FORMPIPE ANNUAL REPORT 2014

CALENDAR

Interim Report January–March
23 April 2015

Annual General Meeting
24 April 2015

Interim Report January–June
18 August 2015

Interim Report January–September
27 October 2015

Year-end Report for 2015
10 February 2016

ORDERING FINANCIAL INFORMATION

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

Information may also be ordered from:
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DISTRIBUTION POLICY

The 2014 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.


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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. Offering outstanding product quality and stability allows Formpipe to help 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 offerings on the public sector, where it is the market leader, and on the Life Sciences industry and Legal sector. The company is also focusing on industry-independent offerings in respect of input/output management. As the ECM market continues to grow, the future looks bright for Formpipe's competitive products and solutions.

The year in brief

	2014	2013
Net sales, MSEK	342.4	294.1
System revenues, MSEK	221.6	197.1
EBITDA, MSEK	78.2	64.6
Operating profit, MSEK	33.5	27.3
Profit after tax, MSEK	18.0	15.8
Earnings per share	0.34	0.30

SALES

+16%

Sales increase by 16 per cent to MSEK 342.4

RECURRING REVENUES

46%

46 per cent of revenues are recurring

INCREASE IN PROFITABILITY

+21%

EBITDA increases by 21 per cent to MSEK 78.2

CASH FLOW

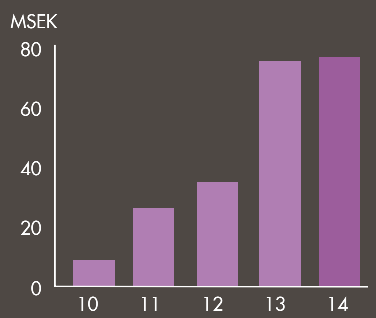
MSEK 77

Positive cash flow from operating income of MSEK 76.8

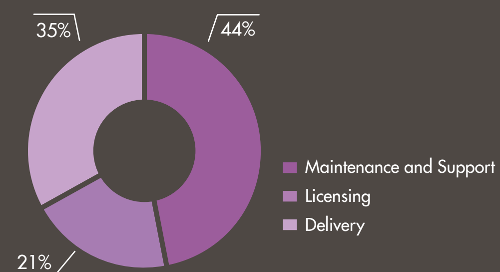
"Our customer relations extend over many years – often with a lot of additional investments."

Highlights

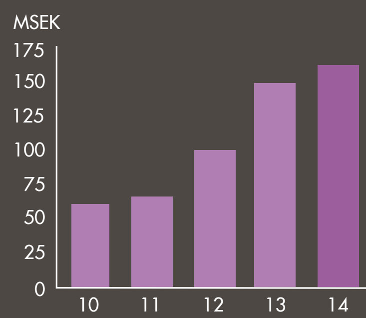
- Fresenius Kabi concludes a contract relating to Platina QMS for the management and streamlining of its quality documentation.
- Formpipe and the municipality of Hvidovre conclude a contract concerning the implementation and maintenance of the ECM product Acadre. The contract term is four years and the order is worth MSEK 5.3.
- Formpipe receives an additional order from a Danish authority concerning the Digital Post by Formpipe product, along with development of an e-administration solution. The total order value is MSEK 8.9.
- The Swedish Tax Agency extends its support and maintenance contract for the ECM product Platina. The total value for Formpipe amounts to MSEK 13.7, and the revenues are distributed over the five-year contract term.
- Formpipe receives an order from the National Agency for Special Needs Education and Schools concerning Long-Term Archive for long-term digital storage. The e-archive is supplied as a cloud service, and the order is worth a total of MSEK 1.3. The revenues are distributed over the two-year contract term.
- The municipality of Nacka concludes contract with Formpipe concerning the ECM product Platina. For Formpipe, licensing and maintenance revenues amount to MSEK 2.8 over a period of four years.
- Purna, a Belgian Life Sciences company, concludes a contract concerning Platina QMS in order to manage and streamline quality management processes and documentation. Formpipe's partner Sigma will be supplying the service. The order is worth MSEK 1.
- Formpipe acquires British company GxP Ltd., an established supplier of compliance solutions for the Life Sciences industry. GxP Ltd. has customers and a presence in both Europe and the USA, and with this acquisition, Formpipe reinforces its product offering and facilitates faster international expansion in the field of Life Sciences.
- The Danish municipality of Svendborg concludes a contract with Formpipe for the ECM product Acadre. The contract relates to an extension of the municipality's existing solution and is valid for four years. The total order value is MSEK 5.7.
- Formpipe is expanding geographically and has established a presence in the USA, the United Kingdom and the Netherlands throughout the year.



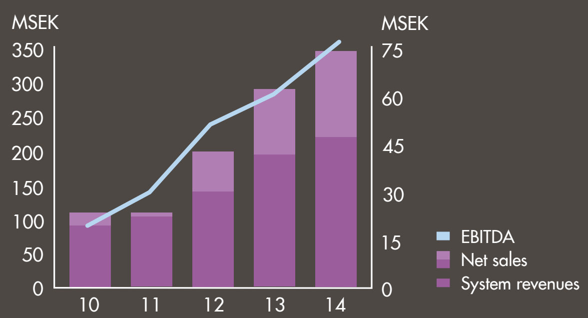
CASH FLOW FROM OPERATING INCOME



REVENUE DISTRIBUTION



RECURRING REVENUES



NET SALES AND PROFITABILITY

Comments from the CEO

Summarising 2014 is a pleasant task. We were ahead of 2013 in terms of both sales and profitability right from the start of the year, and we ended the year with our best quarter ever.

SUCCESSES THIS YEAR

It is easy to focus on areas where some kind of action or change was necessary and forget the areas where everything is going according to plan – or even better. So I would like to do the exact opposite and start off by mentioning a few of the successes we have seen throughout the year.

- Grants Management in Denmark is doing better than ever, and at the end of the year we secured a contract for a further four years with our biggest customer, the Danish AgriFish Agency.
- Our input/output management product (Lasernet) is continuing to grow, and is enjoying major success internationally.
- In our Legal sector, which involves customer groups such as law firms and corporate legal counsel departments, we have concluded contracts with major firms in Canada and the Netherlands.
- Our offerings to Swedish municipalities have been further enhanced, and sales are also increasing as a result of this.
- Our organisation for portals and e-services for major authorities in Denmark has won a number of major contracts and implemented successful projects.
- We have expanded geographically and established a presence in the USA, the United Kingdom and the Netherlands throughout the year.

CHALLENGES THIS YEAR

We are a software company with ten or so product offerings aimed at a number of markets, and so it is natural for us to have areas which occasionally fail to meet their maximum potential.

Document and records management for the municipal market in Denmark was one of these areas in 2014. We have taken action, and clear evidence of improvements has been apparent throughout the latter part of the year. I am absolutely sure that this area will continue its positive development in 2015.

Our offering to the Life Sciences industry has been reinforced considerably in 2014. The acquisition of the British company GxPi has provided us with considerable additional expertise and experience in the field of regulatory compliance. We feel that the new combination of products, knowledge, customer relations and experience will enhance our credibility and clarify our position as a quality supplier to the Life Sciences industry. We have already seen proof of this in the form of a number of new contracts. We are currently still undergoing a development phase, but our expanded Life Sciences offering now places us in a good position from which to achieve profitability in the field towards the end of 2015.

STABLE BUSINESS MODEL MEANS EMPHASIS ON CUSTOMERS

I consider it a privilege to receive support from a secure business model which ensures good preparation when it comes to facing up to new challenges and altered conditions. Shifts in market climate, changes to technology, changes to the law or new business opportunities requiring resources for a development phase are all examples of such instances. These challenges and opportunities are part of our everyday lives, and we live by, plan for and act upon them. One of the strengths of our business is the fact that we are not dependent on a single product for a single market. If one area experiences a temporary decline in performance, this is compensated for by good performance among a number of our other areas. The fact that we have a high proportion of contract-based recurring revenues also helps to guarantee secure revenue flows even when the business climate is not quite as good as it was. Under these conditions, we can focus solely

"I think we have our best team ever."

on working with our customers in mind and being the supplier that adds the most relevant value with digitised information management.

MARKET FOR THE PUBLIC SECTOR

The public sector in Denmark and Sweden is our biggest customer group. As a leading product supplier in the field, we help our customers to streamline their operations. We offer products, solutions and services that make it possible for our customers to take the next step on their e-agenda. There is absolutely no doubt that IT as a whole, and ECM in particular, are becoming increasingly important components in efficient public administration. Budgeted funding is continuing to increase, and standardised e-services and portals for involvement of citizens, along with mobility solutions, are the fields seeing the greatest increase in demand. The trend we are seeing nowadays is that more and more investments in respect of our product fields are being made directly out of customers' business budgets instead of from IT organisations, as was traditionally the case. This is why it is important to ensure our close proximity to our customers. We work with our own supply organisation in Denmark, and in Sweden our network of partners plays an important part in value-adding business development among our customers. We are currently also establishing a separate supply organisation in Sweden.

To summarise, 2014 was good and I perceive a number of opportunities that will pave the way for an even better 2015. Perhaps the most important success factor of all is our organisation, which is made up of staff members with outstanding skills who understand our customers' business and needs. I think we have our best team ever.

Christian Sundin
CEO Formpipe

Value-adding 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

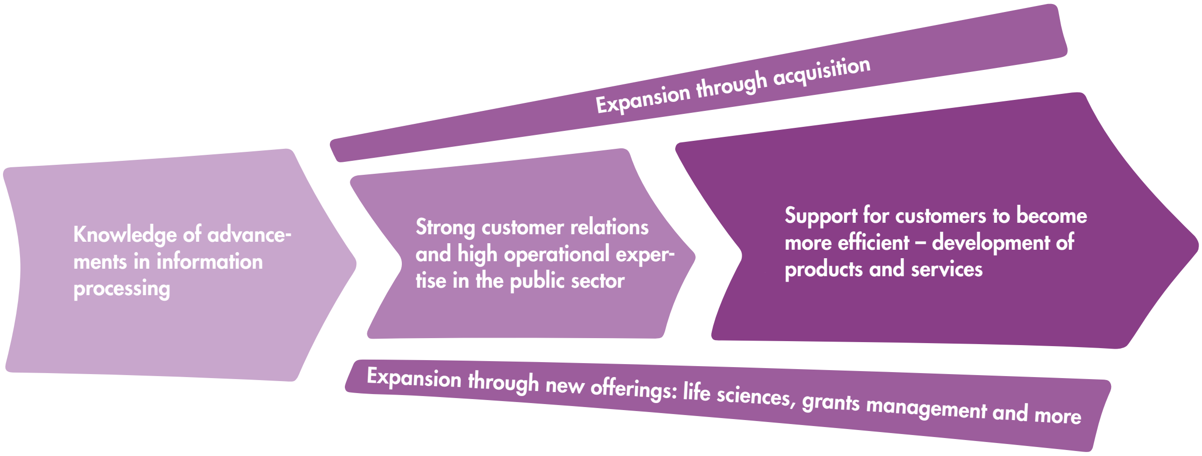
Formpipe's strategy is to develop high-quality ECM solutions for organisations that place high demands on information management. Formpipe aims to grow both organically within select industries and through strategic acquisitions that reinforce our offering in the ECM space.

BUSINESS MODEL

Formpipe develops and provides efficient information management software. The company focuses on ECM solutions for document and records management, workflow automation, e-archiving, quality management 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 implements its software through certified partners and the company's delivery organisation. Services are supplied as cloud services, hosting solutions or on-site installation at customers' premises. This business model contributes to a balanced delivery capacity and the advancement of industry knowledge.

HIGH SHARE OF RECURRING REVENUES

Formpipe's business model is based on licence revenues for the company's software products and contrac-



BUSINESS MODEL

tually 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 licence 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.

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 their 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 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

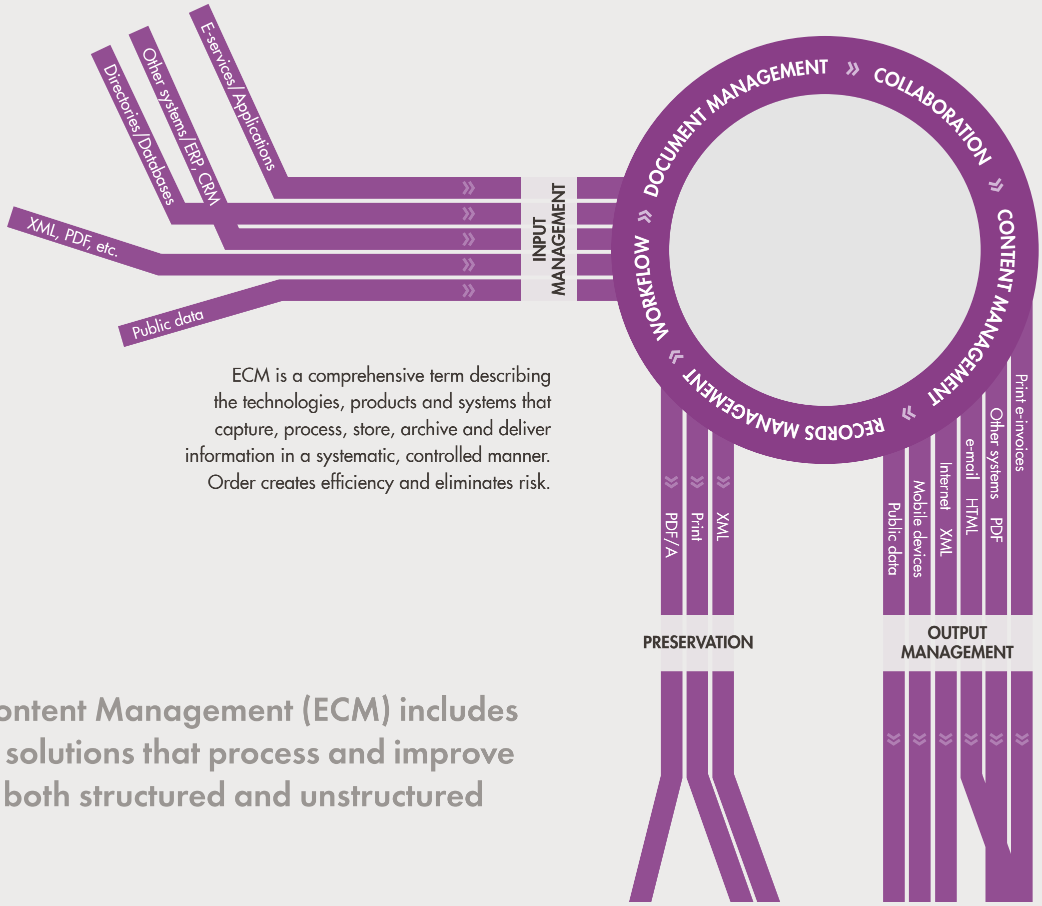
Formpipe is a decentralised organisation in which management promotes clear and open dialogue and makes timely decisions. Our business is knowledge intensive, with employees who possess a high level of expertise and dedication.

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) includes systems and solutions that process and improve utilisation of both 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.

ECM, Enterprise Content Management, is a collective term for the technologies, products and systems that help organisations create a clear and orderly system for managing the entire information life cycle, 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.

Clear driving forces for continued investments

Formpipe addresses the needs of public sector markets in Sweden and Denmark. These are the top EU countries when it comes to using digital channels for contact between authorities and citizens, and development of e-administration is high on the agenda.

Public administration is facing major cost driving challenges and changes in fields such as digitisation and streamlining of operations, accessibility and service via the web and reduced costs for production of standardised IT. Both Formpipe and external analysts estimate that the need for efficient administration will lead to continued investments by the public sector in existing or new ECM systems. The number of public agencies that have a budget for ECM will also increase from year to year. The trend points to reducing operational costs through initiatives like outsourcing, so that resources are freed up for e-administration development. As part of this trend, investments are increasingly being financed through operating budgets. ECM solutions have evolved from being an IT issue to becoming a strategic business issue. For trends undergoing the strongest growth, such as automation, self-service and information processing, operations are helping to finance these investments either completely or to a high degree. This is why it is important for the IT organisation to maintain an intimate relationship with the rest of the business. However, it also requires the supply chain to understand their customers' operations so that they can add value, work proactively and become a strategic partner.

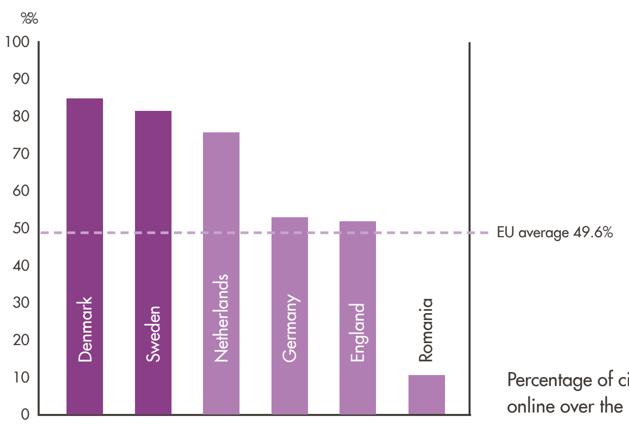
According to analysts at Radar Group, ECM continues to be a high-priority investment area for the public sector. According to Radar, the ECM market for the public sector in Sweden will see growth of 5.1 (3.0) per cent, with an equivalent figure for Denmark of 4.3 (2.8) per cent.

This growth is fuelled in large part by the organisational need to streamline operations and meet legal requirements and regulations. Ever-increasing information volume is also a strong driving force.

DIGITISATION IS AN ENABLER

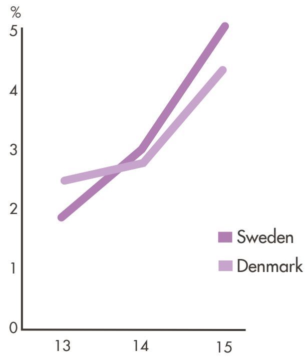
The ECM market for the public sector is less sensitive to economic cycles over time than many other industries where effective e-administration solutions require continued investments. In Europe, the population continues to age and the few must support

THE HIGHER THE PERCENTAGE OF THE POPULATION WITH ONLINE CONTACT WITH AUTHORITIES, THE MORE EFFICIENT THE IT SOLUTIONS THAT THE PUBLIC SECTOR NEEDS TO OFFER



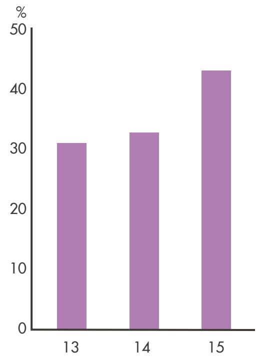
Percentage of citizens that have interacted with state authorities online over the past 12 months.

Source: EU Commission, February 2015



GROWTH, ECM MARKET FOR THE PUBLIC SECTOR

Source: Radar



SHARE OF PUBLIC SECTOR OPERATIONS WITH ECM BUDGET IN SWEDEN 2015

Source: Radar
ECM Market Report Sweden 2015

ECM IS RANKED SECOND AMONG THE TOP TEN PRIORITY IT INVESTMENT AREAS IN THE PUBLIC SECTOR

Source: Radar
ECM Market Report Sweden 2015

the many, all while the standard of living is expected to increase. New technologies and digital channels are therefore important components for increasing accessibility, productivity and quality. Digitisation has actually happened and is an enabler, and ECM solutions have long been a successful and important means of enhancing efficiency in public administration.

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.

GREATER DEMAND FOR BETTER SERVICE LEVELS

In recent years, rapid technological advances in areas such as smartphones, 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. At the same time, new technology is creating more opportunities for streamlining and rationalisation within the various state authorities.

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 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.

- Nearly one in three Swedish municipalities has increased municipal tax for 2015, which underlines the need for streamlining through IT.
- According to analysis company IDC, the software market in Denmark is expected to grow by 5.3 per cent in 2015.
- Municipalities will undergo the strongest growth in the public sector in Sweden – +2.6 (2.4) per cent – although the growth rate for government agencies and operations will more than double to +1.3 (0.5) per cent next year.
(Source: IT Radar 2015)

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, reality looked quite different. Communication between citizens and the authorities involved filling in paper forms, booking meetings with administrators or making lots of telephone calls. Incorrectly entered data could mean that weeks of work were lost and public funds were wasted.

Today citizens and companies increasingly expect their cases to be dealt with fast, simply and securely, to have access to information and to be able to have some impact through digital means of contact. The development of the digital society offers great opportunities for meeting these expectations and also for coping with challenges such as an ageing population, welfare funding and climate change.

By using IT and information in an intelligent way, the service can be improved, quality and efficiency raised and participation 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 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.

The 290 municipalities in Sweden are implementing a number of intermunicipal partnerships in respect of IT. These partnerships vary widely and extend from municipalities where all IT production is carried out collectively in-house, or through a joint company, to partnerships where individual functions or systems are shared or co-produced among municipalities. One example of this is the eight municipalities in Värmland, which are jointly using document and records management products from Formpipe via a cloud solution. A municipal reform took place in Denmark in 2007 which involved a merger. 270 municipalities became the 98 municipalities and five regions of today, and hence coordination of IT is part of that change.

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 all the way along the line, from application to the paying out of the billions of Swedish kronor granted every year. This has enabled a dramatic reduction in the time from application to payment, while processing also minimises the number of incorrect payments. These incorrect payments are a significant problem throughout the EU. Denmark's farmers gain advantages from receiving their subsidies earlier than other country's farmers, thereby also creating gains for the Danish economy; gains that 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 smartphone or reporting parental leave for the care of a sick child to the Social Insurance Agency.

DIGITAL COMMUNICATION IN DENMARK

From 1 November 2014, companies and citizens in Denmark who are aged over 15 and have a personal ID number can receive digital post from the public sector. This means that physical letters that were previously posted by municipalities or authorities, for example, can now be delivered digitally. Formpipe has developed Digital Post by Formpipe, a product for the distribution of digital post which is integrated with the customer's business system. Digital Post combines Formpipe's many years of experience in output management and e-administration solutions. The product is used by the Danish Health and Medicines Authority, among others. A similar solution known as Mina meddelanden (My Messages) is being established in Sweden to which authorities and private individuals can link up. Formpipe is perceiving similar needs for Digital Post by Formpipe as those seen in Denmark.

According to a cautious scenario in a business case from the Ministry of Finance, annual savings of around MDKK 616 will be achieved when Digital Post has been phased in fully in 2016. In the maximum scenario, savings could amount to DKK 1.1 billion. Savings amounting to 20 kroner per single mailing and 6 kroner for a letter sent as part of a mass mailing are generally achieved.

Life Sciences

Because of the increasingly stringent demands on regulatory compliance made by supervisory authorities, companies in the Life Sciences industry must be able to demonstrate that quality is maintained during manufacture and throughout the entire life cycle of their products. This is creating greater business opportunities for Formpipe products and services.

LIFE SCIENCES MARKET CHANGING

The development in the field of Life Sciences that has really taken off over the last decade is continuing. The major pharmaceutical companies are continuing to expand, with ongoing mergers and acquisitions, and these initiatives are resulting in growing portfolios of product and brand names. At the same time, functions relating to manufacturing and equipment, for example, are being contracted more frequently by major corporations to smaller, specialised stakeholders. This is creating an ever more complex network of services, and everyone is part of the delivery and supply chain throughout the life cycle of the medication or product. Given this fact, maintaining control of quality processes quality documents and GxP requirements is becoming increasingly more challenging. The use of older systems or paper-based quality management is quite clearly inadequate.

The combination of increasingly strict rules, plus the fact that functions and service are being spread across more stakeholders, means that quality costs are significant. These changing conditions are forcing companies to rework their strategies and take on an integrated approach in respect of risk, quality and regulatory compliance. More and more Life Sciences managers are currently realising the business value when it comes to investing in compliance support, even though they previously perceived it as merely a way of ensuring legal compliance. Quality management needs to include products, business processes, subcontractors and customers in order to reduce risks, increase efficiency and reduce costs. An EQMS includes functions and tools for creating an infrastructure for this.

MARKET

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

GEOGRAPHICAL DISTRIBUTION AND FUTURE GROWTH

Formpipe's opportunity for growth in the Life Sciences field will increase as more and more companies understand the benefits and efficiency gains to be had by using an EQMS. Formpipe currently has customers in a number of European countries, as well as in the USA. Formpipe has opened an office in the USA and appointed sales and marketing resources in order to increase the company's growth and presence on the American market. According to EIU (The Economist Intelligence Unit), the American pharmaceuticals market – which is the biggest in the world – will see annual growth of 6.4 per cent between 2014 and 2018. The global market share is expected to remain stable at 41 per cent until 2018. Demographics and disease trends will increase consumption of medications, while at the same time the ongoing health care reform via the ACA (Affordable Care Act) will reinforce insurance levels among millions of Americans. This is expected to increase revenues for the drug manufacturers.

EQMS

Electronic Quality Management System.
Business systems which manage documents and processes for quality and regulatory compliance throughout the entire value chain. EQMS can be viewed as a platform for quality management which facilitates communication, control and cooperation across functional boundaries.

GxP

A generic term for various regulations followed by Life Sciences companies:
GCP – Good Clinical Practice
GDP – Good Distribution Practice
GLP – Good Laboratory Practice
GMP – Good Manufacturing Practice

Emphasis on becoming a leading EQMS stakeholder

KEITH WILLIAMS,
Managing Director
of BA Life Sciences

Formpipe acquired GxP Ltd. last summer, and you were its founder and biggest owner. What benefits did you feel that the acquisition would mean for GXP Ltd.?

It is all a matter of credibility. Over the years, GxP Ltd. has built up an enormous amount of credibility as regards advisory and consultancy services in respect of compliance, with hundreds of projects completed involving Life Sciences companies of all sizes. When it comes to selling the EQMS products developed by GxP Ltd., customers demand a different kind of credibility. This involves financial stability and a sound organisation for support, service and product development over time. This was something we were unable to demonstrate before we became part of Formpipe.

What advantages did Formpipe benefit from with the acquisition of GxP Ltd.?

Credibility here, too. With extensive experience of developing software, Formpipe created a very competent EQMS product which also received a certain amount of distribution on the market, but to grow into a credible Life Sciences supplier you need many reference customers and proven knowledge and experience in respect of regulatory challenges.

The gaps filled in this respect, together with an expanded product portfolio and extended sales and supply operations, mean that one plus one now makes three when it comes to Formpipe's Life Sciences initiative.

Formpipe has had two EQMS solutions since the acquisition, is one not enough?

You may think so at first glance, but the products do differ and address varying needs across different market segments. Platina QMS is aimed at medium-sized or larger companies that face very complex challenges and need to integrate their quality management across a number of functions and operations.

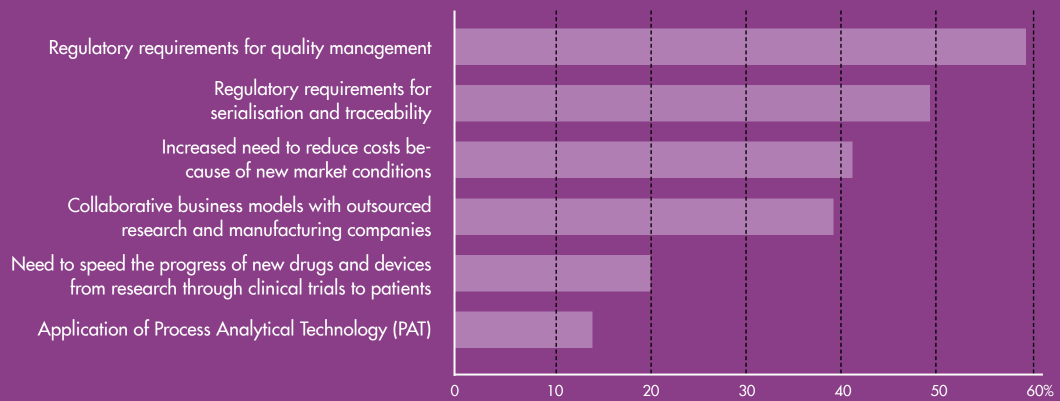
X-docs is packaged with a number of complete processes and document structures for quality management and is aimed at small and medium-sized enterprises with a slightly more limited budget for development of quality processes.

Both products are based on SQL databases. Platina QMS is developed in .NET, while X-docs is based on SharePoint's basic functionality. This gives us flexibility in case customers express preferences in terms of technology.

Formpipe is currently establishing a sales organisation in the USA. Why?

The American Life Sciences market is by far the biggest, and it is steadily growing. We already have customers here and perceive good opportunities for continued growth. This is why we are now reinforcing our presence and appointing local sales and marketing resources.

THE LIFE SCIENCES INDUSTRY'S STRINGENT DEMANDS FOR REGULATORY COMPLIANCE AND COST CONTROL ARE THE STRONGEST DRIVING FORCES FOR EQMS



Source: LNS Research: Integrating Quality, Risk, and EH&S in the Life Sciences Industry, 2013

"Comprehensive product suite"

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 process demands. Acadre can be integrated with all types of existing systems and provides a tested digital records and document management solution.

CONTENTWORKER BY FORMPIPE

Contentworker by Formpipe provides a kit of tools for simple and efficient document management in Microsoft SharePoint. Case-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. Contentworker is easily integrated in the customer's existing SharePoint environment.

LASERNET BY FORMPIPE

Lasernet by Formpipe is currently used by nearly 2,000 companies worldwide 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 (the Swedish National Archives) in Sweden. Regardless of your operational system or the design requirements and structure of the objects to be preserved, Long-Term Archive can assist with secure, long-term preservation.

MEETINGS BY FORMPIPE

Meetings by Formpipe is a digital meeting management app with automated management of notices to attend, documentation and minutes for tablets. Meetings is fully integrated with Formpipe's document and case management products.

ONDEMAND BY FORMPIPE

OnDemand by Formpipe is a service offering based on the functionality of Formpipe's leading products. Formpipe manages upgrades, operation and maintenance in OnDemand. Our customers can concentrate on their core business and utilise all the available functionality from this 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 is a powerful and flexible EQMS product for managing documents and processes for regulatory quality management. Platina QMS has a strong process engine which permits a high degree of flexibility for adaptation to customers' unique business requirements. Platina QMS also has complete processes for SOP management, non-conformance management, CAPA and training, for example. Platina QMS is a complete Enterprise Compliance platform designed to meet customers' complete range of quality management needs. This product is aimed mainly at medium-sized and large enterprises.

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 matters and related documents.

Portal permits the creation of 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, automated 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. Self-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, keeping order among documents, records and files.

X-DOCS BY FORMPIPE

X-docs, together with Microsoft SharePoint, provides a complete Enterprise Compliance platform for management of quality documentation and quality processes – a platform which meets the stringent requirements and standards in respect of regulatory compliance in the Life Sciences industry.

Product in focus – Lasernet by Formpipe

In this annual report, we are focusing on a successful Formpipe product with stable growth which already has more than 2,000 customers within a variety of industries all over the world.

Lasernet, Formpipe's input and output management software, is a very effective software package for designing, converting and distributing business documents with data retrieved directly from any ERP system.

SALES

Lasernet sales are essentially linked to sales of ERP systems, and Formpipe is constantly extending its partnerships with system resellers. Formpipe's partners recommend Lasernet to their customers in order to increase the beneficial impact of their ERP investment. Thus Lasernet adds value for the end customer and also during the partner's selling of the ERP system.

MARKET

Lasernet is used in all kinds of industries as companies need to automate, convert and distribute information no matter what their business. This software has a good position on the markets in the Netherlands, Germany, Denmark and Sweden.

THE FUTURE

In 2014, Formpipe has focused on further reinforcing its offering for customers implementing Microsoft Dynamics, currently one of the fastest-growing ERP systems on the market. Formpipe has a well-developed relationships with a number of key partners in countries such as the Netherlands, Germany, Denmark and Sweden, and as a result it is able to benefit from the major sales successes for Microsoft Dynamics. Formpipe also perceives development opportunities in the Danish public sector, where it has been mandatory for citizens and businesses to have digital mailboxes for communication via messages and documents since November 2014. Digital Post by Formpipe is a complete product based on Lasernet and is currently used by the Danish Health and Medicines Authority, among others. This product is integrated with various business system at the authority; including their Grants Management system, which is also supplied by Formpipe.

Formpipe perceives a continued increase in demand for products and solutions for input and output management with a view to both streamlining and saving money in respect of the conversion and distribution of business documents via ERP systems and business systems –but also with a view to saving hundreds of consultancy hours for upgrade projects. When the business logic relating to conversion and distribution is outside the ERP system, customers avoid the effort that would have been required had they built their own specific solutions for these processes.

INPUT MANAGEMENT

Lasernet Input Management makes it possible to collect and convert business documents and information from any format – paper or electronic – in a structured, automated way. When this information has been digitised and is ready for further processing, it can be imported to business systems/ERP systems for inclusion in a workflow or document archive.

OUTPUT MANAGEMENT

Lasernet Output Management makes it possible to design, format and distribute business documents created by a business system such as an ERP system. Any format (email, PDF, EDI, XML, fax, etc.) can be used for distribution, with the desired layout created on the basis of the unique needs of every customer.

"Lasernet allows us to manage distribution for 25 different countries and still adapt the documents according to the required design and format."

A global Lasernet installation with successful results

The tale of the global pharmaceutical company Boehringer Ingelheim and Lasernet really stands out. With its distribution over many countries and several continents with varying legal demands in terms of document format, this large-scale installation of Lasernet, with close integration with Microsoft Dynamics AX, demonstrates the strength of an output management product.

Erwin Daza, IT project manager at Boehringer Ingelheim, explains how work with Lasernet has developed over time.

"We started using Lasernet a few years ago as we realised it would be very costly to make changes to the design of our business documents and how data is presented in our ERP system. Lasernet allows us to make changes to the layout quickly, and that is very significant in our case because we have business location in lots of countries, different companies and changing requirements from the businesses."

EASY AND FAST TO CHANGE AND IMPLEMENT

When a new document is designed for the organisation, there is an opportunity to involve users, resellers and suppliers and hence achieve a result that meets the demands of all parties.

"Lasernet allows us to publish a prototype which can easily be changed if any of the parties feel this is necessary. We can design documents for customers, resellers or other third parties and make decisions on various delivery methods on the basis of their requirements. It is fantastic that we can maintain the same ERP system set up all over the world while also having the opportunity to use Lasernet to customise all the different documents and layouts used for varying purposes."

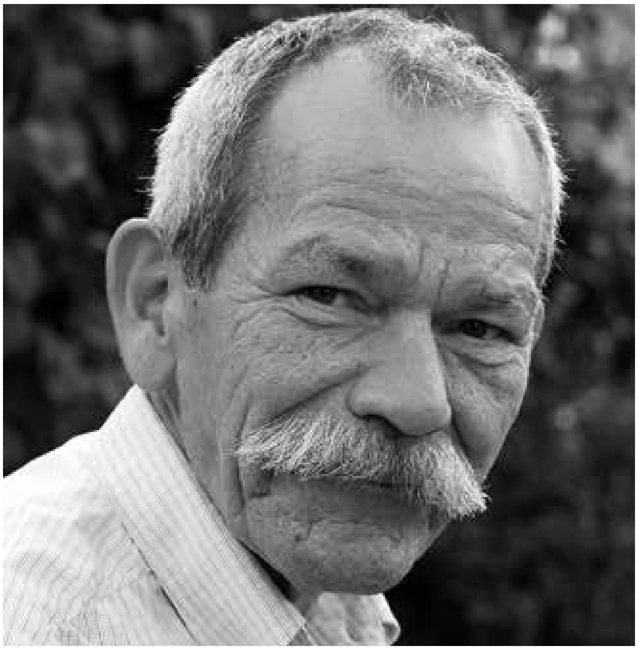
Erwin Daza also explains that Lasernet partner Tabellae has played an important part in this successful implementation and their recently completed upgrade project.

"Tabellae is very professional when working to install and upgrade software. We can receive the right assistance when we need it, and at the moment we're looking at how we can use all the new tools we received when we upgraded Lasernet. Upgrade projects of this type, involving lots of countries and different servers, normally present a major challenge and we encounter all kinds of concerns along the way. We experienced none of these concerns with Formpipe."

ABOUT BOEHRINGER INGELHEIM

The Boehringer Ingelheim group is one of the world's 20 leading pharmaceutical companies. From its head office in Ingelheim, Germany, the company runs a global operation with 142 subsidiaries and employs more than 47,400 staff. Boehringer Ingelheim uses Microsoft Dynamics AX as its ERP system and Lasernet for output management at 25 offices in Europe, Asia and America.

Staff



JOHN VOLDFROM
Lives: In Vesterbro, Copenhagen
Age: 63
Profession: Product support
Family: Eight brothers and sisters and three children
Recreation: Giving guided tours in Copenhagen and going out for walks with his dog, Zizka
Employed at Formpipe since: 2008

– I was tempted to work as a consultant because I was looking for a new job in early 2008 and a former colleague told me that Formpipe were looking for support staff. I read through the recruitment ad and decided to apply. Lady Luck was on my side, and I was asked to attend an employment interview. The job involved providing product support for Acadre, Formpipe's document and records management system, which has nearly half the Danish public sector as its customers.

The recruitment ad listed 15 qualifications, all of which seemed to indicate that a fairly hefty IT profile would be required, and I did not really match that specification. I emphasised a few other qualifications from my background as an IT trainer and a Chief Registry Officer with a number of authorities, and I got the job.

When it became clear that I was not the typical candidate for the technical support, and after a few discussions with my line manager, we came up with the role in support that would be best for me. I was given the job of first-line support – a job which I still have now, and which suits me down to the ground. My previous experience means that I am used to answering questions and giving educational explanations. I have to be pleasant to customers, and I must deal with their questions professionally.

On a daily basis my job involves looking through the cases arriving via our support system, ensuring that there is sufficient data to proceed with the case, and then setting the right priority for the tasks.

I will be retiring in 19 months' time. Retiring from my job is probably fairly unusual in the IT industry – it is a young industry, after all – but in fact I am the second person to leave Formpipe product support for life as a pensioner.

I have spent a couple of years preparing for my retirement by starting to give guided tours in Copenhagen, and my plan is to continue doing this for the foreseeable future. This has been really successful, contrary to expectations, and at the moment I have 20 different tours on offer when the opportunity to show people around presents itself. I am happy to be organising a couple of tours for the staff association each year, and next up is a tour of Christianshavn. Anyone who has not seen Christianshavn has not seen Copenhagen.

Occasionally, I think about what working for Formpipe is like compared with the jobs I had previously. These have been some of the most informative years of my life, with daily challenges which mean that going to work is never a chore. I will remember my time with Formpipe with happiness when I retire – but until then, of course, I will continue to do my best in my support role.

FORMPIPE CORE VALUES:

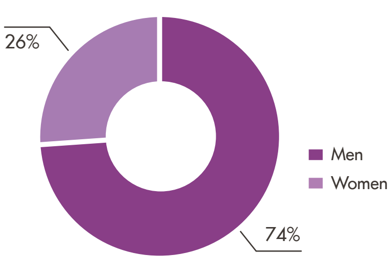
Trust
Pride
Respect
Teamwork
Enjoyment

SARA BLOMBERG
Lives: Uppsala
Age: 32
Profession: Usability developer
Family: Husband and children
Recreation: Working out and renovation
Employed at Formpipe since: 2012

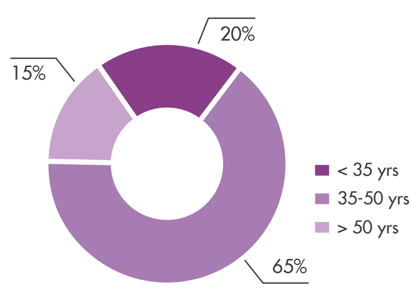
– I was tipped off about my current job by a former fellow student who was working at Formpipe as a product developer. I was tempted by the opportunity to focus on working in the field of usability and having the opportunity to monitor work on products throughout their entire life cycle. I was an IT consultant before I started working for Formpipe, and I worked with ECM systems in the public sector in this role as well. My team usually left projects once commissioning had taken place. You never really got to see the benefits of the implementation. Nowadays I have the opportunity to carry out further development and make Formpipe's products even better for our end-users. Being responsible for usability in various development projects is a very enjoyable challenge.

My usability role means that I work actively with all new functionality. I create sketches of what the interface should look like to ensure that the product maintains an outstanding level of usability. I also come up with suggestions for improvements for our existing functions in the system. Working with complex products and devising the best solution in terms of both functionality and usability is challenging but fun.

We work in teams within various projects at the development office in Uppsala. I am part of a team of experts that devises suggested solutions for the development requirements within the scope of individual projects. We all work really well together as part of these teams, and this makes my day-to-day work even more enjoyable. For me, it is extremely important to have good relationships with my colleagues, and I really do believe that this is something we all have at Formpipe.



PERCENTAGE WOMEN AND MEN



EMPLOYEES BY AGE GROUP

Our Share

Formpipe shares are listed on the Nasdaq Stockholm exchange, with the short name FPIP. Market value at year-end was MSEK 299.

EQUITY

Equity totals SEK 5,014,340.20 for 50,143,402 shares at par value SEK 0.10. Each share carries the right to a single vote and qualified shareholders may register a vote for each of the shares they own and represent. All shares carry an equal right to shares in the company assets and profit.

SHARE PRICE AND TURNOVER FOR 2014

The Formpipe share price started the year at SEK 5.70 and ended at SEK 6.10 (closing price as at 30 December 2014). The highest price paid for the year was SEK 6.75 on 1 July. The lowest price paid was SEK 4.78 on 14 February. A total of 33 million shares were traded in 2014 at a value of MSEK 184.

ALLOCATION OF PROFITS

Formpipe's ambition is to issue dividends to shareholders corresponding to an average of 30 to 50 per cent of the Formpipe's profits after tax. For the 2014 financial year, however, Formpipe is giving greater priority to repayment of Formpipe's net debt instead of issuing dividends. However, indebtedness is approaching levels where we think that for future periods, we will be able to combine dividends to our shareholders with repayments.

The Board of Directors therefore proposes that attendees of the Annual General Meeting, to be held on 24 April 2015, should elect to carry forward the retained earnings in their entirety.

EMPLOYEE STOCK-RELATED INCENTIVE PROGRAMME

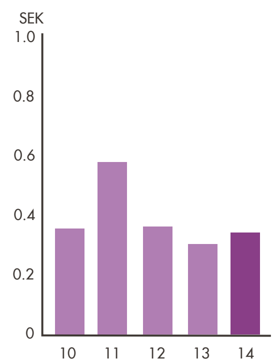
The AGM held on 25 April 2014 resolved to offer staff a new stock-related incentive programme based on stock options. This programme includes 1,000,000 stock options and a duration of three years.

SHAREHOLDERS

The schedule of shareholders and ownership structure of Formpipe is based on data from Euroclear as of 31 December 2014. The twenty largest shareholders represent 62.1 (57.8) per cent of the equity. In all, Formpipe had approximately 2,300 shareholders as of the date above.

"Formpipe has a number of significant opportunities for growth which have not achieved full market penetration as yet."

Redeye, February 2015

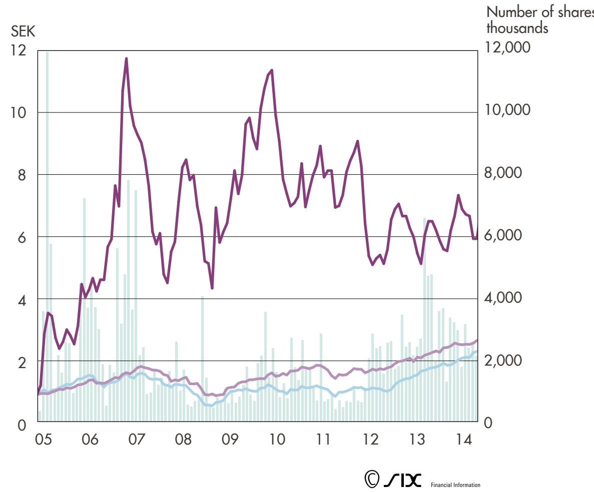


EARNINGS PER SHARE

OWNERSHIP STRUCTURE TOTAL SHARES 31/12/2014

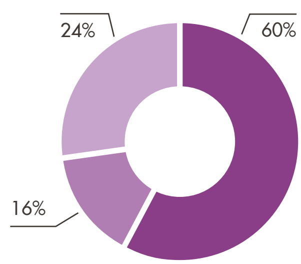
	Number of shares	%
Försäkringsaktiebolaget Avanza Pension	4,861,505	9.70
Swedbank Robur Ny Teknik	3,063,848	6.11
Handelsbanken Fonder AB RE/JPML	2,809,654	5.60
Nordnet Pensionsförsäkring AB	2,414,898	4.82
Humle Småbolagsfond	2,400,000	4.79
Seb Sverigefond Småbolag ch/risk	2,225,800	4.44
Andra Ap-Fonden	2,125,920	4.24
UBS Ag Clients Account	1,741,305	3.47
AB Wallinder & Co	1,376,632	2.75
Bp2s Paris/No Convention	1,270,000	2.53
Six Sis Ag, W8imy	1,241,714	2.48
Wernhoff, Thomas	940,000	1.87
Sundin, Christian	716,068	1.43
Lindeberg, Erik	700,000	1.40
Nykredit Bank	640,956	1.28
Jonsson, Christer	600,190	1.20
Alfredson, Joakim	580,853	1.16
Stiftelsen Chalmers Tekniska	500,000	1.00
Gustavia Sverige	491,549	0.98
AT2004 Holding APS	432,478	0.86
Lilja, Nils Magnus	418,305	0.83
Andersson, Willmar	408,042	0.81
Svenska Handelsbanken AB for PB	404,620	0.81
Jensen, Ingvar	400,001	0.80
Blomdahl, Håkan	400,000	0.80
SEB Life International Assurance	384,000	0.77
Nordlander, Bo	318,159	0.63
Mic Invest Ab	280,000	0.56
Handelsbanken Liv	246,800	0.49
JP Morgan Bank	210,000	0.42
Other	15,540,105	30.99
Total	**50,143,402**	**100.00**

THE FORMPIPE SHARE – TOTAL RETURN



- Total return, Formpipe
- SIX Return Index
- SIX Software (eff.)
- Turnover total shares, 1,000s per month

DISTRIBUTION OF SHAREHOLDINGS



TOTAL HOLDINGS OF SHAREHOLDERS WHO OWN:

- more than 500,000 shares
- between 100,000 and 499,999 shares
- less than 99,999 shares

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	Sep	New share issue ALP Data i Linköping AB	454,545	45,455	8,787,424	0.10
2007	Sep	New share issue EFS Technology A/S	1,011,236	101,124	9,768,660	0.10
2008	Sep	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	Jul	New share issue - pre-emptive rights	36,700,941	3,670,094	48,934,588	0.10
2014	Jul	In kind share issue	1,208,814	120,881	50,143,402	0.10
		Equity, 31 December 2014	**50,143,402**	**5,014,340**	**50,143,402**	**0.10**

Key Ratios

MSEK	2014	2013	2012	2011	2010
Sales					
Net sales	342.4	294.1	201.2	112.5	112.0
System revenues	221.6	197.1	142.9	105.3	96.7
Maintenance and Support	149.2	137.7	89.9	56.5	52.5
Licensing	72.4	59.4	53.0	48.8	44.2
Delivery	120.9	97.0	58.2	7.2	15.4
Recurring revenues	158.7	146.3	97.8	63.6	57.6
Growth and distribution					
Sales growth, %	16.4	46.2	78.8	0.4	-12.2
Growth in system revenues, %	12.4	37.9	35.7	9.0	-5.3
Share of net sales, system revenues, %	64.7	67.0	71.0	93.6	86.3
Share of net sales, recurring revenues, %	46.3	49.7	48.6	56.5	51.4
Margins					
Operating margin before depreciation and non-recurring items (EBITDA), %	22.8	22.0	28.7	27.0	17.8
Operating margin (EBIT), %	9.8	9.3	14.2	18.0	9.7
Profit margin, %	5.3	5.4	6.8	13.1	7.7
Return on capital					
Return on operating capital employed, %	8.0	6.6	10.7	17.4	9.7
Return on capital employed, %	7.6	6.5	10.5	16.3	9.8
Return on equity, %	6.3	6.2	7.4	11.8	7.2
Return on total capital, %	5.4	4.7	7.4	10.5	6.2
Capital structure					
Operating capital	427.2	405.6	416.7	117.6	114.0
Capital employed	453.2	425.8	420.4	130.4	118.4
Equity	310.3	266.8	241.8	130.4	118.4
Interest bearing net debt (+)/cash (-)	116.9	141.5	178.6	-12.8	-4.4
Debt/equity ratio, %	47.1	45.1	42.1	64.9	63.7
Cash flow and liquidity					
Cash flow from operating activities	76.8	74.6	34.4	25.4	8.9
Cash flow from investing activities	-45.5	-34.2	-145.1	-14.2	-13.0
Cash flow from financial activities	-26.1	-23.8	102.0	-2.8	-2.9
Cash flow for the year	5.2	16.7	-8.7	8.4	-7.0
Free cash flow	38.7	44.6	15.1	11.1	5.4
Cash and cash equivalents	26.0	20.3	3.6	12.8	4.4
Personnel					
Total staff, annual average	236	226	136	69	77
Total staff at year-end	245	226	226	72	74
Share data					
Total shares at year-end, thousands	50,143	48,935	48,935	25,053	24,583
Average total shares before dilution, thousands	49,539	48,935	38,254	24,935	24,446
Average total shares after dilution, thousands	49,539	48,935	38,254	24,949	24,680
Earnings per share outstanding, SEK	0.34	0.30	0.28	0.59	0.35
Earnings per average total shares before dilution, SEK	0.34	0.30	0.36	0.59	0.35
Earnings per average total shares after dilution, SEK	0.34	0.30	0.36	0.59	0.35
Equity per average total shares	6.26	5.45	6.32	5.23	4.84

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 2014.

GROUP STRUCTURE

Formpipe Software AB (publ) is the Parent Company of a Group with ten wholly-owned subsidiaries: Formpipe Software Uppsala AB, Formpipe Software Linköping AB, Formpipe Software Skellefteå AB, Formpipe Software Lasernet A/S, Formpipe Holding A/S, Formpipe Software A/S, GxP Ltd., Formpipe Inc., Traen Ltd., Formpipe Software Benelux B.V., along with a 65 per cent-owned subsidiary, Formpipe Intelligo AB.

Formpipe Software AB (publ) is listed on the Nasdaq Stockholm exchange, with the short name FPIP.

ABOUT FORMPIPE

Formpipe is a software company specialising in the field 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 costs, minimised risk exposure and structured information are benefits of using Formpipe's products.

Formpipe primarily addresses the needs of public sector markets in Sweden and Denmark as well as the global Life Sciences, Legal and Input/Output Management markets.

PRODUCTS

Formpipe offers the following products:

Acadre by Formpipe

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X-docs by Formpipe

X-docs, together with Microsoft SharePoint, provides a complete Enterprise Compliance platform for management of quality documentation and quality processes – a platform which meets the stringent requirements and standards in respect of regulatory compliance in the Life Sciences industry.

Business Model

Formpipe's business model is based on concluding long-term licences and maintenance agreements, as well as assisting customers with implementing and customising the Company's software to the customer's specific needs. Formpipe reports its revenues in three classes: licence revenue, support and maintenance revenue and delivery revenue. Customers pay for the licence on concluding the agreement, and 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 licence rights and the maintenance contract. 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 its 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 Sciences product offering, which is similar to the public sector in that it is strictly 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 EMA (European Medicines Agency). These regulations are complied with globally, making this sector a suitable springboard into the international market.

FINANCIAL YEAR 2014

The 2014 financial year finished off strongly, and both net sales and profits were higher than in the previous year. The strong inflow of orders from the public sector in Sweden towards the end of the year was the primary reason for this improvement in outcome. There were also positive aspects in Life Sciences, which has been a very busy sector throughout the year, and also with regard to operations in the Danish municipal sector, where measures implemented are now starting to make an impact and profitability is slowly but surely increasing.

Sweden

Formpipe's business aimed at the public sector in Sweden has had a good year overall, with a strong final quarter in particular. The rate of development of new functionality has been high in 2014, as it was in 2013, and this has been a positive aspect as there is now a substantial demand for this among customers. This is a natural consequence of customers making great progress with their implementations of efficiency-enhancing IT systems, which means that more users are now using and making demands on their systems, and in turn this means further demand for Formpipe products.

The procurement procedure for the City of Stockholm has been the subject of major focus throughout the year. Significant time and resources were invested in this procurement procedure throughout the first six months of the year, which allowed Formpipe to submit a thorough and competitive tender. Formpipe received by far the best valuation in respect of usability and functionality, and won the contract just before the summer. An appeal was submitted in respect of the procurement procedure, and after various instances the City of Stockholm has opted to withdraw the contract. When any new contract will be available, and the form this contract will take, is unclear at the moment

The building of a separate delivery organisation in Sweden is still impacting on profitability to an extent, but it is helping enormously to improve quality of deliveries, enhance communication with customers and increase flexibility in procurement procedures.

Denmark

Formpipe's business in the Danish municipal sector has continued to face challenges throughout the year. The lower activity levels observed on 2013, with fewer procurement procedures than normal, has continued on into 2014. As a result, action has been taken to offer business development projects with a view to increasing the utilisation and benefits of the system and so securing long-term recurring revenues. This transition has taken time, but towards the end of the year it appeared to be starting to have the desired effect.

There has been plenty of demand in the field of Grants Management throughout the year. There is enormous interest in Formpipe's standard solutions for grant application processes, and more and more organisations are perceiving the benefits of secure, standardised management of such things. Formpipe's biggest customer, the Danish AgriFish Agency, is continuing to expand its investment in the grants management process for national EU subsidies. The contract with the Danish AgriFish Agency expired in 2014 and has been replaced by a new contract which was put in place at the end of the year. The new contract guarantees the Danish AgriFish Agency's continued extensive use of Formpipe solutions, and hence also Formpipe's revenues for the next four years.

Lasernet, the strongest of all products which Formpipe has to offer, was developed in 2014. Sales of Lasernet are closely linked to sales of ERP systems, and over the past few years the product has been developed for seamless integration with leading business systems. The strong development of Microsoft's business systems Dynamics AX and Dynamics NAV drove sales in 2014. Besides traditional ERP sales, a new concept has also been devised together with customers in the Danish public sector, known as Digital Post. The finished Digital Posted product is based on Lasernet and makes it easier for government authorities to meet demands to deal with all communication with citizens via a digital mailbox.

Life Sciences

A minor acquisition took place this year in order to reinforce Formpipe's offering to the Life Sciences industry. Formpipe has received good testimonials for its Platina QMS product for a long time now, which has proven to include competitive qualities and options which were not available previously in this market. With Platina QMS, customers can replace document management and processes which currently require a number of products integrated with one another. We found that our shortage of reference customers and hence ability to demonstrate experience and expertise in the field of regulatory compliance was preventing us maximising our potential in respect of this offering. Communication was initiated with British company GxP Ltd. with regard to acquisition and merging of Formpipe's Life Sciences initiative with their operations. GxP, which was also a Formpipe partner, is a small consultancy with extensive expertise in the field of quality management and regulatory compliance for Life Sciences companies. They have worked with a large number of companies of varying sizes over the years via a large network of allied consultants. Over the last few years, GxP has also developed a SharePoint-based product aimed at small and medium-sized Life Sciences enterprises. Supplementing their offering with Platina QMS, which is an Enterprise solution aimed at major international corporations, means that Formpipe can now credibly offer qualified advice and products to companies of all sizes and ambition levels in this industry. The acquisition took place at the end of the first six months of the year, and in 2014 the emphasis has been on harmonising communication and offerings to the market. GxP's management has taken over full responsibility for Formpipe's Life Sciences business area.

OUTLOOK FOR 2015

Demand in the public sector is expected to remain stable for the foreseeable future. The measures implemented in the Danish municipal market have started to have the desired effect, and it is thought that these improvements will continue to develop in the right direction. For the Swedish public sector, we have it on good authority that Formpipe's offering is in a strong position in a market when customers have lofty ambitions with their IT agendas. However, Formpipe is in such leading positions on both the Swedish and the Danish markets that it is difficult to grow quicker than the market which is limited by the budgetary scope of the public sector.

Grants Management in general, and the solution for the Danish AgriFish Agency in particular, is continuing to be of interest. The solution which Formpipe built for the Danish AgriFish Agency for applications and distribution of EU subsidies to the country's farmers is the best of its kind, and other EU countries are viewing Denmark as a leading country in this field. Other agricultural organisations in Europe are very interested in the Formpipe solution as legal requirements go on forcing these authorities to become faster and more accurate in their grants management.

It is thought that Lasernet will continue its strong development from 2014 in the wake of the global success of Microsoft Dynamics AX and NAV. Lasernet is already an internationally widespread product, but it looks as though 2015 will provide the breakthrough for considerably larger installations among international customers. To support this development, Formpipe has established a local presence in the Netherlands in 2014 and further countries are planned in the future.

Expectations in respect of Life Sciences have been taken up a notch with the acquisition of GxP Ltd. in 2014. The Formpipe product portfolio for the Life Sciences industry covers the needs of all companies, with Platina QMS for the biggest international customers and the X-docs product suite for smaller and medium-sized enterprises. Active market canvassing has been carried out since the acquisition, and Formpipe is now a relatively established concept in the field of compliance. Formpipe has increased its number of Life Sciences customers in 2014 and is now starting to have a critical mass of reference customers to use to evidence expertise. Formpipe started a company in the USA in 2014 and took on two members of sales staff in order to canvass this major market.

MARKETS

Formpipe primarily addresses the needs of public sector markets in Sweden and Denmark as well as the global Life Sciences, Legal and Input/Output Management markets. According to analysts at Radar Group, ECM continues to be a high-priority investment area for companies and organisations. According to analysis company Radar, the ECM market for the public sector in Sweden will see growth of 5.1 (3.0) per cent, with an equivalent figure for Denmark of 4.3 (2.8) per cent.

This growth is fuelled in large part by the organisational and corporate-wide need to streamline operations and 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.

Public sector

The ECM market for the public sector is less sensitive to economic cycles over time than many other industries as 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 increasing accessibility, 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 in both Sweden and Denmark. Since IT is an important means of enhancing 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 being 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 greater accessibility, 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 which information is to be available.

Life Sciences

In the private sector, Formpipe is focusing strongly on becoming an established provider in the field of quality management (document and workflow management) for the Life Sciences industry. As in the public sector, this industry has stringent 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 the Company's current primary markets.

SIGNIFICANT EVENTS DURING THE YEAR

Acquisition of GxP Ltd.

Formpipe acquired British company GxP Ltd., an established supplier of compliance solutions for the Life Sciences industry. GxP Ltd. has customers and a presence in both Europe and the USA. With this acquisition, Formpipe is reinforcing its product offering and facilitating faster international expansion in the field of Life Sciences.

Formpipe acquired GxP Ltd. from a number of private individuals; the founders, management and employees of GxP Ltd. The acquisition was completed on 1 July 2014. Upon entry to the Company, Formpipe paid the purchase price (cash and debt-free basis) of MGBP 1.3, of which MGBP 0.66 was paid in 1,208,814 newly issued shares and MGBP 0.64 in cash. Besides the above purchase price, there is an additional purchase price equivalent to 50 per cent of the contribution at EBITDA level for the merged Life Sciences business area for three years from the time of acquisition. The additional purchase price may amount to a maximum of MGBP 3.5.

Other news of a significant nature

- Bo Nordlander was re-elected as Board Chair at the AGM.
- Charlotte Hansson was elected to the Board at the AGM.
- The employee incentive programme offered after the AGM was significantly oversubscribed.

Orders of a significant nature

Formpipe received many orders throughout the year, of which several were larger, with a subsequent positive effect on the year's earnings. Information relating to major orders can be found under press releases on the Formpipe website at www.formpipe.se.

SIGNIFICANT EVENTS AFTER YEAR-END

Renewed contract with Danish AgriFish Agency

The Danish AgriFish Agency renewed five framework contracts in respect of further development, configuration, support and maintenance relating to Formpipe's Grants Management product TAP. The value of this transaction is estimated at MSEK 250 over a four-year period.

COMMENTS ON THE INCOME STATEMENT

Revenues

Net sales for the period totalled MSEK 342.4 (294.1), which is equivalent to an increase of 16 per cent. The acquisition of GxP Ltd. has contributed MSEK 8.0 in net sales, which means a growth of MSEK 40.3, or 14 per cent, for the Group, adjusted for acquired growth. System revenues increased by 12 per cent from the previous year, amounting to MSEK 221.6 (197.1). Total recurring revenues for the period increased by 8 per cent from the previous year and amounted to MSEK 158.7 (146.3), corresponding to 46 per cent of net sales. Currency exchange rate effects have had a positive effect of MSEK 11.4 on net sales compared with the previous year.

Expenses

Operating expenses increased by 16 per cent over the previous year, amounting to MSEK 309.0 (266.8).

A large part of Formpipe's operating expenses are linked with staff, and staff expenses for the year totalled MSEK 196.3 (171.6), an increase of 14 per cent. The number of employees at year-end was 245 (226), and the average for the year was 236 (226). The distribution of personnel along with salaries and other remunerations appears in Note 7.

Cost of sales totalled MSEK 42.6 (29.9) and consist primarily of sales commissions to partners and expenses for third-party products.

Other expenses amounted to MSEK 62.5 (57.8).

Capitalised development work at the Company's own expense during the year amounted to MSEK 37.2 (29.7).

Acquisition-related expenses for the year amounted to MSEK 1.2 (–).

Depreciation for the year amounted to MSEK 43.5 (37.3).

Net financial items were MSEK -8.8 (-8.5) and consist mostly of interest expenses.

Tax expense for the year amounted to MSEK 6.6 (3.1).

Profit

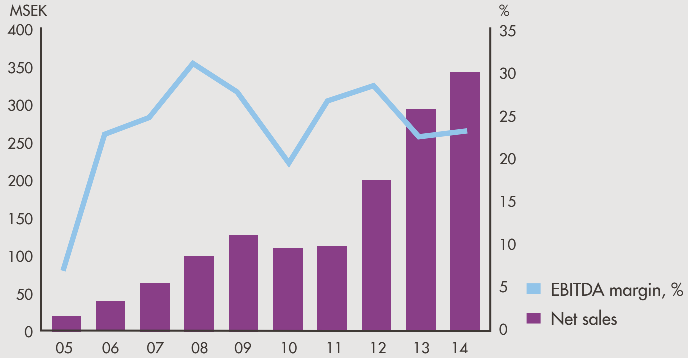
Operating income before depreciation and non-recurring transaction-related expenses (EBITDA) for the year amounted to MSEK 78.2 (64.6), with an EBITDA margin of 22.8 (22.0) per cent. Currency exchange rate effects have had a positive effect of MSEK 2.3 on EBITDA compared with the previous year (MSEK –).

Operating income for the year totalled MSEK 33.5 (27.3), which corresponds to a profit margin of 9.8 (9.3) per cent.

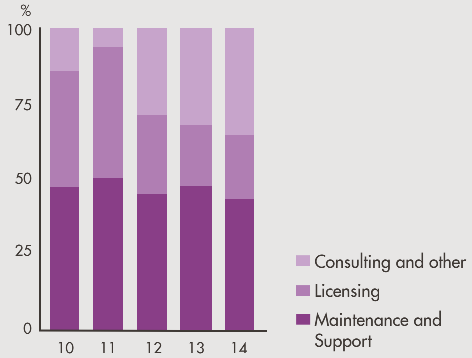
Profit before tax was MSEK 24.7 (18.8), corresponding to a margin of 7.2 (6.4) per cent.

Profit for the year including minority interests totalled MSEK 18.0 (15.8), which corresponds to a profit margin of 5.3 (5.4) per cent and is distributed per share according to the table below.

Earnings per share	2014	2013
Total outstanding shares at year-end	50,143,402	48,934,588
Average total shares before dilution	49,538,995	48,934,588
Average total shares after dilution	49,538,995	48,934,588
Profit or loss for the year attributable to Parent Company's shareholders, KSEK	17,000	14,706
Earnings per share outstanding, SEK	0.34	0.30
Earnings per average total shares before dilution, SEK	0.34	0.30
Earnings per average total shares before dilution, SEK	0.34	0.30



NET SALES AND PROFITABILITY



REVENUE DISTRIBUTION

Parent
Net sales for the Parent Company totalled MSEK 35.4 (28.3), and profit after financial items was MSEK 5.0 (3.2). This includes profit from shares in Group Companies of MSEK 18.2 (13.6).

COMMENTS ON THE STATEMENT OF FINANCIAL POSITION
Investments and business combinations
Total investments for the period January to December amounted to MSEK 50.2 (37.4).

Intangible assets
Formpipe continually invests resources in product development for new and existing applications. A total of MSEK 35.5 (32.3) has been invested in intangible assets over the year, primarily in respect of capitalised development costs.

Tangible assets
Investments in tangible assets amounted to MSEK 2.7 (1.9) and consisted primarily of computers and office equipment.

Acquisitions
The British company GxP Ltd. was acquired during the year for a total purchase price of MSEK 37.8 (see Note 27). Of this purchase price, MSEK 22.9 is attributable to a performance-based additional purchase price which may amount to no more than MGBP 3.5. Of the remaining MSEK 14.9, MSEK 7.3 was paid in cash and MSEK 7.6 was paid in newly issued shares.

Financial position and liquidity
Cash and cash equivalents
Cash and cash equivalents amounted to MSEK 26.0 (20.3) 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 142.9 (161.8), after which the Company's net liabilities were MSEK 116.9 (141.5).

The Company has a strong cash flow, and under the current circumstances no need for additional external financing is perceived. A strong negative inflow of orders may have an impact on operating cash flow, and so a short-term financing requirement can never be ruled out. However, the management believes that no such need will arise in future periods.

Deferred tax assets
The Group's deferred tax asset pertaining to accumulated tax loss carryforwards amounted to MSEK 25.3 (27.9) at the end of the period. At the end of the period, the Group has accumulated losses of MSEK 1.8 (–) which are not yet capitalised.

Equity
Equity at year-end was MSEK 306.4 (264.1), corresponding to SEK 6.11 (5.40) per outstanding share. The weakening of the Swedish krona has increased the value of the Group's net assets in foreign currency by MSEK 17.4 (8.7) from the previous year-end.

Interest-bearing liabilities
In connection with the acquisition of the Traen Group in 2012, 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 repaid over five years.

At year-end, interest-bearing debt totalled MSEK 142.9 (161.8), allocated as MSEK 46.2 (54.6) and MDKK 75.7 (89.4).

Debt/equity ratio
The Group's debt/equity ratio was 47 (45) per cent at year-end.

COMMENTS ON THE CASH FLOW STATEMENT
Cash flow from operations amounted to MSEK 76.8 (74.6).

Annual cash flow from investment activities amounted to MSEK -45.5 (-34.2), of which acquisitions amounted to MSEK -7.3 (–), investments in intangible assets amounted to MSEK 35.5 (32.3) and investments in tangible assets amounted to MSEK 2.7 (1.9).

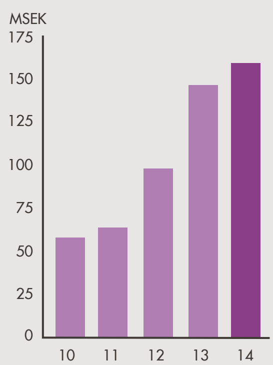
The annual cash flow from financing activities amounted to MSEK -26.1 (-23.8) and consists of amortisation of interest-bearing debts of MSEK 26.5 (24.4) and paid-in premium from new staff share option programmes of MSEK 0.5 (0.7).

The Group's total cash flow for the year amounted to MSEK 5.2 (16.7).

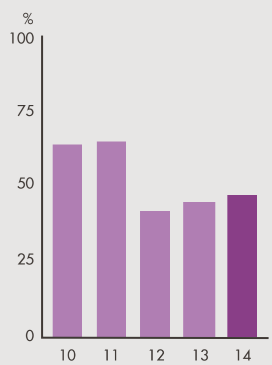
SIGNIFICANT RISKS AND UNCERTAINTY FACTORS
The most obvious uncertainty factors in Formpipe's operations concern Company sales and the Company's ability to attract and retain skilled staff.

Recurring revenues constituted 46 (50) per cent of Formpipe's net sales of MSEK 342.4 (294.1). Recurring revenues recur each year and thus constitute a stable and secure base for Company earnings. The remaining revenues come from new licence sales and supply function projects, and are subject to greater uncertainty as they are affected by customer demand and changing market conditions.

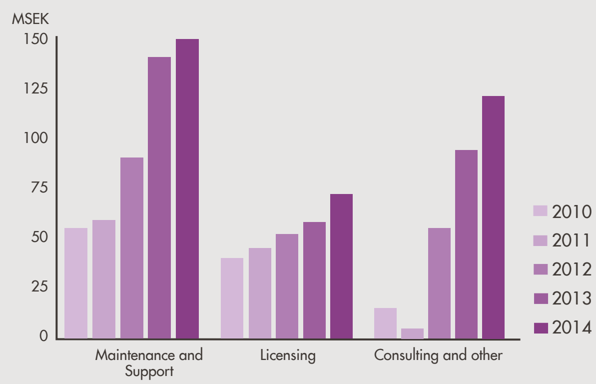
Projects for our new delivery operations primarily relate to the Company's own product portfolio, and therefore the risk in this type of consult-



RECURRING REVENUES



EQUITY RATIO



NET SALES PER REVENUE TYPE

ing 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 organisation is primarily found in the Group's Danish operations. The Danish market has greater flexibility and better opportunities to quickly redeploy the workforce based on changes in demand, which is a more manageable risk for the Group.

Formpipe's human resources are important, and the availability of skilled personnel is a critical success factor. The Company satisfies this by offering its 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 2014, which amounted to MSEK 24.7, with changes to several factors:

Sensitivity analysis	**Change**	**Effect on pre-tax profit, MSEK**
Demand for licences	+/– 5%	+/– 3.6
Demand for delivery	+/– 5%	+/– 6.0
Staff expenses	+/– 5%	–/+ 9.8
STIBOR/CIBOR*	+/– 100 bps	–/+ 1.4
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 ON REMUNERATION FOR SENIOR EXECUTIVES

The AGM resolved to approve the proposal of the Board for guidelines to remuneration for the Company's Chief Executive Officer and 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 2014 Annual General Meeting, or where a change in remuneration occurs thereafter. The Board has not appointed a remuneration committee: instead, the Board in its entirety deals with issues relating to remuneration and other conditions of employment.

The Company shall offer market-adjusted terms which allow the Company to recruit and retain skilled personnel. Remuneration to senior executives shall consist of basic salary, variable remuneration, a long-term incentive programme, pensions, severance terms and other customary benefits. The remuneration is based on the individual's commitment and performance in relation to targets defined in advance, both individual targets and shared targets for the Company as a whole. There is continuous evaluation of individual performance. The basic salary is usually reviewed once a year and must take into account the quality of the individual's performance.

The basic 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 extent of the variable remuneration is related to the extent by which financial objectives established by the Group's Board of Directors are met. The variable remuneration shall constitute no more than 30 to 40 per cent in addition to the basic salary. All variable remuneration plans have defined maximum allocation and outcome limits. The Company has stock-related incentive programmes directed at the entire staff (including the Chief Executive Officer and other senior executives) 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 termination of the employment of the Chief Executive Officer, six months' notice of termination and six months' severance pay will apply if the contract is terminated by the Company Other income which the Chief Executive Officer receives during the period for which severance pay is paid will be subtracted from the severance pay. If the Chief Executive Officer terminates the contract, six months' notice must be given. A mutual notice period of 3 to 6 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 30 per cent of the Company's shares ending up in the possession of one and the same shareholder, the Chief Executive Officer is entitled, upon termination of employment by the Company or the Chief Executive Officer, to special severance pay corresponding to 12 basic monthly salaries at the time notice is given. 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 to which the Chief Executive Officer is normally entitled according to his or her employment contract.

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

The guidelines proposed to the 2015 Annual General Meeting for remuneration to senior executives remain unchanged from 2014.

SHARE STRUCTURE

Formpipe's shares are traded under the short name FPIP on Nasdaq Stockholm. 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 5,014,340.20 at year-end 2014, allocated to 50,143,402 shares.

On 31 December 2014, Formpipe had 2,700,000 share options registered for staff. The share options can increase the total shares outstanding and voting rights in the Company by a maximum of 5.4 per cent. At year-end, Formpipe had three 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. A new share issue in connection with the redemption of the 2014/2017 share option programme may result in an increase in share capital by no more than SEK 100,000 and 1,000,000 shares.

Formpipe held no treasury shares at the end of 2014.

At the end of 2014, there were no agreements limiting the right to transfer shares.

PROPOSED APPROPRIATION OF PROFIT

Appropriation of profits, SEK	
The following retained earnings are at the disposal of the Annual General Meeting:	
Non-restricted reserves	200,562,873
Profit for the year	3,502,359
	204,065,232
The Board of Directors proposes:	
To be carried forward	204,065,232
	204,065,232

The Board proposes that no dividend be paid for the 2014 financial year, so the entire profit shall be carried forward.

This Annual Report shows that the equity ratio for the Parent was 46 per cent.

Group equity was MSEK 306.4 (264.1) at the end of the period and net liabilities were MSEK 116.9 (141.5).

CORPORATE GOVERNANCE REPORT

The Formpipe Corporate Governance Report is on page 66 of this Annual Report.

Consolidated income statement

KSEK	Note	2014	2013
Net sales	5	342,445	294,132
Operating expenses			
Cost of sales		-42,604	-29,897
Other costs	6	-62,537	-57,757
Staff expenses	7	-196,307	-171,586
Own work capitalised	13	37,154	29,739
Non-recurring transaction related items	27	-1,167	–
Depreciation	13, 14	-43,502	-37,316
Total operating expenses		-308,963	-266,817
Operating profit/loss	5	**33,482**	**27,315**
Income from financing activities	8, 10	131	205
Expenses from financing activities	8, 10	-8,964	-8,673
Profit/loss after financial items		**24,650**	**18,848**
Tax on profit/loss for the year	9, 23	-6,607	-3,071
Profit/loss for the year		**18,042**	**15,776**
Of which attributable to:			
Shareholders of the Parent		*17,000*	*14,706*
Non-controlling interests		*1,042*	*1,071*
Total		*18,042*	*15,776*
Other comprehensive income			
Items that may be reclassified to profit/loss			
Currency differences		17,371	8,656
Other comprehensive income for the period, net after tax		17,371	8,656
Total comprehensive income for the year		**35,413**	**24,432**
Of which attributable to:			
Shareholders of the Parent		*34,371*	*23,362*
Non-controlling interests		*1,042*	*1,071*
Total		*35,413*	*24,432*

KSEK		2014	2013
Earnings per share, based on income attributable to shareholders of the Parent over the year (SEK per share)			
– before dilution	11	0.34	0.30
– after dilution	11	0.34	0.30
Average total shares before dilution, thousands	11	49,539	48,935
Average total shares after dilution, thousands	11	49,539	48,935

Consolidated statement of financial position

KSEK	Note	31/12/2014	31/12/2013
ASSETS			
Non-current assets			
Intangible assets	13		
Capitalised expenditure		134,847	124,797
Goodwill		346,605	299,418
Other intangible non-current assets		28,751	25,199
Total intangible non-current assets		**510,203**	**449,414**
Property, plant and equipment	14		
Computer equipment and other equipment, etc.		4,217	2,935
Total property, plant and equipment		**4,217**	**2,935**
Financial assets	15		
Other financial assets		1,432	1,351
Total non-current assets		**1,432**	**1,351**
Non-current liabilities	23		
Deferred tax assets		25,292	27,936
Total non-current liabilities		**25,292**	**27,936**
Total non-current assets		**541,145**	**481,636**
Current assets			
Inventories and work in progress			
Inventories	17	9	10
Work in progress		23,249	26,488
Inventories and work in progress		**23,258**	**26,498**
Current liabilities			
Trade and other receivables	16.18	57,131	53,552
Current tax assets		9	7
Other receivables		21	46
Accruals and prepaid expenses	19	10,914	9,933
Total current liabilities		**68,076**	**63,537**
Cash and cash equivalents	16, 20	26,035	20,269
Total current assets		**117,368**	**110,304**
TOTAL ASSETS		**658,513**	**591,940**

Consolidated statement of financial position

KSEK	Note	31/12/2014	31/12/2013
EQUITY			
Equity	21	5,014	4,893
Other paid-in capital		186,464	178,568
Revaluation reserves		14,670	-2,701
Retained earnings		100,301	83,300
Total equity attributable to Parent's shareholders		**306,448**	**264,060**
Non-controlling interests		3,829	2,787
Total equity		**310,277**	**266,847**
LIABILITIES			
Non-current liabilities			
Borrowings	22	114,918	134,105
Deferred tax liabilities	23	23,320	22,516
Other non-current liabilities	27	24,278	–
Total non-current liabilities		**162,515**	**156,621**
Current liabilities			
Borrowings	22	25,987	24,893
Trade and other payables	16	18,976	13,768
Current tax liabilities		3,223	–
Other liabilities	24	26,887	22,550
Accruals and prepaid income	25	110,648	107,261
Total current liabilities		**185,721**	**168,472**
Total liabilities		**348,236**	**325,093**
TOTAL EQUITY AND LIABILITIES		**658,513**	**591,940**

KSEK	Note	31/12/2014	31/12/2013
Pledged assets			
Mortgages	15	394,207	326,153
Contingent liabilities		–	–

Consolidated statement of changes in equity

		Equity attributable to Parent's shareholders						
KSEK	Note	Equity capital	Other paid-in capital	Revaluation reserves	Retained earnings	Total	Non-controlling interests	Total equity
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 shareholders		**–**	**660**	**–**	**–**	**660**	**–**	**660**
Assets under management on 31 December 2013		**4,893**	**178,568**	**-2,701**	**83,301**	**264,060**	**2,787**	**266,847**
Assets under management on 1 January 2014		**4,893**	**178,568**	**-2,701**	**83,301**	**264,060**	**2,787**	**266,848**
Comprehensive income								
Earnings for the period		–	–	–	17,000	17,000	1,042	18,042
Other comprehensive income items		–	–	17,371	–	17,371	–	17,371
Total comprehensive income		**–**	**–**	**17,371**	**17,000**	**34,371**	**1,042**	**35,413**
Transactions with shareholders								
New share issue	21	121	7,446	–	–	7,567	–	7,567
Paid-in premiums for staff share option programme	21	–	450	–	–	450	–	450
Total transactions with shareholders		**121**	**7,896**	**–**	**–**	**8,016**	**–**	**8,016**
Assets under management on 31 December 2014		**5,014**	**186,464**	**14,670**	**100,301**	**306,448**	**3,829**	**310,277**

Income statement – Parent

KSEK	Note	2014	2013
Net sales		35,358	28,307
Operating expenses			
Cost of sales		-1,753	-596
Other costs	6	-9,164	-8,819
Staff expenses	7	-34,105	-28,277
Depreciation	13, 14	-1,701	-1,027
Total operating expenses		-46,723	-38,720
Operating profit/loss		**-11,366**	**-10,413**
Income from participating interests	8, 10	18,155	13,627
Income from financing activities	8, 10	6,562	7,323
Expenses from financing activities	8, 10, 27	-8,391	-7,387
Profit/loss after financial items		**4,961**	**3,150**
Tax on profit/loss for the year	9, 23	-1,458	2,902
Profit/loss for the year		**3,502**	**6,053**

The Parent has no items to report under Other comprehensive income, hence this is not reported.

Statement of financial position – Parent

KSEK	Note	31/12/2014	31/12/2013
ASSETS			
Non-current assets			
Intangible assets	13		
Capitalised expenditure		3,913	4,468
Goodwill		553	703
Total intangible non-current assets		**4,466**	**5,171**
Property, plant and equipment	14		
Computer equipment and other equipment, etc.		1,279	720
Total property, plant and equipment		**1,279**	**720**
Financial assets			
Shares in subsidiaries	15	327,960	286,279
Other financial assets		12	19
Interest-bearing loans to group companies		108,959	116,290
Total non-current financial assets		**436,930**	**402,588**
Non-current liabilities			
Deferred tax assets	23	6,440	7,898
Total non-current liabilities		**6,440**	**7,898**
Total non-current assets		**449,116**	**416,377**
Current assets			
Inventories	17	7	10
Current liabilities			
Interest-bearing loans to group companies		13,348	21,153
Trade and other receivables	18	855	767
Current tax assets		996	873
Loans to group companies		20,194	14,802
Accruals and prepaid income	19	1,409	1,391
Total current liabilities		**36,802**	**38,986**
Cash and cash equivalents	20	21,232	15,256
Total non-current assets		**58,041**	**54,252**
TOTAL ASSETS		**507,157**	**470,629**

Statement of financial position – Parent

KSEK	Note	31/12/2014	31/12/2013
EQUITY			
Restricted equity			
Equity	21	5,014	4,893
Other contributed capital		17,691	17,691
		22,705	**22,584**
Non-restricted equity			
Distributable reserves		155,317	147,420
Retained earnings		45,246	39,193
Profit/loss for the year		3,502	6,053
		204,065	**192,667**
Total equity		**226,770**	**215,251**
LIABILITIES			
Non-current liabilities			
Borrowing from credit institutions	22	114,918	134,105
Other non-current liabilities	27	24,278	–
Total non-current liabilities		**139,196**	**134,105**
Current liabilities			
Borrowing from credit institutions	22	25,987	24,893
Trade and other payables		1,761	1,972
Liabilities to group companies		90,409	74,935
Other liabilities	24	7,532	5,908
Accruals and prepaid income	25	15,502	13,565
Total current liabilities		**141,191**	**121,273**
Total liabilities		**280,387**	**255,378**
TOTAL EQUITY AND LIABILITIES		**507,157**	**470,629**

KSEK		31/12/2014	31/12/2013
Pledged assets			
Mortgages	15	394,207	326,153
Contingent liabilities		–	–

Statement of changes in equity – Parent

KSEK	Note	Equity	Other contri-buted capital	Distributable reserves	Other non-restricted equity	Total equity
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 shareholders		**–**	**–**	**660**	**–**	**660**
Assets under management on 31 December 2013		**4,893**	**17,691**	**147,420**	**45,247**	**215,251**
Assets under management on 1 January 2014		**4,893**	**17,691**	**147,420**	**45,247**	**215,251**
Comprehensive income						
Profit/loss for the year		–	–	–	3,502	3,502
Total comprehensive income		**–**	**–**	**–**	**3,502**	**3,502**
Transactions with shareholders						
New share issue	21	121	–	7,446	–	7,567
Paid-in premiums for staff share option programme	21	–	–	450	–	450
Total transactions with shareholders		**121**	**–**	**7,896**	**–**	**8,017**
Assets under management on 31 December 2014		**5,014**	**17,691**	**155,317**	**48,749**	**226,770**

Cash flow statement

		Consolidated		Parent	
KSEK	**Note**	**2014**	**2013**	**2014**	**2013**
Cash flow from operating activities					
Operating profit/loss		33,482	27,315	-11,366	-10,413
Items not affecting cash flows					
– Depreciation		43,502	37,316	1,701	1,027
– Other items		-2,015	712	475	–
Other items affecting liquidity					
Income from participating interests		–	–	18,155	14,229
Interest revenue		131	18	6,562	6,722
Interest expense		-7,353	-7,750	-7,013	-7,366
Income tax paid		-1,891	-571	-123	-36
Cash flow from operating activities before changes in working capital		**65,856**	**57,039**	**8,391**	**4,163**
Increase (-) / decrease (+) inventories and work in progress		4,998	-6,185	3	4
Increase (-) / decrease (+) trade receivables		1,227	20,259	-88	7,581
Increase (-) / decrease (+) other current receivables		2,140	83	-8	-232
Increase (+) / decrease (-) trade payables		2,276	1,855	-212	506
Increase (+) / decrease (-) non-current liabilities		316	1,572	14,508	15,300
Cash flow from changes in working capital		**10,957**	**17,586**	**14,203**	**23,159**
Cash flow from operating activities		**76,813**	**74,625**	**22,594**	**27,322**
Cash flow from investment activities					
Investments in subsidiaries	27	-7,345	–	-11,214	-8,448
Investment in intangible non-current assets	13	-35,497	-32,354	-455	-5,367
Investment in property, plant, and equipment	14	-2,669	-1,878	-1,100	-466
Investment in financial assets	15	6	54	22,247	20,651
Cash flow from investment activities		**-45,505**	**-34,178**	**9,478**	**6,370**
Cash flow from financial activities					
Issue of warrants	21	450	660	450	660
Repayment of loans	27	-26,547	-24,411	-26,547	-24,411
Cash flow from financial activities		**-26,097**	**-23,751**	**-26,097**	**-23,751**
Cash flows for the year		**5,211**	**16,696**	**5,975**	**9,941**
Currency translation differences for cash and cash equivalents		555	-63	–	–
Cash and cash equivalents at start of year		20,269	3,636	15,256	5,315
Cash and cash equivalents at year-end	20	**26,035**	**20,269**	**21,232**	**15,256**

Notes

All amounts in these notes are stated in SEK thousands (KSEK) unless otherwise specified. The closing date is 31 December 2014.

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, Denmark, the Netherlands, the United Kingdom and the USA and primarily sells its products in Sweden and Denmark.

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, Stockholm.

The Parent is listed on the Nasdaq Stockholm Stock Exchange.

The Board of Directors approved the consolidated financial statements for publication on 31 March 2015.

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 and the Swedish Financial Reporting Board's recommendation Supplementary Accounting Rules for Groups (RFR 1), as well as International Financial Reporting Standards (IFRS) and the IFRC interpretations as adopted by 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

The following standards are applied from the first time for the financial year commencing 1 January 2014 and have a significant impact on the Group's financial statements.

IFRS 10 "Consolidated Financial Statements" is based on existing principles as it identifies control as the crucial factor for determining whether a company is to be included in the consolidated accounts. This standard provides further guidance on how to determine whether control exists when this is difficult to assess.

IFRS 12 "Disclosure of Interests in Other Entities" relates to disclosure requirements for all forms of holding in other companies, such as subsidiaries, joint arrangements, related companies and non-consolidated structured companies.

Other standards, amendments and interpretations coming into force for the financial year commencing 1 January 2014 have no significant impact on the Group's financial statements.

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.

A number of new standards and interpretations will come into force for financial years commencing after 1 January 14 and have not been applied at the time of the compilation of this financial statement. None of these is expected to have any significant impact on the Group's financial statements, with the exception of the one specified below:

IFRS 15 "Revenue from contracts with customers" regulates how revenue reporting is to take place. The principles on which IFRS 15 is based must provide users of financial statements with more useful information on company revenues. The extended disclosure obligation means that information must be submitted on revenue type, time, for regulation, uncertainties linked with revenue reporting and cash flow attributable to the Company's customer contract. According to IFRS 15, revenue must be reported when the customer takes control over the sold product or service and has the opportunity to use the product or service and derive benefit from it. IFRS 15 replaces IAS 18 revenues and IAS 11 Construction Contracts and associated SIC and IFRIC. IFRS 15 will come into force 1 January 2017. Application prior to this date is permissible. The Group has not yet assessed the effects of the introduction of the standard.

No other IFRS or IFRIC interpretations that are not in force are expected to have any significant impact on the Group.

CONSOLIDATED FINANCIAL STATEMENTS

Subsidiaries

Subsidiaries are all companies (including structured companies) over which the Group has a controlling influence. The Group controls the Company when it is exposed to or is entitled to returns from its holding and has the opportunity to influence returns on account of its influence within the Company. 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 purchase price also includes the fair value of all 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 re-measured 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

NOTE 2 Summary of significant accounting policies, cont.

equity is not re-valued and subsequent settlement is recognised 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 than 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 as to whether there is objective evidence that the shares may be impaired. Group contributions received by the Parent are recognised using the same policies as regular dividends from subsidiaries, as financial income.

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's 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 or the date on which the items are re-valued. 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 statement of financial position date are recognised in the income statement.

Currency exchange rate gains and losses attributable to loans and cash and cash equivalents are reported in the income statement as financial revenues or expenses.

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 statement of financial position date.

CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method.

OPERATING SEGMENTS

Operating segments are reported in compliance with the internal reporting structure as provided to the chief operating decision-maker 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.

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 in which they arise.

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

- Computer equipment 3 years
- Other equipment 3–5 years

The residual values and useful life of all assets are tested annually on the statement of financial position date and adjusted as necessary.

Impairment loss is recognised immediately 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 has a determinable useful life and is recognised at cost less accumulated depreciation and impairment loss. Depreciation is linear in order to allocate the cost of technology over its 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

NOTE 2 Summary of significant accounting policies, cont.

impairment loss. Depreciation is linear in order to allocate the cost of patents over their estimated useful life (3–5 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
- the expenses directly attributable to the software during its development can be measured reliably.

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 (3–7 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 made corresponds to the amount by which the book value of the asset exceeds its recovery value. 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 statement of financial position 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 statement of financial position 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 statement of financial position 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 all 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 statement of financial position date, the Company measures whether there is objective evidence of the asset or group of financial assets being 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 are recognised net in the income statement under Financial income and expenses.

The Group held no derivative instruments at the statement of financial position 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 goods or work in progress consists of the cost of the hardware (card readers) for the business area NetMaker, and consulting income. Salary expenses are not included. Net selling value is the estimated selling price in ongoing 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 receiva-

NOTE 2 Summary of significant accounting policies, cont.

ble. 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 in the income statement.

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.

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

Borrowing is initially recognised 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 statement of financial position date.

DEFERRED INCOME TAX

Tax cost is calculated based on the applicable tax rates enacted or substantively enacted by the statement of financial position date and in the countries where the Parent'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 statement of financial position 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 statement of financial position 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 pension 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 of employment

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 employment of 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 fall due more than 12 months after the statement of financial position date are discounted to present value.

Profit-sharing and bonuses

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

PROVISIONS

Provisions for restructuring expenses and legal requirements are recognise by 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 an interest expense.

NOTE 2 Summary of significant accounting policies, cont.

REVENUE

Revenues include the fair value of the consideration received or receivable for sold goods and services in the Group's ongoing 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 licences is 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 licence sales are billed in advance and recognised as revenue on a straight-line basis.

Sale 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 agreed 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 basis 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 customers can purchase licences including one year of service. For such multiple element agreements, the revenue recognised from the sale of the licence is the amount of the fair value of the licence 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 over the term 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 for which the dividend is approved by these shareholders.

GROUP CONTRIBUTIONS

The Parent applies the general rule in RFR 2 IAS 27 concerning Group contributions, which means that Group contributions received from subsidiaries are reported as financial revenue. Group contributions submitted by parents of subsidiaries are reported as an increase in participating interests.

EXCEPTIONAL ITEMS

Exceptional items are recognised separately in the financial reporting when necessary in order to explain 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 the 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 within 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 Group 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, but also in regard to GBP and USD to an extent since 2014. 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 krone 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 currencies.

If the Swedish krona had weakened or strengthened by 10 per cent in relation to the Danish krone, with all other variables constant, profit for the year in 2014 would have been KSEK 1,077 (885) higher or lower and equity on 31 December 2014 (including profit for the year) would have been KSEK 3,282 (1,187) higher or lower.

NOTE 3 Financial risk management, cont.

(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 materials 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 ongoing operations are substantially independent of changes in market interest rates in relation to its assets.

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

At year-end, interest-bearing borrowing totalled KSEK 46,200 (54,600) with a variable interest rate linked to STIBOR and KDKK 75,680 (89,440) 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 151 (130).

(b) Credit risk

Credit risk is managed at 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 in which 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 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. 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 statement of financial position 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**
2014			
Bank borrowings	25,987	25,987	90,952
Trade payables and other liabilities	50,128	–	–
Total	**76, 115**	**25,897**	**90,952**
2013			
Bank borrowings	25,924	24,893	112,017
Trade payables and other liabilities	36,318	–	–
Total	**62,242**	**24,893**	**112,017**

The Company's net liabilities at year-end were KSEK 116,892 (141,534).

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 executives 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 statement of financial position date. The quoted market prices used for Group financial assets is the bid price.

Financial instruments (Note 16) are measured according to classification in the fair value hierarchy as follows:

1. Quoted prices (unadjusted) 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 year-end 2014 the Group held no (MSEK –) 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 their 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 2014 the Group had financial instruments recognised at fair value through profit and loss amounting to KSEK 24,278 (–).

Financial instruments reported at fair value in the income statement are included in the second category in the value hierarchy and are attributable in their entirety to an agreed additional purchase price relating to the acquisition of GxP Ltd., which will be re-valued according to the statement of financial position date exchange rate and the Group executive's assessments in respect of the size of the additional purchase price. (See Notes 16 and 27.)

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 that involve a noteworthy risk of significant adjustments to the book values of assets and liabilities during the next financial year are discussed 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 forecast 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.

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 EXPENDITURE

Development expenses are capitalised based 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 'Intangible Assets' 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 carryforwards can be utilised.

NOTE 5 SEGMENT INFORMATION

Operating segments are reported in compliance with the internal reporting structure as provided to the chief operating decision-maker 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.

Besides the acquisition of GxP Ltd., which is described in a separate note, no significant changes to the assets for the segments have taken place during the period. The acquired company has been included in the Sweden segment as it does not meet the requirements specified under IFRS 8 to constitute a separate segment.

2014	Sweden	Denmark	Eliminations	Consolidated
Sales, external	134,698	207,747	-	342,445
Sales, internal	392	3,308	-3,700	-
Total sales	**135,090**	**211,055**	**-3,700**	**342,445**
Expenses, external	-98,497	-165,797	-	-264,294
Expenses, internal	-3,308	-392	3,700	-
Total expenses	**-101,805**	**-166,189**	**3,700**	**-264,294**
EBITDA	**33,285**	**44,866**	**-**	**78,151**
Total expenses				-1,167
Depreciation				-43,502
EBIT				**33,482**
Net financial items				-8,832
Tax				-6,607
Profit/loss for the year				**18,042**

NOTE 5 Segment information, cont.

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 expenses	**-86,533**	**-147,183**	**4,215**	**-229,501**
EBITDA	**24,585**	**40,046**	**–**	**64,631**
Depreciation				-37,316
EBIT				**27,315**
Net financial items				-8,467
Tax				-3,071
Profit/loss for the year				**15,776**

ASSETS

The operating 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:

2014	Sweden	Denmark	Consolidated
Licences	34,279	38,126	72,405
Maintenance and Support	58,467	90,716	149,183
Delivery services	19,374	101,483	120,857
Total	**112,120**	**230,325**	**342,445**

2013	Sweden	Denmark	Consolidated
Licences	27,844	31,520	59,364
Maintenance and Support	51,021	86,712	137,733
Delivery services	9,438	87,597	97,035
Total	**88,303**	**205,829**	**294,132**

INFORMATION ABOUT CUSTOMERS

The Group is domiciled in Sweden. Revenues from external customers in Sweden were KSEK (110,314) and total revenues from external customers in other countries were KSEK 207,747 (183,818).

Revenues of approximately KSEK 52,431 (58,816) refer to a single external customer and are attributable to the Denmark segment.

NOTE 6 AUDITOR'S REMUNERATION

	Consolidated		Parent	
	2014	2013	2014	2013
PricewaterhouseCoopers AB				
Audit assignment	935	750	341	401
Auditing services other than audit assignment	332	250	222	18
Other services	106	48	–	–
Group total	**1,373**	**1,048**	**563**	**420**

The audit assignment refers to fees charged for the statutory required audit, that is work necessary to prepare the auditor's report, and auditing advice provided in connection thereto.

NOTE 7 STAFF, MANAGEMENT AND BOARD OF DIRECTORS

Salaries and other employee benefits for all employees identified for the Parent and subsidiaries	2014	2013
Parent		
Salaries and other benefits	20,879	16,977
Pension cost	2,906	2,541
Social security contributions	7,691	6,528

Salaries and other employee benefits for all employees identified for the Parent and subsidiaries	2014	2013
Subsidiaries		
Salaries and other benefits	115,942	107,517
Pension cost	7,695	7,269
Social security contributions	8,077	7,514
Consolidated		
Salaries and other benefits	136,822	124,493
Pension cost	10,601	9,810
Social security contributions	15,768	14,042

	Consolidated		Parent	
Number of employees at year-end	**2014**	**2013**	**2014**	**2013**
Formpipe Software Stockholm, SE	30	30	30	30
Formpipe Software Uppsala, SE	21	19		
Formpipe Software Linköping, SE	17	13		
Formpipe Software Lasernet A/S, DK	13	14		
Formpipe Software A/S, DK	136	138		
Traen Ltd., UK	1	1		
Formpipe Intelligo AB, Stockholm, SE	12	11		
Gxp Limited, UK	10	–		
Formpipe Software Benelux B.V., NL	3	–		
Formpipe Inc., USA	2	–		
Total staff	**245**	**226**	**30**	**30**
Average staff	**236**	**226**	**30**	**28**

Salary and employee benefits – Board, senior executives	Basic salary/ Board of Directors' fees	Variable remuneration	Retirement expenses	Other remunerations	Total
2014					
Bo Nordlander (Chair)	225	–	–	–	225
Staffan Torstensson	125	–	–	–	125
Jack Spira	125	–	–	–	125
Kristina Lindgren	125	–	–	–	125
Charlotte Hansson	94	–	–	–	94
CEO Christian Sundin	1,980	597	503	157	3,237
Other senior executives, 17 persons	17,258	2,009	1,694	721	21,683
Total 2014	**19,932**	**2,607**	**2,197**	**878**	**25,614**
2013					
Bo Nordlander (Chair)	225	–	–	–	225
Staffan Torstensson	125	–	–	–	125
Jon Pettersson	125	–	–	–	125
Jack Spira	125	–	–	–	125
Kristina Lindgren	125	–	–	–	125
CEO 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**	**21,089**

NOTE 7 Staff, management and Board of Directors, cont.

Members, Board of Directors	Consolidated 2014	Consolidated 2013	Parent 2014	Parent 2013
Women	2	1	2	1
Men	3	3	3	4

Boards of Directors for subsidiaries	Women 2014	Men 2014	Women 2013	Men 2013
Formpipe Software Uppsala AB, SE	–	1	–	1
Formpipe Software Linköping AB, SE	–	1	–	1
Formpipe Software Lasernet A/S, DK	–	3	–	3
Formpipe Software Skellefteå AB, SE	–	1	–	1
Formpipe Software Holding A/S, DK	–	3	–	3
Formpipe Software A/S, DK	–	3	–	3
Traen Ltd., UK	–	1	–	1
Formpipe Intelligo AB, SE	–	3	–	3
Formpipe Software Benelux B.V., NL	–	1	–	–
GxP Limited, UK	–	1	–	–
Netexperts Limited, UK	–	1	–	–
Formpipe Inc., USA	–	1	–	–

The Board of Directors in subsidiaries received no remuneration for 2014. There are no post-retirement obligations for Board members, nor do Board members receive remuneration on leaving their mandate. CEO and Board of Directors annually set basic salaries for senior managers and determine any changes. All changes to remuneration take effect on 1 January.

Senior Management, including CEO	Consolidated 2014	Consolidated 2013	Parent 2014	Parent 2013
Women	1	2	1	1
Men	14	12	7	6

CHIEF EXECUTIVE OFFICER
The CEO retains a performance-based variable remuneration in addition to his basic salary. The size of the performance-based remuneration is related to the degree by which financial targets established by the Group's Board of Directors are met. The performance-based remuneration can constitute 40 per cent of the basic salary. The financial targets for 2014 were attained in part and so the outcome is fully reserved for in the annual accounts. 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 payroll taxes which the Company would otherwise have paid.

VARIABLE REMUNERATION
The Company has both a basic 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 by which 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 per cent of the basic salary. All variable remuneration plans have defined maximum allocation and outcome limits.

PENSION COST
Retirement occurs at age 65 for the CEO. The CEO retirement programme corresponds to 25 per cent of the basic salary.

OTHER REMUNERATION
Other remuneration includes holiday pay, car allowance and other benefits and sales commissions.

SEVERANCE PAY
In the event of termination of the employment of the Chief Executive Officer, six months' notice of termination and six months' severance pay will apply if the contract is terminated by the Company Other income which the Chief Executive Officer receives during the period for which severance pay is paid will be subtracted from the severance pay. If the Chief Executive Officer terminates the contract, six months' notice must be given. A mutual notice 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 30 per cent of the Company's shares ending up in the possession of one and the same shareholder, the Chief Executive Officer is entitled, upon termination of employment by the Company or the Chief Executive Officer, to special severance pay corresponding to twelve basic monthly salaries at the time notice is given. 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 to which the Chief Executive Officer is normally entitled according to his or her employment contract.

NOTE 8 FINANCIAL INCOME AND EXPENSES

	Consolidated		Parent	
	2014	2013	2014	2013
Income from financing activities				
Dividends	–	–	–	2,937
Group contributions received	–	–	18,155	10,690
Interest income	131	199	6,562	7,323
Other financial income	–	6	–	0
Total financial revenues	**131**	**205**	**24,717**	**24,878**

	Consolidated		Parent	
	2014	2013	2014	2013
Expenses from financing activities				
Interest expense bank borrowings	-5,862	-6,463	-5,862	-6,463
Other interest expenses	-321	-441	-6	-2
Exchange rate differences	-1,610	-736	-1,378	-21
Other financial expenses	-1,170	-1,032	-1,146	-901
Total financial expenses	**-8,964**	**-8,673**	**-8,391**	**-7,387**

NOTE 9 INCOME TAX

	Consolidated	
	2014	2013
Current tax	1,335	1,935
Deferred tax	5,272	1,136
	6,607	**3,071**

Deferred tax refers to utilisation of accumulated tax loss carry forward from previous years totalling KSEK 5,449 (1,217) and deferred tax expenses attributableto intangible assets of KSEK -177 (1,783).

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	
	2014	2013	2014	2013
Profit/loss before tax	24,650	18,848	4,961	3,151
Income tax calculated using national tax rates applicable to profit/loss in each country	6,416	4,650	1,091	693
Non-taxable income	-1	-647	–	-646
Non-allowable expenses	400	76	367	55
Tax attributable to previous years	2	-1	–	–
Tax attributable to intangible assets	-176	–	–	–
Effect of subsidiaries' tax rates	-34	2,085	–	–
Capitalisation of tax loss carryforward	–	-3,092	-	-3,004
Tax expense	**6,607**	**3,071**	**1,458**	**-2,902**

The weighted effective tax rate was 26.8 (16.3) per cent.

NOTE 10 EXCHANGE RATE DIFFERENCES – NET

Exchange rates (against SEK)	Average rate Jan. to Dec. 2014	Average rate Jan. to Dec. 2013	Rate at statement of financial position date 31 Dec. 2014	Rate at statement of financial position date 31 Dec. 2013
DKK	1.22	1.16	1.28	1.20
EUR	9.10	–	9.52	–
GBP	11.29	–	12.14	–
USD	6.86	–	7.81	–

Exchange rate differences were recognised in the income statement as follows:	Consolidated 2014	Consolidated 2013	Parent 2014	Parent 2013
Other revenues and expenses – net	-64	18	-24	19
Financial items – net	-1,610	-736	-1,378	-21

NOTE 11 EARNINGS PER SHARE

BEFORE DILUTION

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

	2014	2013
Profit or loss for the year attributable to shareholders of the Parent	17,000	14,706
Weighted average outstanding common shares (thousands)	49,539	48,935
Earnings per share before dilution (SEK per share)	**0.34**	**0.30**

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).

	2014	2013
Profit or loss for the year attributable to shareholders of the Parent	17,000	14,706
Net profit used to determine earnings per share after dilution	**17,000**	**14,706**
Weighted average outstanding common shares (thousands)	49,539	48,935
Adjustments for:		
– share options 2011 to 2013 (thousands)	–	–
– share options 2012 to 2015 (thousands)	–	–
– share options 2013 to 2016 (thousands)	–	–
– share options 2014 to 2017 (thousands)	–	–
Weighted average total common shares used in calculating earnings per share after dilution (thousands)	49,539	48,935
Earnings per share after dilution (SEK per share)	**0.34**	**0.30**

NOTE 12 DIVIDEND PER SHARE

At the Annual General Meeting on 24 April 2015, total retained earnings for financial year 2014 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 2013						
Opening carrying amount	289,336	116,026	29,613	–	2,139	437,114
Increase due to business combination	741	4,350	–	–	–	5,091
Exchange rate differences	9,341	3,816	905	–	55	14,117
Purchases	–	29,739	–	–	–	29,739
Depreciation	–	-29,134	-6,679	–	-833	-36,646
Closing carrying amount	**299,418**	**124,797**	**23,839**	**–**	**1,361**	**449,414**
At 31 December 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**

CONSOLIDATED	Goodwill	Capitalised expenditure	Customer relations	Technology	Brand names	Total
Financial year 2014						
Opening carrying amount	299,418	124,797	23,839	–	1,361	449,414
Increase due to business combination	29,632	–	6,681	1,138	2,753	40,204
Exchange rate differences	17,555	5,439	1,655	65	201	24,914
Purchases	–	37,153	–	–	–	37,153
Depreciation	–	-32,543	-7,475	-117	-1,349	-41,484
Closing carrying amount	**346,605**	**134,847**	**24,699**	**1,086**	**2,966**	**510,203**
At 31 December 2014						
Cost	346,605	235,929	51,073	3,541	6,444	643,591
Accumulated depreciation	–	-101,083	-26,373	-2,455	-3,478	-133,389
Carrying amount	**346,605**	**134,847**	**24,699**	**1,086**	**2,966**	**510,203**

Capitalised expenditures represent essentially only product development.

PARENT	Goodwill	Capitalised expenditure	Total
Financial year 2013			
Opening carrying amount	314	114	428
Purchases	741	4,626	5,367
Depreciation	-352	-272	-625
Closing carrying amount	**703**	**4,468**	**5,171**
At 31 December 2013			
Cost	4,799	5,401	10,200
Accumulated depreciation	-4,095	-934	-5,029
Carrying amount	**703**	**4,468**	**5,171**
Financial year 2014			
Opening carrying amount	703	4,468	5,171
Purchases	–	455	455
Depreciation	-150	-1,010	-1,160
Closing carrying amount	**553**	**3,913**	**4,466**
At 31 December 2014			
Cost	4,799	5,856	10,655
Accumulated depreciation	-4,245	-1,944	-6,189
Carrying amount	**553**	**3,913**	**4,466**

NOTE 13 Intangible assets, cont.

IMPAIRMENT TESTING OF INTANGIBLE ASSETS AND GOODWILL FOR THE GROUP

Group goodwill at year-end was KSEK 346,605 (299,418). 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 to these cash-generating units shows KSEK 92,930 for Sweden and 253,675 for Denmark.

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 are described below.

FORECAST 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) per cent, 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 executives and an assessment of the Company's market position.

DISCOUNT FACTORS

Discount factors are calculated as the Group's weighted average cost of capital including risk premium. The expected future cash flows have been discounted using a discount rate of 12.0 (12.0) per cent before tax.

SENSITIVITY ANALYSIS

Recoverable amounts for all cash-generating units exceed their carrying amounts. 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	Computer equipment	Other equipment	Total
Financial year 2013			
Opening carrying amount	2,327	205	2,532
Exchange rate differences	63	–	63
Purchases	1,885	139	2,024
Depreciation	-1,559	-126	-1,685
Closing carrying amount	**2,717**	**218**	**2,935**
At 31 December 2013			
Cost	7,119	1,500	8,620
Accumulated depreciation	-4,402	-1,282	-5,685
Carrying amount	**2,717**	**218**	**2,935**
Financial year 2014			
Opening carrying amount	2,717	218	2,935
Increase due to acquisition	407	–	407
Exchange rate differences	150	–	150
Purchases	2,390	353	2,744
Depreciation	-1,869	-150	-2,019
Closing carrying amount	**3,795**	**422**	**4,217**
At 31 December 2014			
Cost	10,067	1,854	11,920
Accumulated depreciation	-6,271	-1,432	-7,703
Carrying amount	**3,795**	**422**	**4,217**

NOTE 14 Property, plant and equipment, cont.

PARENT	Computer equipment	Other equipment	Total
Financial year 2013			
Opening carrying amount	639	17	-2,698
Purchases	334	133	466
Depreciation	-382	-20	-402
Closing carrying amount	**591**	**130**	**720**
At 31 December 2013			
Cost	2,981	840	3,821
Accumulated depreciation	-2,391	-710	-3,101
Carrying amount	**591**	**130**	**720**
Financial year 2014			
Opening carrying amount	591	130	-3,101
Purchases	755	346	1,100
Depreciation	-455	-86	-541
Closing carrying amount	**891**	**389**	**1,279**
At 31 December 2014			
Cost	3,736	1,185	4,921
Accumulated depreciation	-2,845	-796	-3,642
Carrying amount	**891**	**389**	**1,279**

NOTE 15 FINANCIAL NON-CURRENT ASSETS

	Parent	
Shares in subsidiaries	**2014**	**2013**
Opening cost	286,279	277,830
Shareholder contribution	–	8,448
Transaction-related changes	41,681	–
Closing accumulated cost	**327,960**	**286,279**

	Consolidated		Parent	
Other non-current financial assets	**2014**	**2013**	**2014**	**2013**
Interest-bearing loans to Group companies	–	–	108,959	116,290
Other financial assets	1,432	1,351	12	19
Closing value, financial assets	**1,432**	**1,351**	**436,930**	**402,588**

Pledged assets refer to shares in subsidiaries as security for loans.
The Group had the following subsidiaries at the end of the period. All subsidiaries are consolidated in the Group.

Subsidiaries	Domicile	Business	Legal form	Co. reg. no.	Ownership %	Carrying amount
Formpipe Software Uppsala AB	Sweden	Development, sale and consultancy services, software	Limited Liability Company	556463-9861	100	18,371
Formpipe Software Linköping AB	Sweden	Development, sale and consultancy services, software	Limited Liability Company	556389-0564	100	16,977
Formpipe Software Lasernet A/S	Denmark	Development, sale and consultancy services, software	Limited Liability Company	26366216	100	61,048
Formpipe Software Benelux B.V.	Netherlands	Software sales	Limited Liability Company	60112212	100	–
Formpipe Software Skellefteå AB	Sweden	Development, sale and consultancy services, software	Limited Liability Company	556601-0087	100	28,177
Formpipe Software Holding A/S	Denmark	Holding company, subgroup	Limited Liability Company	20811307	100	161,705

NOTE 15 Financial non-current assets, cont.

Subsidiaries	Domicile	Business	Legal form	Co. reg. no.	Ownership %	Carrying amount
Formpipe Software A/S	Denmark	Development, sale and consultancy services, software	Limited Liability Company	29177015	100	–
Traen Ltd.	United Kingdom	Software sales	Limited Liability Company	06377974	100	–
Formpipe Intelligo AB	Sweden	Development, sale and consultancy services, software	Limited Liability Company	556411-3479	65	–
GxP Limited	United Kingdom	Development, sale and consultancy services, software	Limited Liability Company	05797675	100	41,681
Netexperts Limited	United Kingdom	Development, sale and consultancy services, software	Limited Liability Company	03680033	100	–
Formpipe Inc.	USA	Software sales	Limited Liability Company	141194334	100	0

The non-controlling interest in Formpipe Intelligo AB is not substantial. Net sales for Formpipe Intelligo AB throughout the financial year amounted to KSEK 21,544 (21,465). The minority share in the profit for the year and share of accumulated profit is specified in the Group's income statement and statement of financial position.

NOTE 16 FINANCIAL INSTRUMENTS BY CATEGORY

	Measured at amortised cost	Measured at fair value through profit and loss	Total
31 December 2014			
Assets in the statement of financial position			
Trade receivables and other receivables excluding prepayments	57,152	–	57,152
Cash and cash equivalents	26,035	–	26,035
Total	**83,187**	**–**	**83,187**
Liabilities in the statement of financial position			
Borrowings	140,905	–	140,905
Other non-current liabilities	–	24,278	24,278
Trade receivables and other liabilities excluding non-financial liabilities	18,976	–	18,976
Total	**159,881**	**24,278**	**184,159**

	Measured at amortised cost	Measured at fair value through profit and loss	Total
31 December 2014			
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**

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 KSEK 9 (10).

NOTE 18 TRADE RECEIVABLES

	Consolidated		Parent	
	2014	2013	2014	2013
Trade and other receivables	57,131	53,552	855	767
Total	**57,131**	**53,552**	**855**	**767**

The Group has no non-current trade receivables. Fair value regarding current trade receivables equals the carrying amount.

As at 31 December 2014, trade receivables were KSEK 57,131 (53,552). These represented KSEK 21,627 (19,537), KDKK 26,853 (28,378) and KGBP 97 (–). No impairment was deemed necessary for the total trade receivables of KSEK 57,131. The age analysis of trade receivables is as follows:

	Consolidated		Parent	
Past due trade receivables on the statement of financial position date	2014	2013	2014	2013
Less than 3 months	8,550	9,670	449	345
More than 3 months	371	1,136	4	4
Total	**8,921**	**10,806**	**453**	**349**

As at 31 December 2014, the Group had no doubtful debts and so no provisions for doubtful trade receivables are reported as at 31 December 2014, KSEK (–).

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

The maximum exposure for credit risk on the statement of financial position 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	
	2014	2013	2014	2013
Pre-paid insurance	767	543	271	282
Prepaid IT expenses	1,685	1,253	536	458
Prepaid rent	2,214	426	461	119
Prepaid training	–	281	–	281
Prepaid sales and marketing expenses	28	120	28	120
Accrued income	3,322	5,015	–	–
Other	2,897	2,294	112	131
Total	**10,914**	**9,933**	**1,409**	**1,391**

NOTE 20 CASH AND CASH EQUIVALENTS

	Consolidated		Parent	
	2014	2013	2014	2013
Cash and cash equivalents	26,035	20,269	21,232	15,256
Total	**26,035**	**20,269**	**21,232**	**15,256**

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

NOTE 21 EQUITY

	Total shares (thousands)
At 31 December 2012	**48,934,588**
–	–
At 31 December 2013	**48,934,588**
In kind share issue, 1 July 2014	1,208,814
At 31 December 2014	**50,143,402**

Total shares outstanding are 50,143,402 (48,934,588), par value SEK 0.1 (0.1) per share. All shares issued are fully paid up.

NOTE 21 Equity, cont.

IN KIND SHARE ISSUE

The Company issued 1,208,814 shares on 1 July 2014 as partial payment for the acquisition of GxP Ltd.

SHARE-RELATED COMPENSATION

On 17 March 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 one new share in the Company during the period from 8 May 2017 to 19 May 2017 at a price of SEK 6.41 per new share. The paid-in option premiums totalling SEK 450,000 were recognised as an increase in Other paid-in capital.

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 one new share in the Company during the period from 2 May 2016 to 13 May 2016 at a price of SEK 6.67 per new share. The paid-in option premiums totalling SEK 660,000 were recognised as an increase in Other paid-in capital.

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 new share. The paid-in option premiums totalling SEK 298,000 were 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 entitles the holder to subscribe to 1.8 new shares in the Company during the period from 4 February 2013 to 13 February 2013 at a price of SEK 9.72 per new share. The paid-in option premiums totalling SEK 381,500 were 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. 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:

	2014		2013	
	Average exercise price, SEK per share	**Share options (total)**	**Average exercise price, SEK per share**	**Share options (total)**
At 1 January	**7.02**	**1,700,000**	**9.70**	**550,000**
+ Allocated	6.41	1,000,000	6.67	1,500,000
- Forfeited	–	–	–	–
- Exercised	–	–	–	–
- Expired	–	–	9.72	-350,000
As of 31 December	**6.80**	**2,700,000**	**7.02**	**1,700,000**

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

		Share options	
	Exercise price	**2014**	**2013**
27 February 2015	9.66	200,000	200,000
13 May 2016	6.67	1,500,000	1,500,000
19 May 2017	6.41	1,000,000	–
		2,700,000	**1,700,000**

The weighted average fair value of the options allocated during 2014, determined using the Black-Scholes Pricing Model, was SEK 0.41 (0.44) per option. Significant input data to the model included the weighted average share price of SEK 5.34 (5.56) as of the grant date, exercise of the option premium price of SEK 6.41 (6.67) per new share, volatility of 28 (27) per cent, estimated time to expiry of the options of 1,104 (1,080) days and annualised risk free interest of 0.89 (1.00) per cent. The options do not carry a right to payment of dividend, which is included in the calculation.

NOTE 22 BORROWINGS

Non-current	**2014**	**2013**
Bank borrowings	116,940	134,105
Total non-current	**116,940**	**134,105**
Currency		
Bank borrowings	25,987	24,893
Total current	**25,987**	**24,893**
Total borrowings	**142,927**	**158,998**

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 3.71 (3.74) per cent. The borrowing in SEK is linked to STIBOR and the borrowing in DKK is linked to CIBOR. Security for bank borrowings 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 bank loan includes a finance and arrangement fee arising in connection with the start of the bank loan which will be repaid over the term of the loan. As at the end of 2014, the remaining amount of KSEK 2,022 (2,084) will be included, which will reduce the liability to credit institutions as a prepaid finance and arrangement expense.

The amount recognised, per currency, for Group borrowings are as follows:

	2014	2013
DKK	96,727	107,202
SEK	46,200	51,796
Total	**142,927**	**158,998**

The Group has credit facilities totalling KSEK 32,495 (31,096), allocated to KSEK 10,000 (10,000) and corresponding to KDKK 17,600 (17,600). The credit facilities were not utilised at year-end. 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 question and when the deferred taxes are for the same tax agency.

The Group has no offset tax assets or liabilities.

	2014	2013
Deferred tax assets	25,292	27,936
Deferred tax liabilities	23,320	22,516

Gross changes to deferred tax assets are as follows:

	2014	2013
Opening balance	**27,936**	**27,142**
Change due to reclassification	–	1,296
Unutilised loss carryforward	-4,227	-1,217
Loss carried forward, not reported previously	379	3,092
Revaluation due to changed tax rates in Denmark	205	-2,556
Exchange rate differences	998	179
Closing balance	**25,292**	**27,936**

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

	Loss carryforward	Other	Total
At 31 December 2012	**27,142**	**–**	**27,142**
Change due to reclassification	1,296	–	1,296
Unutilised loss carryforward	-1,217	–	-1,217
Loss carried forward, not reported previously	3,092	–	3,092
Revaluation due to changed tax rates in Denmark	-2,556	–	-2,556
Exchange rate differences	179	–	179
At 31 December 2013	**27,936**	**–**	**27,936**
Unutilised loss carryforward	-4,227	–	-4,227
Loss carried forward, not reported previously	379	–	379
Revaluation due to changed tax rates in Denmark	205	–	205
Exchange rate differences	998	–	998
At 31 December 2014	**25,292**	**–**	**25,292**

Deferred tax assets are recognised as tax loss carryforwards to the extent to which it is probable that they can be utilised against future taxable profit. At the end of the period, the Group has accumulated losses of KSEK 1,816 (–) which are not yet capitalised. In 2014, KSEK 4,227 (1,217) of the tax loss carryforwards were utilised, and KSEK 379 (3,092) was capitalised. In addition, the changed tax rates in Denmark have required a revaluation of the capitalised tax loss carryforward by KDKK 205 (2,556). The taxable amount at 31 December 2014 was KSEK 25,292 (27,936).

NOTE 23 Deferred tax, cont.

Gross changes to deferred tax liabilities are as follows:	2014	2013
Opening balance	**22,516**	**17,021**
Increase due to business combination	2,114	–
Change due to reclassification	–	903
Adjustment temporary difference	–	3,088
Recognised in income statement	-2,238	1,854
Revaluation due to changed tax rates in Denmark	–	-471
Exchange rate differences	928	121
Closing balance	**23,320**	**22,516**

Of the deferred tax liabilities of KSEK 23,320, a total of KSEK 5,335 is expected to be used in the next twelve-month period. The remaining amount will be used within the next five-year period.

Gross changes to deferred tax liabilities allocated to asset type:	Intangible assets	Other	Total
At 31 December 2012	**17,021**	**–**	**17,021**
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 rate differences	121	–	121
At 31 December 2013	**22,516**	**–**	**22,516**
Increase due to business combination	2,114	–	2,114
Change due to reclassification	-2,238	–	-2,238
Exchange rate differences	928	–	928
At 31 December 2014	**23,320**	**–**	**23,320**

Deferred taxes recognised as intangible assets refers to fair value adjustments for acquired assets, as well as capitalised development expenses.

The decrease of deferred tax liabilities attributable to depreciation of acquired intangible assets for the year totalled KSEK 2.139 (1,871) and attributable to depreciation of capitalised development expenses to KSEK 2,068 (2,139).

NOTE 24 OTHER LIABILITIES

	Consolidated		Parent	
Current liabilities	**2014**	**2013**	**2014**	**2013**
Value-added tax	5,768	6,977	6,976	5,372
Other current liabilities	21,119	15,573	556	536
Total other current liabilities	**26,887**	**22,550**	**7,532**	**5,908**

NOTE 25 ACCRUALS AND PREPAID INCOME

	Consolidated		Parent	
	2014	**2013**	**2014**	**2013**
Staff-related accrued expenses	14,091	9,873	7,987	5,061
Prepaid income	92,988	92,101	5,233	5,934
Other accrued expenses	3,569	5,288	2,283	2,570
Total	**110,648**	**107,261**	**15,502**	**13,565**

NOTE 26 COMMITMENTS

Commitments regarding operational leasing where one group company is the tenant.

The Group rents several premises and offices, with notice periods of between 2 and 4 years.

The lease agreements have 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 612 (1,049).

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

	2014	2013
Within 1 year	597	434
Between 1 and 5 years	509	657
More than 5 years	–	–
	1,106	**1,091**

NOTE 27 BUSINESS COMBINATIONS

Acquisition of GxP Ltd. ("GxPi") – 1 July 2014

GxP Ltd. ("GxPi") was acquired 1 July with a view to reinforcing the Formpipe offering to the Life Sciences sector. GxPi is an established supplier of services and solutions for compliance to companies in the Life Sciences industry. The acquisition was for 100 per cent of the shares in GxPi and has impacted the Group statement of financial position and cash and cash equivalents as specified below. Since the transaction date, GxPi has contributed MSEK 8.0 in sales and MSEK -1.7 in operating profit before depreciation and non-recurring transaction related expenses (EBITDA). If the acquisition had taken place on 1 January 2014, GxPi would have contributed a total of MSEK 16.3 in sales and MSEK -1.0 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 statement of financial position is subject to final adjustment no later than one year after the transaction date.

Consideration and recognised amounts of identifiable net assets:	
Tangible assets	407
Intangible assets	10,572
Trade and other receivables	3,929
Cash and cash equivalents	2,697
Trade payables and other liabilities	-4,609
Deferred tax liability	-2,114
Acquired net assets	**10,882**
Goodwill	29,633
Cash consideration	**40,514**
– Unpaid part of the purchase price	-22,905
– Liquid funds with issued own shares	-7,567
– Liquid funds in company acquired	-2,697
Changes to Group cash and cash equivalents at acquisition	**7,345**

An additional purchase price equivalent to 50 per cent of the contribution at EBITDA level has been agreed for the merged Life Sciences business area for three years from the time of acquisition. The additional purchase price may amount to no more than MGBP 3.5 and is estimated to amount to approximately 57 per cent of the maximum outcome. As at the statement of financial position date, the estimated outcome in respect of the additional purchase price is valued at KSEK 24,278.

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 10,572, KSEK 6,681 relates to customer relationships depreciated over five years, KSEK 1,138 relates to technology depreciated over five years and KSEK 2,753 relates to brand names depreciated over three years.

The acquisition statement of financial position was prepared using the average purchase price of SEK/GBP 11.4525. The acquired net assets and goodwill will be translated at the actual statement of financial position date price.

NOTE 28 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 are responsible for planning and managing activities, such as members of the Board of Directors and senior executives.

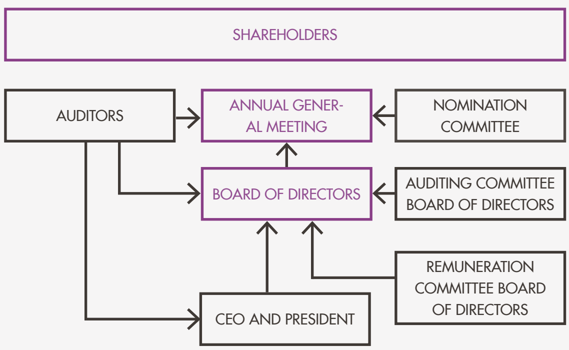
Formpipe has no transactions with related parties as defined in IAS 24 Related party disclosure (as above) to report except as specified in Note 7 Staff, management and Board of Directors.

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 2014 the Group had operations in Sweden, Denmark, the Netherlands, the United Kingdom and the USA. 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 Stockholm Issuer Rules and the Swedish Code of Corporate Governance. The Formpipe Corporate Governance Report for 2014 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' principle, 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 to be managed and operated from the shareholder's perspective. Corporate governance at Formpipe is regulated by external regulations and internal steering documents.

These external regulations include:
- The Swedish Companies Act
- The Nasdaq Stockholm Issuer rules
- Applicable accounting legislation
- The Swedish Code of Corporate Governance

Internal regulating documents include:
- The Articles of Association
- The instructions and work plan for the CEO and the Board
- Internal policies, handbooks and guidelines

SHAREHOLDERS

On 31 December 2014, Formpipe had approximately 2,200 shareholders owning a total of 50,143,402 shares. The largest single shareholder on that date was Försäkringsaktiebolaget Avanza Pension, holding 9.7 per cent of voting rights and equity. The 20 largest shareholders owned a total of 62.1 per cent of 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 executives 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.

Annual General Meeting 2014

The Formpipe Annual General Meeting was held on 25 April 2014 at the Company's premises in Stockholm. Legal Counsel Malcolm Wiberg was elected Chair of the Annual General Meeting. The Company's Board of Directors, senior executives, nomination committee and auditors attended the meeting.

Company shareholders received advance notice at www.formpipe.se 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. 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 for their shares.

The resolutions passed included:
- Adopting the statement of financial position and income statement for the 2013 financial year
- Re-election of Bo Nordlander, Jack Spira, Staffan Torstensson and Kristina Lindgren to the Board of Directors, and election of new member Charlotte Hansson
- Electing Bo Nordlander as Board Chair
- Authorisation to the Board to purchase and transfer treasury shares
- Issuing of share options for staff
- Guidelines on remuneration for senior executives

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

Annual General Meeting 2015

The Formpipe Annual General Meeting of Shareholders 2015 will take place on 24 April at the Company's premises in Stockholm. Information regarding shareholders providing notice of their intent to participate in the 2015 AGM will be available in advance at www.formpipe.se. This information will include a 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 must be characterised by openness and discussion so as to achieve 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 for the election of auditors where necessary. The 2014 AGM resolved that the nomination committee for the 2015 AGM shall consist of four members. The Board Chair shall contact the three shareholders or shareholder groups (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 the final trading day of June in the present year. 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 nomination committee were published at the Company's website no later than six months before the Annual General Meeting. The complete description of nomination committee policies will be contained in the document 'Nomination committee's proposals and explanatory statement regarding the proposed members of the Board of Directors' prior to the 2015 AGM at www.formpipe.se.

The members of the nomination committee for the period prior to the 2015 AGM are:

- Johan Strandberg, Chair of the nomination committee, representing SEB, 2,225,800 shares
- Marianne Flink, representing Swedbank Robur, 3,063,848 shares
- Jonas Eixmann, representing Andra AP-fonden, 2,125,920 shares
- Bo Nordlander, Chair of 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 more 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 no less than three and no more than six members with no more than three deputies. The complete Articles of Association can be downloaded from www.formpipe.se.

BOARD OF DIRECTORS

The job of the Board of Directors

The job of the Board of Directors is to manage the Company's affairs on behalf of its 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 and the CEO for financial reporting, investments and financing. The work plan is approved once a year.

Responsibilities of the Board

The Board of Directors at Formpipe has overall operational responsibility for the Company's 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, as well as the issuer rules of which the Swedish Code of Corporate Governance is part. The Board is also responsible for developing and monitoring the Group's strategies by means of plans and targets, decisions on acquisitions and divestments of companies, major investments, recruitments and remuneration to the Group executive, along with regular monitoring of operations over 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 2014

The AGM held on 25 April 2014 re-elected Board members; Bo Nordlander (Chair), Jack Spira, Staffan Torstensson and Kristina Lindgren, and Charlotte Hansson was newly elected. 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.

Board member	Participation/total meetings	Audit com.	Remun. com.	Deemed independent	Other
Bo Nordlander Board Chair since 2013 and Board member since 2009 Year of birth: 1956 Shareholding: 318,159	13, 13	Yes	Yes	Yes	Bo Nordlander is CEO of SIX Telekurs Nordic AB and former Head of Capital Market & Wealth, Tieto (2007-2009), CEO of Abaris (2001-2007) and Entra AB (1991-2001). Bo holds a degree in business administration from the School of Business, Economics and Law.
Charlotte Hansson Board member since 2014 Year of birth: 1962 Shareholding: 10,000	1010	Yes	Yes	Yes	Charlotte Hansson has experience of senior positions in the transport/logistics and life sciences/biotech industries. Alongside her own consultancy business, Charlotte Hansson is a Board member at public company B&B Tools AB, Orio AB and Deltaco AB, and CEO of MTD Morgontidig Distribution i Sverige AB. Charlotte holds a Cand. Scient. degree in Biochemistry from Copenhagen University.
Kristina Lindgren Board member since 2013 Year of birth: 1959 Shareholding: –	1213	Yes	Yes	Yes	Kristina Lindgren is a Sales Manager in the field of Financial Services at Tieto in Copenhagen. Kristina Lindgren has 20 years of experience of the IT industry and has worked at both Nordic and international levels. As a Swede living in Copenhagen for many years, Christina has particularly strong business knowledge and links between Sweden and Denmark.
Jack Spira Board member since 2012 Year of birth: 1953 Shareholding: 10,115	1213	Yes	Yes	Yes	Jack Spira is the CEO of Sensidose AB, Chair of Nuclisome AB and a Board member at Isifer AB and has more than 20 years of experience in the Life Sciences industry in the fields of both biotechnology and medical technology. He has participated in the development of new drugs and has an in-depth knowledge of clinical trials, registration of drugs, safety and launching/marketing activities. Jack holds a Med. Dr. degree from the Karolinska Institute, which he gained in 1981.
Staffan Torstensson Board member since 2005 Year of birth: 1972 Shareholding: –	13, 13	Yes	Yes	Yes	Staffan Torstensson is Partner - Head of ECM at Evli Bank plc. Staffan has more than 14 years of experience of investment banking and is a Board member at Emitor Holding AB (publ) and Tuida AB. Staffan holds an MBA from Jönköping International Business School.

The composition of the Board of Directors for Formpipe meets the requirements of the Nasdaq Stockholm Stock Exchange and the Swedish Code of Corporate Governance in regard to composition and independent Board members.

The Board Chair
Bo Nordlander, the Chair for the Board of Directors, 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 for ensuring that 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 Group's senior managers.

The composition of the Board of Directors
Formpipe normally holds four general 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 five full members and no deputies. The CEO is not part of the Board of Directors, but attends all Board meetings as a speaker except when the CEO's performance is under evaluation. The CEO reports to the Board regarding the operative activities of the Group and ensures that Board members receive factual and relevant information 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.

The Board's work plan
The Board's work plan was approved on 25 April 2014 and must be reviewed annually at the inaugural meeting of the Board. These procedures are also reviewed as required. The procedures include, among other things, the Board's responsibilities and tasks, the tasks of the Chairman of the Board and audit issues, as well as stating which reports and financial information should be received by the Board of Directors prior to each Ordinary General Meeting. The work plan also includes instructions to the CEO. An appendix regarding the Board's work as an audit committee has been prepared and approved at the inaugural Board meeting of 25 April 2014. The work plan also regulates the work of the Board as a remuneration committee.

AUDIT AND REMUNERATION COMMITTEE
The Board as a whole operates as the audit and remuneration committees. The description of tasks in regard to its work as audit an committee is prepared and approved as an appendix to the approved work plan. Work as a remuneration committee is regulated in the approved work plan. The work plan with appendix was approved at the inaugural Board meeting on 25 April 2014. During 2014, 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 since 2006
Shareholding: 716,068
Share options: 456,214

Christian was employed as CFO at Formpipe prior to taking over 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 any companies other than Formpipe.

The latest valid instruction to the CEO was passed by the Board on 25 April 2014. 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 makes final decisions in consultation with the business area managers. An annual business plan is also prepared in consultation with the relevant business area manager. The business plan is followed up with monthly reports from each business area within the Company, where the review concentrates on growth and cost control.

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 Aleksander Lyckow from PricewaterhouseCoopers AB.

INTERNAL CONTROL REGARDING FINANCIAL REPORTING FOR THE 2014 FINANCIAL YEAR
The report has been 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 for ensuring 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 submitted by the Company. This presumes that the Board addresses issues concerning internal control, regulatory compliance, material uncertainties in recognised values, any uncorrected errors, events after the statement of financial position date, changes to estimates and assessments, any determined irregularities 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 (with the exception of January and July) 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 an 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 2014, the Board conducted a review and received written reports from the Company's external auditors. Other established policies that provide the basis for internal control within Formpipe are the Financing Policy, Information Policy and IT Policy.

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's administrative procedures regarding invoicing

and agreement management. Statement of financial position and income items that carry material risk for errors arising are monitored also continuously. The items carrying such risk for Company operations include new sales and recurring revenues. The risk assessment is conducted regularly by senior executives and reported monthly to the Board by the CEO.

Control activities

Policies and guidelines define how correct accounting, reporting and provision of information shall take place and how control activities are to be performed. Formpipe follows its Financial Guidelines, which include treatment of control activities such as reconciliation, authorisation flows, account reconciliations, financial systems and comparative metrics. The control structure manages the risks that the Board deems material to internal control of 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 chains of command for significant decisions (such as new major customers, investments, agreements and similar) as well as auditing all financial reports that are presented.

Information and communication

The Company's steering documents, which are the policies, guidelines and manuals for internal and external communication, are updated regularly and communicated internally through appropriate channels, such as 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 is to 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 regularly by the Company. The Board of Directors meets at least once a year with the Company's auditors to review the current standing, without the CEO or other senior executives attending. The Board also ensures that the Company's auditors conduct a cursory review of the financial reporting from the third quarter. The Board annually assesses whether a separate internal audit function should be implemented at Formpipe. The current position of the Board on this issue is that the existing processes provide satisfactory management of this ongoing process and of internal control, and hence no formal internal auditing function has been implemented.

GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

The AGM resolved to approve the proposal of the Board for guidelines to remuneration for the Company's Chief Executive Officer and 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 2014 Annual General Meeting, or where a change in remuneration occurs thereafter. The Board has not appointed a remuneration committee: instead, the Board in its entirety deals with issues relating to remuneration and other conditions of employment.

The Company shall offer market-adjusted terms which allow the Company to recruit and retain skilled personnel. Remuneration to senior executives shall consist of basic salary, variable remuneration, a long-term incentive programme, pensions, severance terms and other customary benefits. The remuneration is based on the individual's commitment and performance in relation to targets defined in advance, both individual targets and shared targets for the Company as a whole. There is continuous evaluation of individual performance. The basic salary is usually reviewed once a year and must take into account the quality of the individual's performance. The basic salary for the Managing Director and other senior executives must be competitive. The variable remuneration shall take into account the individual's level of responsibility and degree of influence. The extent of the variable remuneration is related to the extent by which financial objectives established by the Group's Board of Directors are met. The variable remuneration shall constitute no more than 30 to 40 per cent in addition to the basic salary. All variable remuneration plans have defined maximum allocation and outcome limits. Reservation has been made in the annual accounts for variable remuneration attributable to 2014, and this will be paid soon after the 2015 AGM. The Company has stock-related incentive programmes directed at the entire staff (including the Chief Executive Officer and other senior executives) 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 termination of the employment of the Chief Executive Officer, six months' notice of termination and six months' severance pay will apply if the contract is terminated by the Company Other income which the Chief Executive Officer receives during the period for which severance pay is paid will be subtracted from the severance pay. If the Chief Executive Officer terminates the contract, six months' notice must be given. A mutual notice 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 30 per cent of the Company's shares ending up in the possession of one and the same shareholder, the Chief Executive Officer is entitled, upon termination of employment by the Company or the Chief Executive Officer, to special severance pay corresponding to twelve basic monthly salaries at the time notice is given. 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 to which the Chief Executive Officer is normally entitled according to his or her employment contract.

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

The guidelines proposed to the 2015 Annual General Meeting for remuneration to senior executives remain unchanged from 2014.

REMUNERATION

Remuneration to the Board

The 2014 AGM resolved that the total annual remuneration to the members of the Board for the current year shall be KSEK 725, of which KSEK 225 is for the Board Chair and KSEK 125 for each member (Note 7).

Remuneration to the CEO and senior executives

Christian Sundin's basic salary for 2014 was KSEK 1,980. The variable remuneration for 2014 in accordance with approved budgetary targets amounted to KSEK 597, along with a pension of KSEK 503. Other remuneration totalled KSEK 157 (Note 7).

Remuneration to other senior executives

Basic salary for other senior executives for 2014 was KSEK 17,258. Variable remuneration for the same period totalled KSEK 2,009 and pension contributions were KSEK 1,694. Other remuneration totalled KSEK 721 (Note 7).

Remuneration to the auditors

Remuneration to the auditors is made on account in accordance with the recommendations of the nomination committee. A total of KSEK 1,373 was paid in fees to the auditors and auditing company for 2014. 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's 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, 30 March 2015

Jack Spira
Member, Board of Directors

Staffan Torstensson
Member, Board of Directors

Kristina Lindgren
Member, Board of Directors

Bo Nordlander
Chair

Charlotte Hansson
Member, Board of Directors

Christian Sundin
Chief Executive Officer

Our audit report was submitted on 30 March 2015.
PricewaterhouseCoopers AB

Aleksander Lyckow
Authorised Public Accountant
Chief Auditor

Niklas Renström
Authorised Public Accountant

Auditor's 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 (publ.) for 2014. The Company's annual accounts and consolidated financial statements are included in the printed version of this document on pages 28 to 70.

Responsibilities of the Board of Directors and the Chief Executive Officer 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 have 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 as of 31 December 2014, and of its 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 at 31 December 2014, and of its 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 and 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 2014.

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 Board member or the CEO has in any other way acted in contravention of the Swedish Companies Act, the Annual Accounts Act or the Articles of Association.

We are of the opinion that the audit proof we have acquired is sufficient and appropriate as a basis for our statements.

Statements

We recommend to the annual meeting of shareholders that the profit be dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm, 30 March 2015
PricewaterhouseCoopers AB

Aleksander Lyckow
Authorised
Public Accountant
Chief Auditor

Niklas Renström
Authorised
Public Accountant

Board of Directors

BO NORDLANDER
Chairman
Elected: 2009
Date of birth 1956
Degree in business administration, School of Business, Economics and Law Stockholm
Shareholding: 318,159
Other board appointments: Board member at SIX Financial Information Sweden AB.

STAFFAN TORSTENSSON
Board member
Elected: 2005
Date of birth 1972
MBA, Jönköping International Business School
Shareholding: None
Other board appointments: Board member at Tuida Holding AB and Addvise Lab Solutions AB (publ).

CHARLOTTE HANSSON
Board member
Elected: 2014
Date of birth 1962
Bachelor's degree, biochemistry, Copenhagen University, Market economist (IHM)
Shareholding: 10,000
Other board appointments: B&B Tools AB, BE-Group AB, DistIT AB, Orio AB and RenoNorden ASA.

KRISTINA LINDGREN
Board member
Elected: 2013
Date of birth 1959
Shareholding: None
Other board appointments: None

JACK SPIRA
Board member
Elected: 2012
Date of birth 1953
Med. Dr., Karolinska Institutet
Shareholding: 10,115
Other board appointments: Board member at 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

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

Ole Skydtsgaard Nielsen
Director of Client Services

Eskil Thygesen
Director of Sales and Marketing

Anders Terp
Head of BA Input and Output Management

Ronny Schandorph
HR Director

SENIOR MANAGEMENT LIFE SCIENCES

Keith Williams
Managing Director of BA Life Sciences

Mark Stevens
Operations Director of BA Life Sciences

Jonathan Burd
Product Director of BA Life Sciences

CHRISTIAN SUNDIN
GROUP CEO
Date of birth 1971
Employed: 2006
Shareholding: 716,068
Share options: 456,214

JOAKIM ALFREDSON
GROUP CFO
Date of birth 1975
Employed: 2007
Shareholding: 580,853
Share options: 238,260

Definitions

INCOME STATEMENT

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

EBIT
Operating profit/loss.

SALES

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

System revenues
Total of all licence revenues and revenues from support and maintenance contracts.

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 aerage 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 cash equivalents, 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 a percentage of total assets.

CASH FLOW AND LIQUIDITY

Free cash flow
Cash flow from ongoing operations less cash flow from investment activities excluding business acquisitions.

Cash and cash equivalents
Cash and bank balances and short-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 year-end divided by average number of outstanding shares 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 Europe wide drugs supervisory authority.

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

EQMS
Electronic Quality Management System. Business systems which manage documents and processes for quality and regulatory compliance throughout the entire value chain. EQMS can be viewed as a platform for quality management which facilitates communication, control and cooperation across functional boundaries.

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

FPIP
The stock short name for Formpipe 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 the manufacturing of medical drugs, food and health supplements, including their packaging.

GxP
A generic term for various regulations followed by Life Sciences companies:
GCP – Good Clinical Practice
GDP – Good Distribution Practice
GLP – Good Laboratory Practice
GMP – Good Manufacturing Practice

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

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 widely in the pharmaceutical industry.

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

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