



Formpipe.

## Interim report January - December 2014

### PERIOD OCTOBER 1 – DECEMBER 31, 2014

- Net sales SEK 97.3 m (SEK 84.1 m)
- System revenue SEK 66.3 m (SEK 54.9 m)
- EBITDA SEK 28.9 m (SEK 20.5 m)
- EBITDA margin 29.7 % (24.4 %)
- EBIT 16.8 m (SEK 10.7 m)
- Net profit SEK 10.2 m (SEK 8.5 m)
- EPS before dilution SEK 0.19 (SEK 0.17)
- Cash flow from operating activities SEK 45.2 m (SEK 34.1 m)

### PERIOD JANUARY 1 – DECEMBER 31, 2014

- Net sales SEK 342.4 m (SEK 294.1 m)
- System revenue SEK 221.6 m (SEK 197.1 m)
- EBITDA SEK 78.2 m (SEK 64.6 m)
- EBITDA margin 22.8 % (22.0 %)
- EBIT 33.5 m (SEK 27.3 m)
- Net profit SEK 18.0 m (SEK 15.8 m)
- EPS before dilution SEK 0.34 (SEK 0.30)
- Cash flow from operating activities SEK 76.8 m (SEK 74.6 m)

### INCOME STATEMENT - SUMMARY

| (SEK Million)                              | okt-dec |      | jan-dec |       |
|--|---------|------|---------|-------|
|  | 2014    | 2013 | 2014    | 2013  |
| Net sales                                  | 97,3    | 84,1 | 342,4   | 294,1 |
| whereof recurring revenue                  | 40,2    | 37,6 | 158,7   | 146,3 |
| EBITDA                                     | 28,9    | 20,5 | 78,2    | 64,6  |
| EBIT - excluding acquisition related costs | 16,8    | 10,7 | 34,6    | 27,3  |
| EBIT                                       | 16,8    | 10,7 | 33,5    | 27,3  |

### COMMENTS FROM THE GROUP CEO

*We finish off a great year with an excellent final quarter, the strongest in the company's history. We have won many new deals, a number of framework agreements and extended several contracts with existing customers. It is particularly pleasing to note our achievements in the areas of e-archiving and Life Sciences.*

*For both the full year as for the last quarter, we have strengthened all our sales and profit figures. Our revenue growth of 16% generates an increase in profitability (EBITDA) of 21% for the year, and 41% for the quarter, demonstrating the scalability of our business model. This was achieved despite the fact that we have increased our operational costs by investing in the building up of our own delivery organization in Sweden and by establishing operations in the US and the Netherlands.*

*At the same time, we still see a lot of unrealized potential in our business. Mainly, we see potential for improvements in profitability in the Danish municipal market, in the area of e-archiving and for our offerings to the life science industry. During the latter part of 2014 we have improved all of these areas and expect a continued positive trend.*

*We have, for some time, expected more regarding e-archiving. During the fourth quarter we made a couple of deals in the area, but even more important is to note that*

*the first call-off from The Swedish Association of Local Authorities and Regions framework agreement has been made and that Formpipe won the deal (Mölnadal Municipality). This could be the starting point for municipalities when it comes to investing in e-archive.*

*We can once again conclude that our business model, with a large share of recurring revenues, generate strong cash flow (SEK 77 million). During the year we have, according to plan, made repayments for our loans and net debt now amounts to SEK 117 million (SEK 142 million).*

*In summary, 2014 was a good year in which we successfully improved our profitability and by that we have positioned ourselves for an even better 2015.*

### SIGNIFICANT EVENTS DURING THE PERIOD OCTOBER – DECEMBER 2014

#### ORDER FROM A SWEDISH AUTHORITY

*October 1*

Formpipe receives order on the ECM product W3D3 from a Swedish authority. The total order value amounts to SEK 1.1 million.

**ORDER FROM A SWEDISH MUNICIPALITY***October 2*

Formpipe receives a supplementary order on the ECM product W3D3 from a Swedish municipality. The total order value amounts to SEK 3.8 million.

**ORDER FROM A DANISH AUTHORITY***October 31*

The Danish Agency for Labour Market and Recruitment and Formpipe sign contract for the Grants Management product TAS. The total order value amounts to SEK 3.3 million for a duration of four years.

**ORDER FROM A SWEDISH MUNICIPALITY***November 21*

Formpipe receives a supplementary order on the ECM product W3D3 from a Swedish municipality. The total order value amounts to SEK 1.5 million.

**FORMPIPE ON FRAMEWORK AGREEMENT***November 27*

Formpipe has been selected as vendor on The Danish Prison & Probation Service framework agreement for IT Consultancy services. The framework agreement is valid for 4 years and has an estimated value between 35 and 45 million DKK.

**ORDER FROM A SWEDISH MUNICIPALITY***December 4*

The Municipality of Nacka announces, through a contract award decision, that it intends to sign an agreement with Formpipe regarding the ECM product Platina. After a standstill period for 10 days the contract was signed. The business value for Formpipe regarding license and maintenance, amounts to SEK 2.8 million over a four-year period.

**ORDER FROM A SWEDISH MUNICIPALITY***December 8*

Formpipe receives a supplementary order on the ECM product W3D3 from a Swedish municipality. The total order value amounts to SEK 3.7 million.

**ORDER ON CLOUD SERVICE FOR ARCHIVING***December 11*

Formpipe receives an order on the ECM product Long-Term Archive from the National Agency for Special Needs Education and Schools. The order value amounts to SEK 1.3 million over a two-year period.

**EXTENDED AGREEMENT WITH THE SWEDISH TAX AGENCY***December 15*

The Swedish Tax Agency extends their agreement regarding support and maintenance for the ECM product Platina. The value amounts to SEK 13.7 million over a five-year period.

**ORDER FROM A SWEDISH MUNICIPALITY***December 17*

Formpipe receives a supplementary order on the ECM product W3D3 from a Swedish municipality. The total order value amounts to SEK 1 million.

**ORDER FROM A SWEDISH MUNICIPALITY***December 18*

Formpipe receives a supplementary order on the ECM product W3D3 from a Swedish municipality. The total order value amounts to SEK 1 million.

**ORDER FROM A SWEDISH AUTHORITY***December 18*

Formpipe receives order on the ECM product W3D3 from a large Swedish authority. The order extends the authority's existing use of W3D3 as cloud service, the total order value amounts to SEK 1.5 million over a three-year period.

**ORDER FROM DANISH AUTHORITY***December 19*

Formpipe receives a supplementary order from a Danish authority regarding the product Digital Post by Formpipe and the development of an eGovernment solution. The order value amounts to SEK 8.9 million.

**ORDER FROM A SWEDISH AUTHORITY***December 19*

Formpipe receives an order on the ECM product Platina from a Swedish authority within the Swedish Defence. The total order value amounts to SEK 1.7 million.

**ORDER FROM A DANISH MUNICIPALITY***December 19*

The Danish municipality Hvidovre and Formpipe signs a contract regarding implementing and maintenance of the ECM product Acadre. The total order value amounts to SEK 5.3 million for a duration of four years.

**ORDER FROM FRESenius KABI***December 19*

Fresenius Kabi has signed a contract for Platina QMS to manage and streamline their quality documentation.

**ORDER FROM A DANISH MUNICIPALITY***December 19*

Formpipe receives a supplementary order on the ECM product Acadre from a Danish municipality. The total order value amounts to SEK 1 million.

**ORDER FROM A DANISH AUTHORITY***December 22*

Formpipe receives a supplementary order on the Grants Management product TAS from a Danish authority. The total order value amounts to SEK 2.2 million.

**ORDER FROM A DANISH AUTHORITY***December 22*

Formpipe receives a supplementary order on the Grants management product TAS from a Danish authority. The total order value amounts to SEK 1.8 million.

## **SIGNIFICANT EVENTS AFTER THE PERIOD OCTOBER-DECEMBER 2014**

### **RENEWED AGREEMENTS WITH DANISH AUTHORITY**

*January 16*

The Danish AgriFish agency renews five frame agreements regarding the development, configuration, support and maintenance of Formpipe's grants management solution TAP. The total value of the agreements is estimated to SEK 250 million over a four-year period.

### **MARKET**

According to the Radar Group, ECM continues to be a high priority investment area for companies and organizations. Greater regulatory requirements and effective information management as a means of competition are important driving forces that have a tendency to be continually strengthened in connection with the increased amount of information. The Danish and Swedish license markets for ECM software will, according to Gartner, amount to around SEK 840 (800) million in 2014, which is an increase of almost 5 percentage points.

Formpipe targets the markets for the public sector in Sweden and Denmark as well as the international market for life sciences.

### **PUBLIC SECTOR**

#### **DANISH PUBLIC SECTOR**

The Danish public sector is the largest individual market for Formpipe. Formpipe is the market leader in the public sector and has a broad product offering with associated services within the ECM area (document and message management, payment handling and self-services / modes of cooperation). The Danish public sector is a model for efficient and digital public administration in Europe and has an express focus on investing in IT support in order to boost its internal efficiency.

#### **SWEDISH PUBLIC SECTOR**

Formpipe has a broad product offering within the framework for ECM to the Swedish public sector for compliance with regulatory requirements and to facilitate efficient and digital public administration. In the future, the company believes, as do external analysis companies, that the need for more efficient management will mean that the Swedish public sector will continue to invest in existing or new IT systems in order to realize its potential.

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

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

- Ever increasing squeeze on financial conditions.

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

### **LIFE SCIENCE**

Within the private sector, the company's efforts are focused strongly on becoming an established supplier of quality management related services (remediation, audit, QMS) and software systems (document, training record and forms processing management) to the life science sector. Like the public sector, this sector has strict regulatory requirements. The market is strictly regulated by the national regulations of the market that the product or service is to be submitted to (in the US the regulator is the Food and Drug Administration (FDA), in the European Union it is the EMEA, etc). For multi-national companies or companies working in multiple markets it makes the segment more complex and opens up an export market that is far larger than the primary markets.

The market for ECM products for Life Sciences is set to grow at the mid-tier (200-1000 users) as these companies take on more of the traditional large Pharma business. At the large Pharma (>1000 users) level there is a move to replace multiple departmental systems with integrated end-to-end enterprise systems that are more cost effective to manage and maintain. There is also growth in the 'Service Provider' companies to Life Sciences as they become key to the supply chain and need compliant electronic Quality systems to manage their activities and meet the necessary standards of the sector.

In addition to the strict FDA regulatory framework the Life Sciences sector in the US, the segment prefer to be serviced by a presence in the US due to a combination of data security and time zone offset from Europe. The US remains one of the strongest areas of development and demand for Life Sciences' products and is a key market for Formpipe's Life Science growth.

### **THE FUTURE**

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

offering to this sector. The life science market is faced with the same regulatory requirements regardless of geographical location, which creates a very large international market. The company's strategy with focus on the public sector and Life Science creates good opportunities to be able to efficiently develop market-leading offerings and need sector-specific requirements.

The board believes that Formpipe, which is one of the largest European-based ECM suppliers, is well-positioned with a stable customer base, a high share of recurring revenue and a focus on customer segments with a high need for ECM solutions. At the same time, the board considers that the ECM market is a sector undergoing consolidation and views acquisitions as a good complement to organic growth.

## FINANCIAL INFORMATION

### REVENUE

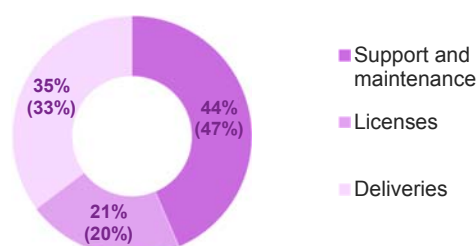
#### OCTOBER – DECEMBER 2014

Net sales for the period totaled SEK 97.3 million (84.1 million), which corresponds to an increase of 16 %. System revenue increased by 21 % from the previous year and totaled SEK 66.3 million (54.9 million). Total recurring revenue for the period increased by 7 % from the previous year and totaled SEK 40.2 million (37.6 million), which is equivalent to 41 % of net sales. Exchange rate effects have affected net sales positively by SEK 3.0 million in comparison with the previous year.

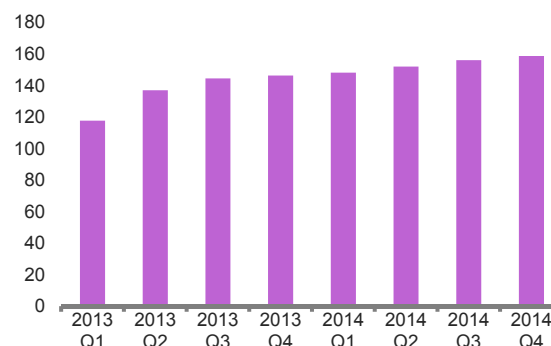
#### JANUARY – DECEMBER 2014

Net sales for the period totaled SEK 342.4 million (294.1 million), which corresponds to an increase of 16 %. System revenue increased by 12 % from the previous year and totaled SEK 221.6 million (197.1 million). Total recurring revenue for the period increased by 8 % from the previous year and totaled SEK 158.7 million (146.3 million), which is equivalent to 46 % of net sales. Exchange rate effects have affected net sales positively by SEK 11.4 million in comparison with the previous year.

#### Breakdown of sales, Jan – Dec 2014



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



### COSTS

#### OCTOBER – DECEMBER 2014

The operating costs for the period increased by 10 % and totaled SEK 80.5 million (73.4 million). Personnel costs increased by 20 % and totaled SEK 56.3 million (46.7 million). Selling expenses totaled SEK 6.8 million (9.7 million). Other costs totaled SEK 16.7 million (15.7 million).

#### JANUARY – DECEMBER 2014

The operating costs for the period increased by 16 % and totaled SEK 309.0 million (266.8 million). Personnel costs increased by 14 % and totaled SEK 196.3 million (171.6 million). Selling expenses totaled SEK 42.6 million (29.9 million). Other costs totaled SEK 26.5 million (57.8 million). Acquisition-related costs of SEK 1.2 million (- million) are charged to the period.

### EARNINGS

#### OCTOBER – DECEMBER 2014

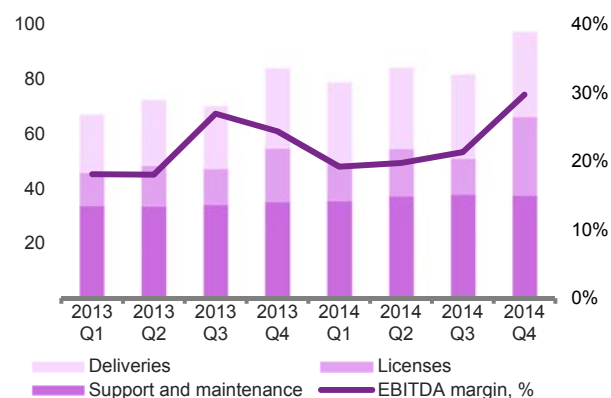
Operating profit before depreciation and amortization and acquisition-related costs (EBITDA) totaled SEK 28.9 million (20.5 million) with an EBITDA margin of 29.7 % (24.4 %). Operating profit (EBIT) totaled SEK 16.8 million (10.7 million) with an operating margin of 17.3 % (12.8 %). Net profit totaled SEK 10.2 million (8.5 million). Exchange rate effects have affected EBITDA positively by SEK 1.0 million in comparison with the previous year.

#### JANUARY – DECEMBER 2014

Operating profit before depreciation and amortization and acquisition-related costs (EBITDA) totaled SEK 78.2 million (64.6 million) with an EBITDA margin of 22.8 % (22.0 %). Operating profit (EBIT) totaled SEK 33.5 million (27.3 million) with an operating margin of 9.8 % (9.3 %). Acquisition-related costs of SEK 1.2 million (- million) are included in the EBIT. Net profit totaled SEK 18.0 million (15.8 million). Exchange rate effects have affected EBITDA positively by SEK 2.3 million in comparison with the previous year.



### Sales and EBITDA margin, SEKm



## FINANCIAL POSITION AND LIQUIDITY

### CASH EQUIVALENTS

Cash and cash equivalents at the end of the period amounted to SEK 26.0 million (20.3 million). The company had interest-bearing debt at the end of the period totaling SEK 142.9 (161.8) million. The company's net interest-bearing debt thereby totaled SEK 116.9 million (141.5 million).

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

### DEFERRED TAX ASSET

By the end of the period the company's deferred tax assets attributable to accumulated losses amounted to SEK 25.3 million (SEK 27.9 million).

### EQUITY

Equity at the end of the period amounted to SEK 306.4 million (264.1 million), which was equivalent to SEK 6.11 (5.40) per outstanding share at the end of the period. The weakening of the Swedish krona has strengthened the value of the group's net assets in foreign currencies by SEK 17.4 million (8.7 million) from the end of the year.

### EQUITY RATIO

The equity ratio at the end of the period was 47 % (45 %).

## CASH FLOW

### CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities for the period January - December totaled SEK 76.8 million (74.6 million).

### INVESTMENTS AND ACQUISITIONS

Total investments for the period January - December amounted to SEK 50.2 million (37.4 million), of which investments affecting cash flow totaled SEK 45.5 million (34.2 million).

The acquisition of GXP Ltd. has affected the cash flow negatively by SEK 7.3 million (- million)

Investments in intangible assets totaled SEK 40.2 million (35.5 million) and refer to capitalized product development costs.

Investments in tangible assets totaled SEK 2.7 million (1.9 million).

### FINANCING

During the period January - December the company has amortized SEK 26.5 million (24.4 million) and the interest-bearing debt amounted to SEK 142.9 million (161.8 million) at the end of the period.

During the period January - December the company has issued warrants directed to the staff for a total value of SEK 0.5 million (0.7 million).

## ALLOCATION OF INCOME

Formpipe's goal is to, over time, pay dividends to shareholders at an average of 30-50 percent of the company's profit after tax. Given the net debt the Company is prioritizing amortizations ahead of dividends for the financial year 2014. The net debt, however, is approaching levels where we believe that we in future periods will be able to combine dividends to our shareholders with repayments of debt.

The Board proposes the AGM on 24 April 2015 to approve that retained earnings is carried forward in its entirety.

## OTHER

### EMPLOYEES

The number of employees at the end of the reporting period totaled 245 persons (226 persons).

### RISKS AND UNCERTAINTY FACTORS

The significant risk and uncertainty factors for the group and the parent company, which include business and financial risks, are described in the annual report for the last financial year.

### TRANSACTIONS WITH RELATED PARTIES

No transactions with related parties have occurred during the period

### ACCOUNTING POLICIES

The group's financial reports are prepared in accordance with International Financial Reporting Standards (IFRS) in the way in which they have been adopted by the European Union, the Swedish Annual Accounts Act, RFR 1 Additional Accounting Regulations for Groups issued by the Swedish Financial Reporting Board and in accordance with the regulations that the Stockholm Stock Exchange stipulates for companies listed on Nasdaq OMX Stockholm. Preparing financial reports in accordance with

IFRS requires that the company management makes accounting evaluations and estimates and makes assumptions that affect the application of the accounting policies and the reported values of assets, liabilities, income and costs. The actual result can differ from these estimates and evaluations. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The most important accounting policies according to IFRS, which constitute the accounting standard for the preparation of this interim report, are stated in the company's most recently published annual report. The financial reports of the parent company have been prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities issued by the Swedish Financial Reporting Board. The same accounting policies and methods of calculation have been applied in the interim report and in the most recent annual report.

#### **ABOUT FORMPIPE**

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

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

#### **CALENDAR FOR FINANCIAL INFORMATION**

|                  |                        |
|------------------|------------------------|
| April 23, 2015   | Interim report Jan-Mar |
| April 24, 2015   | Annual general meeting |
| August 18, 2015  | Interim report Jan-Jun |
| October 27, 2015 | Interim report Jan-Sep |

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

The Annual report and accounts will be available for shareholders on Formpipe's website [www.formpipe.se](http://www.formpipe.se) and at the head office at Sveavägen 168 in Stockholm, in week 14, 2015.

#### **FINANCIAL INFORMATION**

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

#### **CONTACT INFORMATION**

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

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Stockholm February 10, 2015  
Formpipe Software AB  
The Board of Directors and the Managing Director

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

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**CONSOLIDATED INCOME STATEMENT SUMMARY**

| (SEK 000)  | okt-dec       |               | jan-dec        |                |
|--|---------------|---------------|----------------|----------------|
|  | 2014          | 2013          | 2014           | 2013           |
| <b>Net Sales</b>   | <b>97 312</b> | <b>84 078</b> | <b>342 445</b> | <b>294 132</b> |
| Sales expenses   | -6 841        | -9 661        | -42 604        | -29 897        |
| Other costs  | -16 733       | -15 710       | -62 537        | -57 757        |
| Personell costs  | -56 254       | -46 685       | -196 307       | -171 586       |
| Capitalized work for own account   | 11 410        | 8 459         | 37 154         | 29 739         |
| <b>Operating profit/loss before depreciation/amortization and non-comparative items (EBITDA)</b>       | <b>28 896</b> | <b>20 480</b> | <b>78 151</b>  | <b>64 631</b>  |
| Acquisition-related costs  | -             | -             | -1 167         | -              |
| Depreciation/amortization  | -12 066       | -9 753        | -43 502        | -37 316        |
| <b>Operating profit/loss (EBIT)</b>  | <b>16 829</b> | <b>10 727</b> | <b>33 482</b>  | <b>27 315</b>  |
| Financial income and expenses  | -1 328        | -1 890        | -7 222         | -7 732         |
| Exchange rate differences  | -1 085        | -232          | -1 610         | -736           |
| Tax  | -4 250        | -73           | -6 607         | -3 071         |
| <b>Net profit for the period</b>   | <b>10 166</b> | <b>8 531</b>  | <b>18 042</b>  | <b>15 776</b>  |
| <u>Of which the following relates to:</u>  |               |               |                |                |
| Parent company shareholders  | 9 715         | 8 087         | 17 000         | 14 706         |
| Shareholding with no controlling influence   | 451           | 444           | 1 042          | 1 071          |
| <u>Other comprehensive income</u>  |               |               |                |                |
| Translation differences  | 9 604         | 7 091         | 17 371         | 8 656          |
| Other comprehensive income for the period, net after tax   | 9 604         | 7 091         | 17 371         | 8 656          |
| <b>Total comprehensive income for the period</b>   | <b>19 770</b> | <b>15 622</b> | <b>35 413</b>  | <b>24 432</b>  |
| <u>Of which the following relates to:</u>  |               |               |                |                |
| Parent company shareholders  | 19 319        | 15 177        | 34 371         | 23 362         |
| Shareholding with no controlling influence   | 451           | 444           | 1 042          | 1 071          |
| <i>EBITDA margin, %</i>  | <i>29,7%</i>  | <i>24,4%</i>  | <i>22,8%</i>   | <i>22,0%</i>   |
| <i>EBIT margin, %</i>  | <i>17,3%</i>  | <i>12,8%</i>  | <i>9,8%</i>    | <i>9,3%</i>    |
| <i>Profit margin, %</i>  | <i>10,4%</i>  | <i>10,1%</i>  | <i>5,3%</i>    | <i>5,4%</i>    |
| Earnings per share attributable to the parent company's shareholders during the period (SEK per share) |               |               |                |                |
| - before dilution  | 0,19          | 0,17          | 0,34           | 0,30           |
| - after dilution   | 0,19          | 0,17          | 0,34           | 0,30           |
| Average no. of shares before dilution, in 000  | 50 143        | 48 935        | 49 539         | 48 935         |
| Average no. of shares after dilution, in 000   | 50 143        | 48 935        | 49 539         | 48 935         |

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

## CONSOLIDATED BALANCE SHEET SUMMARY

| (SEK 000)                                  | 31 dec         |                |
|--|----------------|----------------|
|  | 2014           | 2013           |
| Intangible assets                          | 510 203        | 449 414        |
| Tangible assets                            | 4 217          | 2 935          |
| Financial assets                           | 1 432          | 1 351          |
| Deferred tax asset                         | 25 292         | 27 936         |
| Current assets (excl. cash equivalents)    | 91 334         | 90 035         |
| Cash equivalents                           | 26 035         | 20 269         |
| <b>TOTAL ASSETS</b>                        | <b>658 513</b> | <b>591 940</b> |
| Equity                                     | 306 448        | 264 060        |
| Shareholding with no controlling influence | 3 829          | 2 787          |
| Long-term liabilities                      | 162 515        | 156 621        |
| Current liabilities                        | 185 721        | 168 472        |
| <b>TOTAL EQUITY AND LIABILITIES</b>        | <b>658 513</b> | <b>591 940</b> |
| Net interest-bearing debt (-) / cash (+)   | -116 892       | -141 533       |

## CHANGES IN CONSOLIDATED EQUITY

| (SEK 000)                            | Equity attributable to the parent company's shareholders |                           |                      |                             |                | Shareholdings with no controlling influence |                |
|--------------------------------------|--|---------------------------|----------------------|-----------------------------|----------------|---|----------------|
|                                      | Share capital  | Other contributed capital | Translation reserves | Profit/loss brought forward | Total          | influence                                   | Total          |
| <b>Balance at January 1, 2013</b>    | <b>4 893</b>   | <b>177 908</b>            | <b>-11 357</b>       | <b>68 595</b>               | <b>240 039</b> | <b>1 716</b>                                | <b>241 755</b> |
| <b>Comprehensive income</b>          |  |                           |                      |                             |                |   |                |
| Net profit for the period            | -  | -                         | -                    | 14 706                      | 14 706         | 1 071                                       | 15 776         |
| Other comprehensive income items     | -  | -                         | 8 656                | -                           | 8 656          | -   | 8 656          |
| <b>Total comprehensive income</b>    | <b>-</b>   | <b>-</b>                  | <b>8 656</b>         | <b>14 706</b>               | <b>23 362</b>  | <b>1 071</b>                                | <b>24 432</b>  |
| <b>Transaction with owners</b>       |  |                           |                      |                             |                |   |                |
| Employee warrant schemes             | -  | 660                       | -                    | -                           | 660            | -   | 660            |
| <b>Total transaction with owners</b> | <b>-</b>   | <b>660</b>                | <b>-</b>             | <b>-</b>                    | <b>660</b>     | <b>-</b>                                    | <b>660</b>     |
| <b>Balance at December 31, 2013</b>  | <b>4 893</b>   | <b>178 568</b>            | <b>-2 701</b>        | <b>83 300</b>               | <b>264 060</b> | <b>2 787</b>                                | <b>266 847</b> |
| <b>Balance at January 1, 2014</b>    | <b>4 893</b>   | <b>178 568</b>            | <b>-2 701</b>        | <b>83 301</b>               | <b>264 060</b> | <b>2 787</b>                                | <b>266 847</b> |
| <b>Comprehensive income</b>          |  |                           |                      |                             |                |   |                |
| Net profit for the period            | -  | -                         | -                    | 17 000                      | 17 000         | 1 042                                       | 18 042         |
| Other comprehensive income items     | -  | -                         | 17 371               | -                           | 17 371         | -   | 17 371         |
| <b>Total comprehensive income</b>    | <b>-</b>   | <b>-</b>                  | <b>17 371</b>        | <b>17 000</b>               | <b>34 371</b>  | <b>1 042</b>                                | <b>35 413</b>  |
| <b>Transaction with owners</b>       |  |                           |                      |                             |                |   |                |
| Share issue                          | 121  | 7 446                     | -                    | -                           | 7 567          | -   | 7 567          |
| Employee warrant schemes             | -  | 450                       | -                    | -                           | 450            | -   | 450            |
| <b>Total transaction with owners</b> | <b>121</b>   | <b>7 896</b>              | <b>-</b>             | <b>-</b>                    | <b>8 017</b>   | <b>-</b>                                    | <b>8 017</b>   |
| <b>Balance at December 31, 2014</b>  | <b>5 014</b>   | <b>186 464</b>            | <b>14 670</b>        | <b>100 301</b>              | <b>306 448</b> | <b>3 829</b>                                | <b>310 277</b> |

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## CASH FLOW STATEMENT SUMMARY

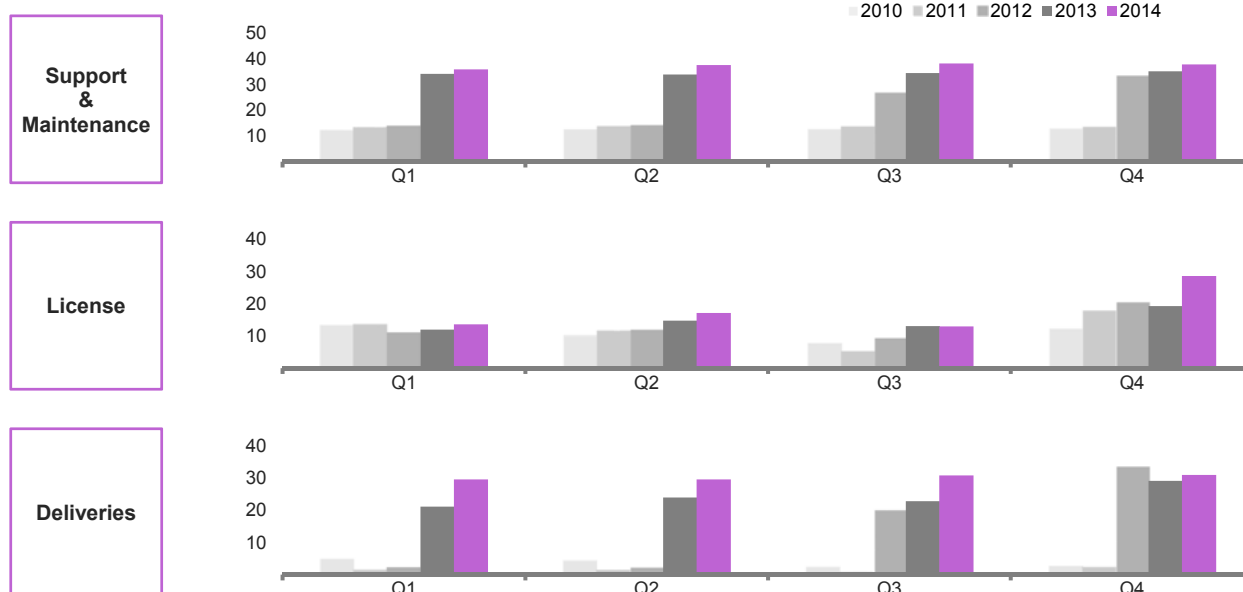
| (SEK 000)   | okt-dec       |               | jan-dec       |               |
|---|---------------|---------------|---------------|---------------|
|   | 2014          | 2013          | 2014          | 2013          |
| Cash flow from operating activities<br>before working capital changes | 33 120        | 20 323        | 65 856        | 57 039        |
| Cash flow from working capital changes                                | 12 115        | 13 787        | 10 957        | 17 586        |
| <b>Cash flow from operating activities</b>                            | <b>45 235</b> | <b>34 110</b> | <b>76 813</b> | <b>74 625</b> |
| Cash flow from investing activities                                   | -15 173       | -12 780       | -45 505       | -34 178       |
| <i>Of which acquisition of business activities</i>                    | -             | -4 134        | -7 345        | -4 134        |
| Cash flow from financing activities                                   | -11 179       | -6 881        | -26 097       | -23 751       |
| <b>Cash flow for the period</b>                                       | <b>18 883</b> | <b>14 449</b> | <b>5 211</b>  | <b>16 696</b> |
| <b>Change in cash and cash equivalent</b>                             |               |               |               |               |
| Cash and cash equivalent at the beginning of the period               | 6 846         | 5 871         | 20 269        | 3 636         |
| Translation differences   | 305           | -51           | 555           | -63           |
| Cash flow for the period  | 18 883        | 14 449        | 5 211         | 16 696        |
| <b>Cash and cash equivalent at the end of the period</b>              | <b>26 035</b> | <b>20 269</b> | <b>26 035</b> | <b>20 269</b> |
| Free cash flow  | 30 062        | 25 464        | 38 653        | 44 581        |

## 8 QUARTERS IN SUMMARY

| (SEK 000)                        | 2013 Q1       | 2013 Q2       | 2013 Q3       | 2013 Q4       | 2014 Q1       | 2014 Q2       | 2014 Q3       | 2014 Q4       |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Support and maintenance          | 34 077        | 33 838        | 34 393        | 35 425        | 35 815        | 37 519        | 38 101        | 37 748        |
| Licenses                         | 12 022        | 14 783        | 13 094        | 19 465        | 13 649        | 17 178        | 12 977        | 28 600        |
| System revenue                   | 46 099        | 48 620        | 47 487        | 54 891        | 49 465        | 54 697        | 51 078        | 66 348        |
| <i>whereof recurring revenue</i> | 36 209        | 35 952        | 36 566        | 37 574        | 38 017        | 39 865        | 40 554        | 40 242        |
| Deliveries                       | 21 105        | 23 933        | 22 810        | 29 187        | 29 540        | 29 549        | 30 804        | 30 964        |
| <b>Net sales</b>                 | <b>67 204</b> | <b>72 553</b> | <b>70 297</b> | <b>84 078</b> | <b>79 005</b> | <b>84 246</b> | <b>81 882</b> | <b>97 312</b> |
| Sales expenses                   | -6 892        | -6 720        | -6 625        | -9 661        | -10 343       | -12 181       | -13 239       | -6 841        |
| Other costs                      | -12 827       | -15 258       | -13 962       | -15 710       | -15 151       | -15 304       | -15 350       | -16 733       |
| Personnel costs                  | -42 155       | -44 656       | -38 090       | -46 685       | -46 527       | -48 810       | -44 717       | -56 254       |
| Capitalized development costs    | 6 825         | 7 153         | 7 302         | 8 459         | 8 187         | 8 674         | 8 882         | 11 410        |
| Total operating expenses         | -55 048       | -59 481       | -51 374       | -63 598       | -63 834       | -67 620       | -64 423       | -68 417       |
| <b>EBITDA</b>                    | <b>12 156</b> | <b>13 073</b> | <b>18 922</b> | <b>20 480</b> | <b>15 171</b> | <b>16 626</b> | <b>17 458</b> | <b>28 896</b> |
| %                                | 18,1%         | 18,0%         | 26,9%         | 24,4%         | 19,2%         | 19,7%         | 21,3%         | 29,7%         |
| Items affecting comparability    | -             | -             | -             | -             | -             | -500          | -667          | -             |
| Depreciation/amortization        | -8 936        | -9 087        | -9 540        | -9 753        | -9 851        | -10 115       | -11 470       | -12 066       |
| <b>EBIT</b>                      | <b>3 220</b>  | <b>3 986</b>  | <b>9 382</b>  | <b>10 727</b> | <b>5 320</b>  | <b>6 011</b>  | <b>5 322</b>  | <b>16 829</b> |
| %                                | 4,8%          | 5,5%          | 13,3%         | 12,8%         | 6,7%          | 7,1%          | 6,5%          | 17,3%         |

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## SALES ANALYSIS BY QUARTER



## SEGMENT SUMMARY

Apart from the acquisition of GXP Ltd., disclosed in a separate note, there have been no material changes to the segments' assets during the period. The acquired company does not fulfill the requirements put forward under IFRS 8 to form a segment on its own why it has been included in the segment Sweden below.

| (SEK 000)  | jan-dec 2014   |                |               |                |
|--|----------------|----------------|---------------|----------------|
|  | Sweden         | Denmark        | Eliminations  | Group          |
| Sales, external  | 134 698        | 207 747        | -             | 342 445        |
| Sales, internal  | 392            | 3 308          | -3 700        | -              |
| <b>Total sales</b>   | <b>135 090</b> | <b>211 055</b> | <b>-3 700</b> | <b>342 445</b> |
| Costs, external  | -98 497        | -165 797       | -             | -264 294       |
| Costs, internal  | -3 308         | -392           | 3 700         | -              |
| <b>Operating profit/loss before depreciation/amortization and one-off items (EBITDA)</b> | <b>33 285</b>  | <b>44 866</b>  | <b>-</b>      | <b>78 151</b>  |
| %  | 24,6%          | 21,3%          |               | 22,8%          |

| (SEK 000)  | jan-dec 2013   |                |               |                |
|--|----------------|----------------|---------------|----------------|
|  | Sweden         | Denmark        | Eliminations  | Group          |
| Sales, external  | 110 314        | 183 818        | -             | 294 132        |
| Sales, internal  | 804            | 3 411          | -4 215        | -              |
| <b>Total sales</b>   | <b>111 118</b> | <b>187 229</b> | <b>-4 215</b> | <b>294 132</b> |
| Costs, external  | -83 122        | -146 379       | -             | -229 501       |
| Costs, internal  | -3 411         | -804           | 4 215         | -              |
| <b>Operating profit/loss before depreciation/amortization and one-off items (EBITDA)</b> | <b>24 585</b>  | <b>40 046</b>  | <b>-</b>      | <b>64 631</b>  |
| %  | 22,1%          | 21,4%          |               | 22,0%          |

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**NUMBER OF SHARES**

|  | 2010-01-01        | 2011-01-01        | 2012-01-01        | 2013-01-01        | 2014-01-01        |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
|  | 2010-12-31        | 2011-12-31        | 2012-12-31        | 2013-12-31        | 2014-12-31        |
| Number of outstanding shares at the beginning of the period  | 11 736 181        | 12 004 504        | 12 233 647        | 48 934 588        | 48 934 588        |
| Share issue  | 268 323           | 229 143           | 36 700 941        | -                 | -                 |
| Non-cash issue   | -                 | -                 | -                 | -                 | 1 208 814         |
| <b>Number of outstanding shares at the end of the period</b> | <b>12 004 504</b> | <b>12 233 647</b> | <b>48 934 588</b> | <b>48 934 588</b> | <b>50 143 402</b> |

**KEY RATIOS FOR THE GROUP**

|  | jan-dec |         |
|--|---------|---------|
|  | 2014    | 2013    |
| Net sales, SEK 000   | 342 445 | 294 132 |
| EBITDA, SEK 000  | 78 151  | 64 631  |
| EBIT, SEK 000  | 33 482  | 27 315  |
| Net profit for the period, SEK 000                         | 18 042  | 15 776  |
| EBITDA margin, %   | 22,8%   | 22,0%   |
| EBIT margin, %   | 9,8%    | 9,3%    |
| Profit margin, %   | 5,3%    | 5,4%    |
| Return on equity, %*                                       | 6,0%    | 5,8%    |
| Return on working capital, %*                              | 8,0%    | 6,6%    |
| Equity ratio, %  | 47%     | 45%     |
| Equity per outstanding share at the end of the period, SEK | 6,11    | 5,40    |
| Earnings per share - before dilution, SEK                  | 0,34    | 0,30    |
| Earnings per share - after dilution, SEK                   | 0,34    | 0,30    |
| Share price at the end of the period, SEK                  | 6,10    | 5,55    |

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

**PARENT COMPANY INCOME STATEMENT SUMMARY**

| (SEK 000)                                     | okt-dec       |               | jan-dec        |                |
|---|---------------|---------------|----------------|----------------|
|   | 2014          | 2013          | 2014           | 2013           |
| <b>Net sales</b>                              | <b>27 392</b> | <b>21 235</b> | <b>35 358</b>  | <b>28 307</b>  |
| Operating expenses                            |               |               |                |                |
| Sales expenses                                | 176           | 567           | -1 753         | -596           |
| Other costs                                   | -426          | -7            | -9 164         | -8 819         |
| Personnel costs                               | -11 279       | -8 308        | -34 105        | -28 277        |
| Depreciation/amortization                     | -459          | -407          | -1 701         | -1 027         |
| Total operating expenses                      | -11 988       | -8 156        | -46 723        | -38 720        |
| <b>Operating profit/loss</b>                  | <b>15 403</b> | <b>13 079</b> | <b>-11 366</b> | <b>-10 413</b> |
| Result from participations in group companies | 18 155        | 10 760        | 18 155         | 13 627         |
| Other financial items                         | -818          | 88            | -1 829         | -63            |
| Tax   | -1 458        | 2 902         | -1 458         | 2 902          |
| <b>Net profit for the period</b>              | <b>31 282</b> | <b>26 829</b> | <b>3 502</b>   | <b>6 053</b>   |

**PARENT COMPANY BALANCE SHEET SUMMARY**

| (SEK 000)                               | 31 dec         |                |
|---|----------------|----------------|
|   | 2014           | 2013           |
| Intangible assets                       | 4 466          | 5 171          |
| Tangible assets                         | 1 279          | 720            |
| Financial assets                        | 450 278        | 423 741        |
| Deferred tax asset                      | 6 440          | 7 898          |
| Current assets (excl. cash equivalents) | 23 461         | 17 843         |
| Cash and bank balances                  | 21 232         | 15 256         |
| <b>TOTAL ASSETS</b>                     | <b>507 157</b> | <b>470 629</b> |
| Restricted equity                       | 22 705         | 22 584         |
| Non-restricted equity                   | 204 065        | 192 667        |
| Total equity                            | 226 770        | 215 251        |
| Long-term liabilities                   | 139 195        | 134 105        |
| Current liabilities                     | 141 191        | 121 273        |
| <b>TOTAL EQUITY AND LIABILITIES</b>     | <b>507 157</b> | <b>470 629</b> |

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## BUSINESS COMBINATIONS

In order to strengthen Formpipe's position in the Life Science industry, the British company GXP Ltd. (GXPI) was acquired July 1. GXPI is an established provider of compliance advisory and solutions for the life science industry. The acquisition was for 100 % of the shares in GXPI and has impacted the group balance sheet and cash position as specified below. The earn-out is valued at 57 % of the maximum. 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). Had the acquisition taken place on January 1, 2014 GXPI would have contributed a total of MSEK 16.3 in sales and MSEK -1.0 in EBITDA.

Goodwill has been recognised, consisting of synergies and staff. Fair value adjustments have been made to the book values represented by the excess price embedded in the purchase price and attributed to customer relationships, brand names and existing technology. The adjustments also consider the effect on deferred tax. No portion of the recognised goodwill is anticipated to be income tax deductible.

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

### Acquisition balance sheet and purchase price specification

| <b>(SEK '000)</b>                           | <b>Book<br/>value</b> | <b>Fair<br/>value</b> |
|---|-----------------------|-----------------------|
| Tangible assets                             | 407                   | 407                   |
| Intangible assets                           | -                     | 10 572                |
| Trade and other receivables                 | 3 929                 | 3 929                 |
| Cash and cash equivalents                   | 2 697                 | 2 697                 |
| Trade payables and other liabilities        | -4 609                | -4 609                |
| Deferred tax                                | -                     | -2 114                |
| <b>Acquired net assets</b>                  | <b>2 424</b>          | <b>10 882</b>         |
| Goodwill                                    |                       | 29 633                |
| <b>Total purchase price</b>                 |                       | <b>40 514</b>         |
| - Not yet paid out earn-out                 |                       | -22 905               |
| - Consideration in shares issued in kind    |                       | -7 567                |
| - Existing cash in the acquired business    |                       | -2 697                |
| <b>Changes to group cash at acquisition</b> |                       | <b>7 345</b>          |



## DEFINITIONS

### SYSTEM REVENUE

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

### RECURRING REVENUE

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

### EBITDA

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

### EBIT

Operating profit/loss

### FREE CASH FLOW

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

### EQUITY PER SHARE

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

### RETURN ON EQUITY

Profit/loss after tax as a percentage of average equity

### RETURN ON WORKING CAPITAL

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

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

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

### OPERATING MARGIN (EBIT MARGIN)

Operating profit/loss as a percentage of net sales.

### PROFIT MARGIN

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

### EQUITY RATIO

Equity as a percentage of the balance sheet total.

### EARNINGS PER SHARE - BEFORE DILUTION

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

### EARNINGS PER SHARE - AFTER DILUTION

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