash equivalents in the acquired operations	-9,047
Changes to Group cash and cash equivalents at acquisition	**125,777**

No additional consideration was agreed.

Fair value adjustments were made to identifiable intangible assets regarding customer relationships and brand names. Depreciation for these assets is linear. Of the total amount of KSEK 36,332, the amount of KSEK 33,718 regards customer relationships (depreciated over five years) and KSEK 2,613 regards brand names (depreciated over three years).

The acquisition balance sheet was prepared using the average purchase price of 1.2150 SEK/DKK. The acquired net assets and goodwill will be translated at the actual balance sheet date price.

Transaction related expenses were recognised in the Consolidated income statement in the item line 'Non-recurring transaction related items' where KSEK 6,882 is operating expenses and KSEK 8,558 is financial expenses.

NOTE 29 RELATED PARTY DISCLOSURES

RELATED PARTIES REFERS TO:

- Companies that directly or indirectly (through one or more agents) exert a controlling influence on Formpipe.
- Natural persons (and family members thereof) who directly or indirectly own a significant proportion of voting shares in Formpipe such that they exert a significant influence on the Company.
- Key individuals who have responsibility for planning and managing activities, such as members of the Board of Directors and senior management.

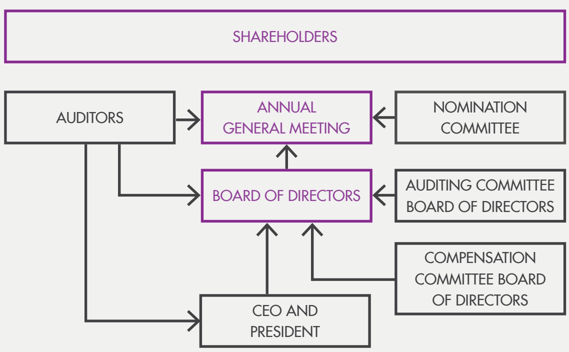
Formpipe has no transactions with related parties as defined in IAS 24 Related party disclosure (as above) to report except as specified in Note 7 Staff, Senior Management, and Board of Directors.

Transactions between subsidiaries in the Group are regulated by the Company Transfer Pricing policy and are conducted at arms length.

CORPORATE GOVERNANCE REPORT

Formpipe Software AB (publ) ("Formpipe") is a Swedish Public Limited Company domiciled in Stockholm. In 2013 the Group had operations in Sweden and Denmark. Governance, management and control of Formpipe is divided between the shareholders at the Annual General Meeting, the Company Board of Directors, and the CEO in accordance with the Swedish Companies Act, the current Articles of Association, NASDAQ OMX Stockholm Issuer Rules and the Swedish Code of Corporate Governance. The Formpipe Corporate Governance Report for 2013 describes the corporate governance, management, administration and internal controls for financial reporting within the Company. The Swedish Code of Corporate Governance is based on the 'Comply or explain' principal, which permits companies using the code to choose an alternative to compliance with specific rules as long as the alternative is described and the reasons for choosing it are fully explained.

REPORTING STRUCTURE WITHIN FORMPIPE



Corporate governance is essentially about how the Company is managed and operated from the shareholder's perspective. Corporate governance at Formpipe is regulated by external regulations and internal governing documents.

These external regulation include

- The Swedish Companies Act
- The NASDAQ OMX Stockholm Issuers' rules
- Applicable accounting legislation
- The Swedish Code of Corporate Governance

Internal regulating documents include

- The Articles of Association
- The instructions to the CEO and work plan for the Board
- Internal policies, handbooks, and guidelines

SHAREHOLDERS

On 31 December 2013 Formpipe had approximately 2,700 shareholders owning a total of 48,934.588 shares. The largest single shareholder on that date was försäkringsaktiebolaget Avanza Pension, holding 8.9 percent of the voting rights and equity. The 20 largest shareholders owned a total of 57.8 percent of the voting rights and equity.

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) of the Shareholders is the Annual Shareholders Meeting where the Annual Report is presented. The shareholders' right to influence the affairs of Formpipe is exercised at the shareholders' meeting as the Company's highest decision-making body. The Annual General Meeting has several mandatory matters to address, including adopting the Company's statement of financial position and income statement, and determining the disposition of the Company's profit or loss, determining remuneration policies for senior management, and discharging the Board members and CEO from liability. The Annual General Meeting elects members to the Board of Directors, as proposed by the nomination committee (see below), for the period to the next ordinary Annual General Meeting.

The 2013 AGM

The Formpipe Annual General Meeting was held 25 April 2013 at the company premises in Stockholm. Legal Counsel Johan Hessius was elected Chair of the Annual General Meeting. The Company Board of Directors, senior management, nomination committee and auditors attended the meeting.

Company shareholders received advance notice of the time and location for the Annual General Meeting and of their right to have any matter addressed at the meeting within the required time limit at www.formpipe.se. All shareholders who were registered in the Company share registry and who provided timely notice of their intention to participate were entitled to take part in the meeting and vote their shares.

The resolutions passed included:

- Adopting the statement of financial position and in come statement for the 2012 financial year
- Electing of Bo Nordlander, Jack Spira, Staffan Torstensson and Kristina Lindgren to the Board of Directors
- Electing Bo Nordlander as Board Chair
- Authorisation to the Board to repurchase and transfer treasury shares
- Issue share options for staff
- Guidelines for remuneration to senior management.

The minutes to the Annual General Meeting were presented on the Company website two weeks after the meeting. Material from the Annual General Meeting, including the notice, meeting minutes and information regarding the nomination committee is published at the Formpipe website. www.formpipe.se.

The 2014 AGM

The Formpipe Annual General Meeting of Shareholders 2014 will take place on 25 April at the Company premises in Stockholm. Information regarding shareholders providing notice of their intent to participate in the 2014 AGM shall be available in advance at www.formpipe.se. This information will include description of how shareholders may bring any matter before the meeting.

NOMINATION COMMITTEE

The nomination committee begins by evaluating the performance of current members of the Board of Directors. The nomination committee's work shall be characterised by openness and discussion to obtain a well balanced Board. The nomination committee nominates individuals to the Board for the next mandate period, who are then proposed to the Annual General Meeting for election. The nomination committee also proposes remuneration for the Auditors and members of the Board of Directors, and when necessary for the election of auditor. The 2013 AGM resolved that the nomination committee for the 2014 AGM shall consist of four members. The Board Chair shall contact the three shareholders or shareholder group (this includes both directly registered and nominee registered shareholders) with the largest number of voting rights as identified in the Euroclear Sweden AB printout of the share registry as of 28 June 2013. These shareholders shall each appoint a representative, who with the Board Chair shall form the nomination committee for the mandate period to the next Annual General Meeting The names of the nominating committee were published at the Company website no later than six months before the Annual General Meeting. The complete description of nomination committee policies is contained in the document 'Nominating committee's proposals and explanatory statement regarding the proposed members of the Board of Directors

The members of the nomination committee for the period prior to the 2014 AGM are:

- **Björn Franzon,** Chair of the Nomination Committee, representing Swedbank Robur Småbolagsfond Sweden, 3,063,848 shares.
- **Erik Hermansson**, representing Humle Småbolagsfond, 2,000,000 shares.
- **Johan Strandberg**, representing SEB Sverigefond Småbolag Ch/Risk, 1,925,800 shares.
- **Bo Nordlander**, Board Chair for Formpipe Software AB, 318,159 shares.

ARTICLES OF ASSOCIATION

The Articles of Association stipulate that Formpipe is a Public Limited Company, which shall conduct business, directly or indirectly, in the specified fields and with all activities compatible therewith: consulting operations regarding Internet and Intranet solutions; consulting operations regarding information, management, and data processing; development and design of computer software and related products and services, including sales thereof in combination with suitable hardware; administration and trade in securities and real estate. The share capital for Formpipe shall amount to not less than SEK 2,000,000 and no greater than SEK 8,000,000. The number of shares shall be no less than 20,000,000 and no more than 80,000,000. The Board of Directors shall consist of not less than three and not more than six members with no more than three deputies. The complete Articles of Association can be downloaded at www.formpipe.se.

BOARD OF DIRECTORS

The tasks of the Board of Directors

The tasks of the Board of Directors is to manage the Companies affairs on behalf of the shareholders. The work of Formpipe's Board is governed, other than by applicable laws and recommendations, by the Board's work plan which contains the rules for the delegation of duties and decision making powers between the Board, the CEO, for financial reporting, investments, and financing. The work plan is approved once annually.

Responsibilities of the Board

The Board of Directors for Formpipe have the overall operational responsibility for the Company organisation and management, and to ensure that guidelines for managing Company assets and funds are appropriate for their purpose. The Board is responsible to ensure the Company is governed in accordance with the laws and ordinances, and the issuer rules of which the Swedish Code of Corporate Governance is part. The Board is further responsible for developing and monitoring the Company strategies through plans and objectives, decisions regarding acquisition or disposal of operations, larger investments and remuneration to senior Company executives, and continuous monitoring of operations throughout the year. The Board annually establishes the annual accounts, applicable business plan, operations-related policies and the CEO's instructions.

Work of the Board of Directors for 2013

The AGM held 25 April 2013 elected Board members Bo Nordlander, Chair, Jack Spira, Staffan Torstensson, and Kristina Lindgren. The Board has held 13 meetings recorded in minutes, which considered the Company's financial positions and reporting, the focus of business operations, acquisitions, market assessments, strategic alternatives and organisational issues.

The Board Chair

The Chair for the Board of Directors Bo Nordlander leads the Board's work to ensure it is carried out in accordance with applicable laws and regulations. The Chair monitors operations in dialogue with the CEO and is responsible to ensure all Board members receive the information necessary to conduct high quality discussions and decision-making. The Chair also participates in the evaluation and developmental issues related to the Company's senior managers.

The composition of the Board of Directors

Formpipe normally holds four regular meetings of the Board of Directors annually plus an inaugural meeting immediately after the Annual General Meeting. Additional Board meetings are held as necessary. The Board consists of four full members and no deputies. The CEO is not part of the Board of Directors, but attends all Board meetings as presenter except when the CEO's performance is under evaluation. The CEO reports to the Board regarding the operative activities of the Company and ensures the Board members receive factual and relevant documentation for their decision-making processes. The table below specifies the members of the Board of Directors, and their assessment in regard to their independence in relation to the Company and shareholders.

Board of Directors for 2013	Participation/total meetings	Audit Com.	Remun. Com.	Independent
Bo Nordlander, born 1956, Chair	13/13	Yes	Yes	Deemed independent
Jack Spira, born 1953, member	12/13	Yes	Yes	Deemed independent
Staffan Torstensson, born 1972, member	13/13	Yes	Yes	Deemed independent
Kristina Lindgren, born 1959, member	12/13	Yes	Yes	Deemed independent

The composition of the Board of Directors for Formpipe meets the requirements of the NASDAQ OMX Stockholm and the Swedish Code of Corporate Governances in regard to independent Board members. For further information regarding each member of the Board of Directors, see www.formpipe.se, Investor Relations, Corporate Governance.

The Work Plan of the Board

The Board's work plan was approved on 25 April 2013 and shall be reviewed annually at the inaugural meeting of the Board. The Work plan is reviewed otherwise as needed. The work plan includes statement of the Board's responsibilities and tasks, the Board Chair's tasks, audit issues and specifies the reports and financial information the Board shall be provided at each regular Board meeting. Further, the work plan includes the instructions to the CEO. Appendix regarding the Board's work as audit committee has been prepared and approved at the inaugural Board meeting of 24 April 2013. The work plan also regulates the Board's work as remuneration committee.

AUDIT AND REMUNERATION COMMITTEE

The Board works as a whole as the audit and remuneration committees The description of tasks in regard to its work as audit committee is prepared and approved as appendix to the approved work plan. Work as remuneration committee is regulated in the approved work plan. The work plan with appendix was approved at the inaugural Board meeting on 25 April 2013. For 2013, the Audit and Remuneration Committee have held continual meetings in conjunction with regular Board meetings. During 2013, the committees have held separate meetings to address these issues (two meetings of the audit committee and three meeting of the remuneration committee).

CEO AND GROUP MANAGEMENT

CEO Christian Sundin manages the Group and its operations within the framework approved by the Board of Directors.

Christian Sundin
CEO
Born 1971
Employed 2006
Shareholding – 716,068
Share options: 232,348

Christian was employed as CFO at Formpipe prior to taking the CEO post in 2007. Christian has a background within the Ericsson Corporation and solid experience of implementing larger IT systems. Christian has a degree in Economics. Christian does not hold any material assignment outside Formpipe and has no material shareholding or part ownership in other companies than Formpipe.

The latest valid instruction to the CEO was passed by the Board on 25 April 2013. The CEO continuously prepares necessary documentation to inform and provide a basis for decision making, and he explains and substantiates proposals for Board determination. The Board Chair conducts an annual performance assessment interview with the CEO in compliance with the CEO instruction and applicable requirements specification. The CEO leads the executive management of the Group in their activities and making final decisions in consultation with his executives. The Group senior management conducts monthly operative meetings keeping minutes to discuss operational issues. Moreover, Group executive managers prepare an annual business plan for Board consideration and approval. The business plan is followed with monthly reports from each operative function in the Company were the review concentrates on growth and cost control. In addition to weekly meetings, most Group senior executives meet on a daily basis in the Company's main offices. The fast paced development of the Company necessitates this daily contact as a prerequisite for well functioning management and leadership. The Group executive management includes managers of the important operational areas within the Formpipe Group.

AUDITORS

The Annual General Meeting of shareholders appoints one or two auditors with no more than two deputies for the purpose of auditing the Company financial statements and annual accounts, as well as the work of the administration of the Board of Directors and CEO. Chief Auditor is Niklas Renström from PricewaterhouseCoopers AB.

INTERNAL CONTROL REGARDING FINANCIAL REPORTING FOR THE FINANCIAL REPORTING IN FINANCIAL YEAR 2013

The report was prepared in compliance with the Swedish Code of Corporate Governance and is thereby delimited to the internal control regarding financial reporting. The Board of Directors is responsible for managing corporate governance at Formpipe and thereby for management of internal controls. The overall purpose for this is to protect the Company's assets and thereby the investment of all shareholders. The Board is also responsible to ensure that financial reporting is prepared in compliance with applicable law. Quality assurance of Formpipe's financial reporting is conducted by the Board addressing all critical accounting issues and the financial reports the Company submits. This presumes that the Board addresses issues concerning internal control, regulatory compliance, material uncertainties in recognised values, any uncorrected errors, events after the balance sheet date, changes to estimates and assessments, any determined fraud and other circumstances that impact the quality of these financial reports.

Description of the internal control organisation

Control environment

An active and fully engaged Board of Directors is the foundation for good internal control. The Board at Formpipe has established clear working processes and work plans for their administration. An important part of work in the Board is to prepare and approve basic policies, guidelines and frameworks related to the financial reporting. The Company's governing documents are designated "The Board of Director's Work plan and instruction for delegation of responsibilities between the Board and Chief Executive Officer and instruction for economic reporting to the Board of Directors in Formpipe (including subsidiaries and branches)". The purpose of this policy includes creating the basis for sound internal control. Follow-up and amendment are conducted continuously and communicated to all staff members involved in financial reporting. The Board conducts monthly assessment of operational performance and results using a purpose designed reporting package that contains income statement and calculated key ratios along with additional material operational and financial information. The Board functions in its entirety as Audit Committee. The Board has reviewed and assessed the accounting and economic reporting procedures, and monitored and assessed the work, qualifications and independence of the external auditors. During 2013, the Board conducted a review and received written reports from the Company external auditors. Other established policies that provide the basis for internal control within Formpipe is the Financing policy, Information policy and IT policy. Formpipe works with a function based organisation structure where the senior executive for each function is part of company executive management and is responsible for the operating performance of their function. All the functions within Formpipe have the same structure, financial system, chart of accounts and policies which facilitates creating effective procedures and control systems.

Risk Assessment

Formpipe actively and continuously conducts risk analyses, risk assessments and risk management to ensure that the risks the Company faces are managed appropriately within established rules. These risk assessments consider the Company administrative procedures regarding invoicing and agreement management. As well, balance sheet and income items that carry material risk for errors arising are monitored continuously. The items carrying such risk for Company operations include new sales and recurring revenues. The risk assessment is conducted on a continual basis by senior executives and reported monthly to the Board and CEO.

Control activities

Policies and guidelines define how correct accounting, reporting, and dissemination of information shall be done and how control activities are performed. Formpipe follows its Financial Guidelines that includes treatment of control activities, reconciliation, authorisation flows, account reconciliation, financial system, and metrics. The control structure manages the risks that the Board deems material to internal control of the financial reporting. These control structures consist of clear delegation of responsibilities, clear procedures, and clear roles. Examples of control activities include reporting decision-making processes and chain of command for significant decisions (such as new large customers, investments, agreements and similar) as well as auditing all financial reports that are presented.

Information and communication

Company governing documents, which are the policies, guidelines and manuals for internal and external communication are updated regularly and communicated internally through appropriate channels, as through internal meetings, internal newsletters and the company intranet. A clear policy is established for communication with external parties that specifies all guidelines for how this information shall be published – the approved Company Information Policy. The purpose of this policy is to ensure complete, and correct compliance with all disclosure requirements for Formpipe according to applicable Issuer rules.

Follow up and monitoring

Follow up of internal control is appropriate and conducted continuously within the Company. The Board of Directors meets at least once annually with the Company auditors to review the current standing, without the CEO or other senior executives attending. The Board also ensures that the Company auditors conduct cursory review of the financial reporting from the third quarter. Finally the Board submits a summary report on the performance of the internal control for the year. The Board annually assesses whether a separate internal audit function shall be implemented in Formpipe. The current position of the Board on this issue is that the existing processes provide satisfactory management of this on going process and of internal control, and therefore no formal internal auditing function has been implemented.

GUIDELINES FOR REMUNERATION TO EXECUTIVE MANAGERS

The AGM resolved to approve the proposal of the Board for guidelines to remuneration for the Company Chief Executive Officer and the other senior executives as follows. The AGM resolution principally agrees with previously applied policies for remuneration. The guidelines apply for agreements that are made after the 2013 Annual General Meeting, or where a change in remuneration occurs thereafter. The Board has not appointed any remuneration committee, but instead the Board handles in their entirety questions regarding remuneration and other conditions of employment.

The Company shall offer market-adjusted terms which result in the Company being able to recruit and retain skilled personnel. Remuneration to senior management shall consist of fixed salary, variable remuneration, a long-term incentive programme, pensions, severance terms and other customary benefits. Remuneration will be based on the individual's commitment and performance in relation to previously established objectives, including individual as well as common objectives for the entire Company. Evaluation of individual performance will occur continuously. The fixed salary will generally be reviewed once a year and shall take into account the individual's qualitative performance.

The fixed salary for the Chief Executive Officer and other senior executives shall be adjusted to market conditions. The variable remuneration shall take into account the individual's level of responsibility and degree of influence. The size of the variable remuneration is related to the degree that financial objectives established by the Group's Board of Directors are met. The variable remuneration shall constitute at maximum 30 to 40 percent in addition to fixed salary. All variable remuneration plans have defined maximum allotment and outcome limits. For 2013, the objectives were not met, and thus no variable remuneration was paid for financial year 2013. The Company has a stock-related incentive programmes directed at the entire staff (including the Chief Executive Officer and other senior management) that is intended to promote the Company's long-term interests. The Board shall continuously evaluate whether additional option programmes or any other form of stock-related or stock price-related incentive programme should be proposed to the Annual General Meeting. The Chief Executive Officer and other senior executives shall have defined contribution pension agreements. Retirement occurs at age 65 for the Chief Executive Officer and the senior executives. Pension provisions are based solely on the budgeted salary. In the event of the Chief Executive Officer's termination, six months' notice of termination and six months' severance pay apply for termination by the Company. Other income which the Chief Executive Officer receives during the period severance pay is paid will be subtracted from the severance pay. In the event of termination on the part of the Chief Executive Officer, six months' notice of termination applies. A mutual notice of termination period of three to six months applies between the Company and the other senior executives In the event the Company is the object of a public takeover bid that results in at least thirty percent of the Company's shares landing in the same shareholder's possession, the Chief Executive Officer is entitled, upon termination by the Company or by the Chief Executive Officer, to special severance pay corresponding to twelve fixed monthly salaries at the time of the notice of termination. Such severance pay is not subject to deduction for other income, shall be paid in its entirety upon the cessation of the employment and replaces the severance pay which the Chief Executive Officer normally is entitled to according to his or her employment agreement.

The Annual General Meeting provided the Board of Directors an opportunity to deviate from the proposed guidelines above in the event there are particular grounds for this in individual cases.

The guidelines proposed to the 2014 Annual General Meeting for remuneration to senior executives are unchanged from 2013.

REMUNERATION

Remuneration to the Board

The 2013 AGM resolved that the total remuneration to the members of the Board for the current year shall be KSEK 600, of which KSEK 225 is for the Board Chair and KSEK 125 to each member, (Note 7).

Remuneration to the CEO and senior executives

Christian Sundin, fixed salary for 2013 was KSEK 1,980, variable remuneration in accordance with approved budgetary targets. The variable remuneration for 2013 was SEK 0 and pension contributions of KSEK 493. Other remuneration totalled KSEK 262, (Note 7).

Remuneration to other senior executives

Fixed salary for all senior executives for 2013 was KSEK 14,618. Variable remuneration for the same period totalled SEK 0 and pension contributions were KSEK 1,573. Other remuneration totalled KSEK 1,438, (Note 7).

Remuneration to the auditors

Remuneration to the auditors is made in accordance with the recommendations of the nomination committee on account. A total of KSEK 1,270 was paid in fees to the auditors and auditing company for 2013 The total refers to work for auditing, regular advice and other reviews (Note 6).

ANNUAL REPORT SIGNING

The Board of Directors and Chief Executive Officer hereby certify that these consolidated financial statements were prepared in accordance with the International Financial Reporting Standard, IFRS, as adopted in the EU and provide a fair representation of the Group financial position and performance. These financial statements were prepared in accordance with good accounting practice and provide a fair representation of the Parent's financial position and performance. The Management report for the Group and Parent provide a fair representation of operations in the Group and Parent, their financial position and performance, and describes the material risks and uncertainties facing the Parent and Group companies.

Stockholm, 3 April 2014

Jack Spira
Member Board of Directors

Staffan Torstensson
Member Board of Directors

Kristina Lindgren
Member Board of Directors

Bo Nordlander
Chair Board of Directors

Christian Sundin
CEO

Our audit was submitted on 3 April 2014
PricewaterhouseCoopers AB

Niklas Renström
Authorised Public Accountant

AUDITORS’ REPORT

To the Annual General Meeting of Shareholders, corporate registration number 556668-6605.

AUDITOR'S REPORT ON THE ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

We have conducted the audit of the annual accounts and consolidated financial statements of Formpipe Software AB (pub) for 2013. The Company's annual accounts and consolidated financial statements are included in the printed version of this document on pages 29 to 68.

Responsibilities of the Board of Directors and the Chief Executive Office for the annual accounts and consolidated financial statements

The Board of Directors and the Chief Executive Officer are responsible for the preparation of an annual report and the fair presentation of the annual accounts and consolidated financial statements in accordance with the International Financial Reporting Standards, as adopted by the EU, and the Swedish Annual Accounts Act, and for such internal control as the Board of Directors and the Chief Executive Officer determine is necessary to enable the preparation of the annual accounts and consolidated financial statements that are free from material misstatement., whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated financial statements based on our audit. We performed the audit in accordance with the International Auditing Standards and generally accepted accounting practice in Sweden. These standards require that we comply with ethical requirements and plan and perform the audit in order to obtain reasonable assurance that the annual report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and other information in the annual accounts and consolidated financial statements. The auditor selects the procedures to perform, including assessing the risks of material misstatement in the annual accounts and consolidated financial statements, regardless whether these are due to fraud or error. In making those risk assessments, the auditor considers all aspects of the internal controls relevant to the Company's preparation of the annual accounts and consolidated financial statements, in order to design appropriate audit procedures for the circumstances, though not for the purpose of expressing an opinion regarding the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used, and of the reasonableness of the Company's accounting estimates made by the Board of Directors and the Chief Executive Officer, as well as evaluating the overall presentation of the annual accounts and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of 31 December 2013, and of their financial performance and cash flows for the year in accordance with the Annual Accounts Act. The consolidated financial accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the Group's financial position as of 31 December 2013, and of their financial performance and cash flows for the year in accordance with the International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. A corporate governance statement has been prepared. The administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated financial statements.

We therefore recommend that the Annual General Meeting of shareholders adopt the income statement and statement of financial position for the Parent Company and the Group.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated financial statements for the Group, we have also audited the proposed appropriations of the Company's profit or loss and the administration of the Board of Directors and the Chief Executive Officer for Formpipe Software AB (publ) for 2013.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors is responsible for the proposal for appropriations of the Company's profit or loss, and the Board of Directors and the Chief Executive Officer are responsible for administration under the Swedish Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the Company's profit or loss and on the administration based on our audit. We have conducted the audit in accordance with generally accepted accounting practice in Sweden.

As a basis for our opinion on the Board of Director's proposed appropriations of the Company's profit or loss, we examined whether the proposal is in accordance with the Swedish Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated financial statements, we have examined material decisions, actions taken, and circumstances of the Company in order to determine whether any member of the Board of Directors or the Chief Executive Officer is liable to the Company. We have also examined whether any member of the Board of Directors or the Chief Executive Officer has in any other way acted in contravention of the Swedish Companies Act, the Annual Accounts Act, or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinions

We recommend to the Annual General Meeting of shareholders that the profit be appropriated in accordance with the proposal in the administration report and that the members of the Board of Directors and the Chief Executive Officer be discharged from liability for the financial year.

Stockholm, 3 April 2014
PricewaterhouseCoopers AB

Niklas Renström
Authorised Public Accountant

DEFINITIONS

INCOME STATEMENT

EBITDA
Earnings before interest, taxes, depreciation and amortisation, acquisition related expenses, and other non-recurring items affecting comparison.

EBIT
Operating profit/loss - earnings before interest and taxes.

SALES

Recurring revenues
Revenues that are highly likely to continue in future, such as support and maintenance revenues, administration agreements, and revenues from license leasing agreements.

System revenues
Total of all license revenues and revenues from support and maintenance.

MARGINS

Gross Margin (EBITDA margin)
Earnings before interest, taxes, depreciation and amortisation, acquisition related expenses, and other non-recurring items that may make comparison less meaningful as a percentage of net sales.

Operating margin (EBIT margin)
Operating income as a percentage of net sales.

Profit margin
Profit as a percentage of net sales.

RETURN ON CAPITAL

Return on operating capital employed
Operating income as a percentage of average working capital.

Return on capital employed
Net operating profit plus revenues from financial activities as a percentage of average working capital.

Return on equity
Profit for the year as a percentage of average equity.

Return on total capital
Net operating profit plus revenues from financial activities as a percentage of average total capital.

CAPITAL STRUCTURE

Operating capital
Total assets less non-interest bearing liabilities including deferred tax, cash and bank balances, short-term investments and other Interest bearing receivables.

Capital employed
Total capital less non-interest bearing liabilities including deferred tax.

Interest-bearing net debt
Interest-bearing liabilities less cash and cash equivalents.

Debt/equity ratio
Equity as percentage of total assets.

CASH FLOW AND LIQUIDITY

Free cash flow
Cash flow from on going operations less cash flow from investment activities excluding business combinations.

Cash and cash equivalents
Cash and bank balances and sort-term investments.

SHARE DATA

Earnings per share outstanding
Profit for the year divided by the total number of outstanding shares at year-end.

Earnings per average total shares
Profit for the year divided by the average number of outstanding shares at year-end.

Earnings per average total shares after dilution
Profit for the year divided by the average number of outstanding shares after dilution effects during the year.

Equity per share
Equity at divided by average number of share outstanding for the year.

GLOSSARY

BPM
Business Process Management is a systematic methodology used to improve and automate the organisation's business processes.

CAPA
Corrective Action and Preventive Action – rules that make up GMP (Good Manufacturing Practice) where deviations are corrected and prevented by investigating the causes of these deviations.

CRM
Customer Relationship Management. Controlling, organising and administering customers and customer relations in a business.

ECM
Enterprise Content Management includes systems and solutions that process and improve utilisation of both structured and unstructured information.

EMA
European Medicines Agency – The European-wide drugs supervisory authority.

ERP
Enterprise Resource Planning – enterprise-wide business information processing system.

EQMS
Electronic Quality Management System. Information technology support for increasing efficiency quality management in operations - from research and development to drugs production and distribution.

FDA
Food & Drug Administration – the United States federal supervisory agency for food and medicines.

FPIP
The stock short name for Formpipe Software listed shares.

GAMP
Good Automation Manufacturing Practice – is the most widely used and internationally accepted standard for validating computer systems used in manufacturing medical drugs.

GMP
Good Manufacturing Practice is the regulatory framework that controls manufacturing of medical drugs, food, and health supplements, including their packaging.

QMS
Quality Management System. A system for managing quality in production. A well know example is the ISO 9000 family. Requirements are very strict in the Life Science industry in regard to quality management.

SOA
Service Oriented Architecture describes a distributed information processing system organised as a structure of communicating services.

SOP
Standard Operating Procedures. Detailed written steering documents used to produce uniform performance of specific functions. SOP is used to a great degree in medical industry.

XML
Extensible Markup Language. A universal markup language used to exchange data between various data communication information processing systems.

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PRINT: PIPELINE NORDIC

STOCKHOLM
HEAD OFFICE
Formpipe Software AB
Formpipe Software Skellefteå AB
Traen AB
Mailing address:
Box 231 31, SE-104 35 Stockholm

Visiting address: Sveavägen 168
Phone: +46 (0) 8 555 290 60
Fax +46 (0) 8-555 29099
E mail: info.se@formpipe.com
info@traen.se

COPENHAGEN
Formpipe Software A/S
Formpipe Software Lasernet A/S
Mailing address:
Borupvang 5D
DK-2750 Ballerup, Denmark

Visiting address: Borupvang 5D, Ballerup
Phone: +45 (0) 3325 6555
E-mail: info.dk@formpipe.com
sales.lasernet@formpipe.com

LINKÖPING
Formpipe Software Linköping AB
Mailing address:
Box 231 31, SE-104 35 Stockholm

Visiting address:
Platensgatan 10B, Linköping
Phone: +46 (0) 8 555 29060
E-mail: info.linkoping@formpipe.com

UPPSALA
Formpipe Software Uppsala AB
Mailing address:
Box 231 31, SE-104 35 Stockholm

Visiting address: Svartbäcksgatan 8
Phone: +46 (0) 8 555 29060
E-mail: info.uppsala@formpipe.com

UK
Formpipe Software AB
Phone: +44 1625 410 987
E mail: info@formpipe.com

Mailing and visiting address: C/o Sigma
Consulting Solutions Limited,
Ropewalks Building, Newton Street,
Macclesfield, Cheshire, SK11 6QJ,
United Kingdom
Phone: +44 1625 410 987
E mail: info@formpipe.com

NETHERLAND
Formpipe Software Benelux B.V.

Mailing and visiting ad-
dress: Stationsplein 105,
5211 BM ’s-Hertogenbosch, Netherlands
Phone: +31,073.7040318

USA
Phone: +1 770 886 9733
info.us@formpipe.com