ANNUAL REPORT 2015

Formpipe.

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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and on info.se@formpipe.com

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DISTRIBUTION POLICY

The 2015 Annual Report shall be sent to major shareholders shortly before the AGM.

The annual report is also available as a PDF for download at www.formpipe.se

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.

CALENDAR

Interim report January–March
19 April 2016

Annual General Meeting
21 April 2016

Interim report January–June
12 July 2016

Interim report January–September
25 October 2016

Formpipe.

Formpipe in brief

Formpipe develops and provides high quality information management software and solutions. The company focuses on enterprise content management (ECM) products for document and records management, archiving, preservation and input and output data management. 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

	2015	2014
Net sales, MSEK	349.3	307.0
System revenues, MSEK	236.0	215.7
EBITDA, MSEK	73.7	65.1
Operating profit, MSEK	21.7	23.7
Profit after tax, MSEK	9.4	8.2
Earnings per share	0.17	0.17

SALES

+14%

Sales increased by 13.8 per cent to MSEK 349.3

RECURRING REVENUES

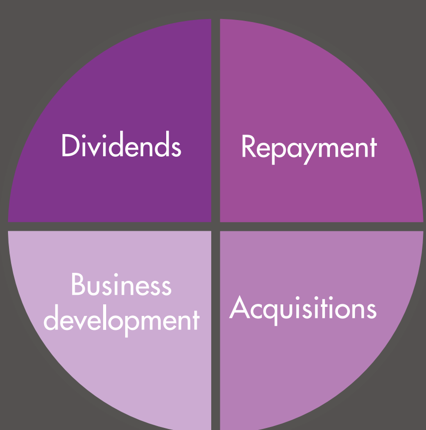
45%

45 per cent of revenues are recurring

CASH FLOW

MSEK 69

Positive cash flow from operating income of MSEK 68.8



FORMPIPE'S REDUCED DEBT LEVEL PROVIDES GREATER ROOM TO MANOEUVRE

Q1

- A strong beginning with all key ratios better than the year before.
- The Life Science business area begins strong, with a new order from a British pharmaceutical company.

Q2

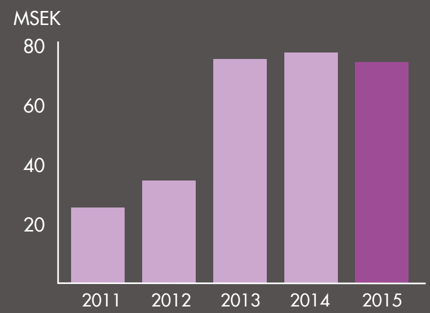
- A good continuation and new business in strategically important areas.
- Formpipe's newly established U.S. office generates its first Life Science order.
- A breakthrough for the company's product Platina for the Danish public sector through a deal with the Danish Prosecution Authority.
- Formpipe wins another large agreement with the Long-Term Archive.

Q3

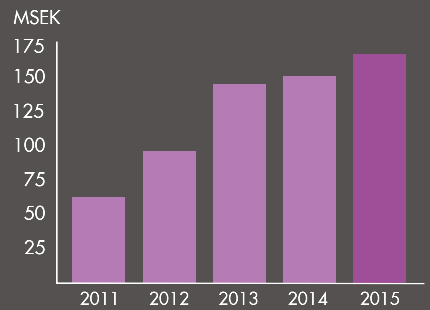
- Sales to the Swedish public sector are Formpipe's best ever for the third quarter.
- A restructuring programme is begun with regard to the company's area of operation for customer-specific consulting services in Denmark.
- The newly launched product for mobile meeting administration, developed for compatibility with Formpipe's main products, is sold to the existing municipal customers in both Denmark and Sweden.

Q4

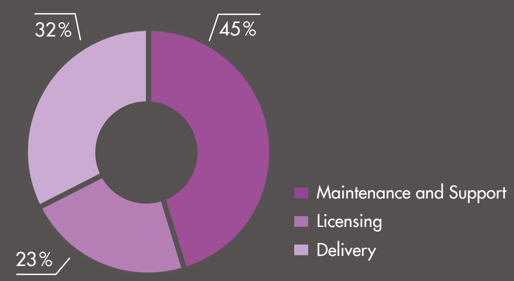
- Lasernet gains ground, sales increase in part by taking advantage of the growing sale of the ERP system Microsoft Dynamics AX, with which Lasernet is closely integrated.
- The area of operations for customer-specific consulting services in Denmark is divested.
- Right after the end of the period, Formpipe wins a deal with the City of Stockholm, a contract of large business value over several years.



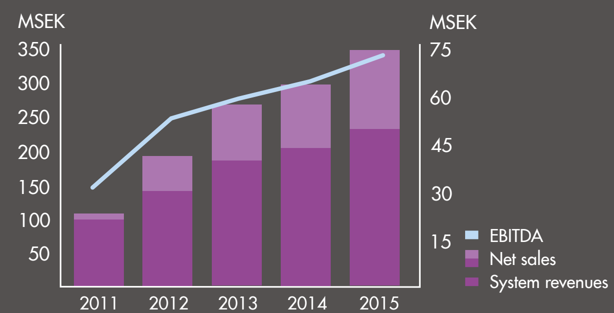
CASH FLOW FROM OPERATING INCOME



RECURRING REVENUES



REVENUE DISTRIBUTION



NET SALES AND PROFITABILITY

Comments from the CEO

We had a strong 2015 with several successes in a partially pending market. Several of the significant agreements we have won have not yet had an impact on revenue recognition and the potential of these agreements, and our business in general leads me to the assessment that we have good chances of continuing to grow and improve our profitability in the next few years.

SUCCESSES THIS YEAR

The market for the e-archive (Long-Term Archive) has gained considerable speed and we have clearly positioned ourselves as market leaders by winning most of the deals and keeping the strongest evaluation results in this area. Many of the deals are also sold as cloud services (SaaS, Software as a Service), which means that the revenues are 100 per cent repetitive and gradually increasing according to degree of use. This means that we have not yet received the accounting results of these agreements, but that we are building an increasingly stronger platform of recurring revenues for the future.

Our area for input/output management (Lasernet) continues to grow strongly. The successes of Microsoft's ERP system Dynamics AX continues to be a driving force in the market for Lasernet. During the year, we have continued to win ever larger customers with global installations, which means more users and that the average transaction value per customer has also increased. During the year, we also opened up another new market by establishing operations in the UK.

The procurement by the City of Stockholm in 2015 is the most ambitious we have seen in the area and will probably serve as an inspiration for many other potential customers in the next few years. In Stockholm's evaluation, we are considerably better than our competitors in terms of usability and this is proof that our investments in product development create significant added value for our customers. Thanks to this, we should have an advantage in future procurements as well.

We are entering the market for document and case management for government agencies in Denmark through the deal with the Danish Prosecution Authority with the product Platina. When the customer goes into operation in the first half of the year in 2016, it will give us a reference customer in the market, which will make it easier for us in future sales.

WELL STRUCTURED FOR 2016

Despite a troubling market climate with general stagnation in terms of new procurements in the Danish municipal market, we have improved the billing ratio and increased profitability for the area. This combined with the fact that we have expanded and extended the agreements with many of our existing customers means that we see conditions for a more stable profitability level in the area moving ahead.

Our Life Science business area began the year strongly and the establishment in the U.S. quickly yielded results in the form of new customers. The second half of the year has not developed at the same pace. We are continuing to generate interest in the market and building up a growing list of potential customers, although without concrete results as yet in the form of new deals. We continue to be confident that we have a product offering that provides us long-term potential.

Our Danish business for customer-specific consulting services struggled with declining sales volumes and profitability. The loss of a general agreement with our largest customer combined with a general downward price pressure on consulting services were the factors that explained the declining results. Towards the end of the year, this part of our business was divested.

STREAMLINED BUSINESS MODEL IN ACCORDANCE WITH OUR STRATEGY

Formpipe is a product company that develops software to create unique business value for companies and organisations that see data management as a business-critical process and accordingly set high demands.

The fact that we divested our customer-specific consulting service business in Denmark means that we further streamlined our business model – in full agreement with our strategic goals of being a product supplier.

In the future, we will also provide consulting services, but in connection with this transaction, all consulting efforts will only be focused on delivering and improving the benefit of our own products among our customers. System revenues now account for two-thirds of the Group's revenues and half of the total revenues are recurring.

"Our employees are the crucial factor."

Our business model with a high proportion of agreement-linked recurring revenue that ensures stable income streams, even in periods of a slightly worse business climate, creates security in our business and gives us good preparedness to meet new challenges and changed prerequisites. Changes in market conditions, changes to technology, changes to the law or new business opportunities requiring resources for a development phase are all examples of such instances. Another one of the strengths of our business is the stability that comes from our broad product range; we are not dependent on a single product for a single market. Accordingly, one area burdened by a challenging period is compensated by other areas performing well. Through this security in our business model, we can focus our efforts on working together with our customers to be the supplier that creates the greatest benefit with digitized data management.

SHAREHOLDER VALUE

Our strong cash flow has allowed us to make repayments on the net liability, bringing it below MSEK 80. This combined with the steadily growing component of repetitive revenue means that we believe our debt is now at a level where we can use our positive cash flow for a combination of reinvestment in the business, repayments, acquisitions and dividends for our shareholders. Resuming the tradition of paying dividends is good and is a prioritised objective in the future as well.

EMPLOYEE EXPERTISE PROVIDES CUSTOMER BENEFIT

Our products and the benefit they create for our customers make up the core of our offering – but even more important is our employees' expertise and understanding of our customers' business and needs. Our employees are the crucial factor why our customers get greater value from us than from any other supplier.

Christian Sundin
CEO Formpipe

Business model that saves resources for the customers

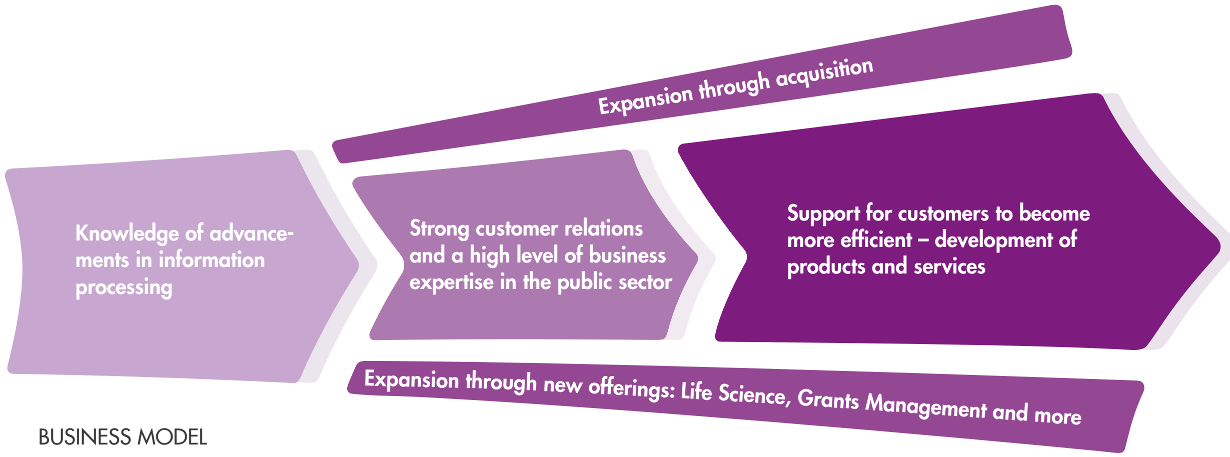
Formpipe's business idea is to develop IT solutions to create unique business value for companies and organisations that see data management as a business-critical process.

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.



BUSINESS MODEL

HIGH SHARE OF RECURRING REVENUES

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

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

Formpipe's business model utilises the company's partner network to complete business deals and customer projects. Knowledge about Formpipe's products combined with understanding of the customers' business makes our certified partners valuable in the work of helping our customers utilise the potential of our offerings. Formpipe actively works to evaluate and develop the partner network to achieve a greater reach in the market.

EFFECTIVE ORGANISATION AND HIGH LEVELS OF EXPERTISE

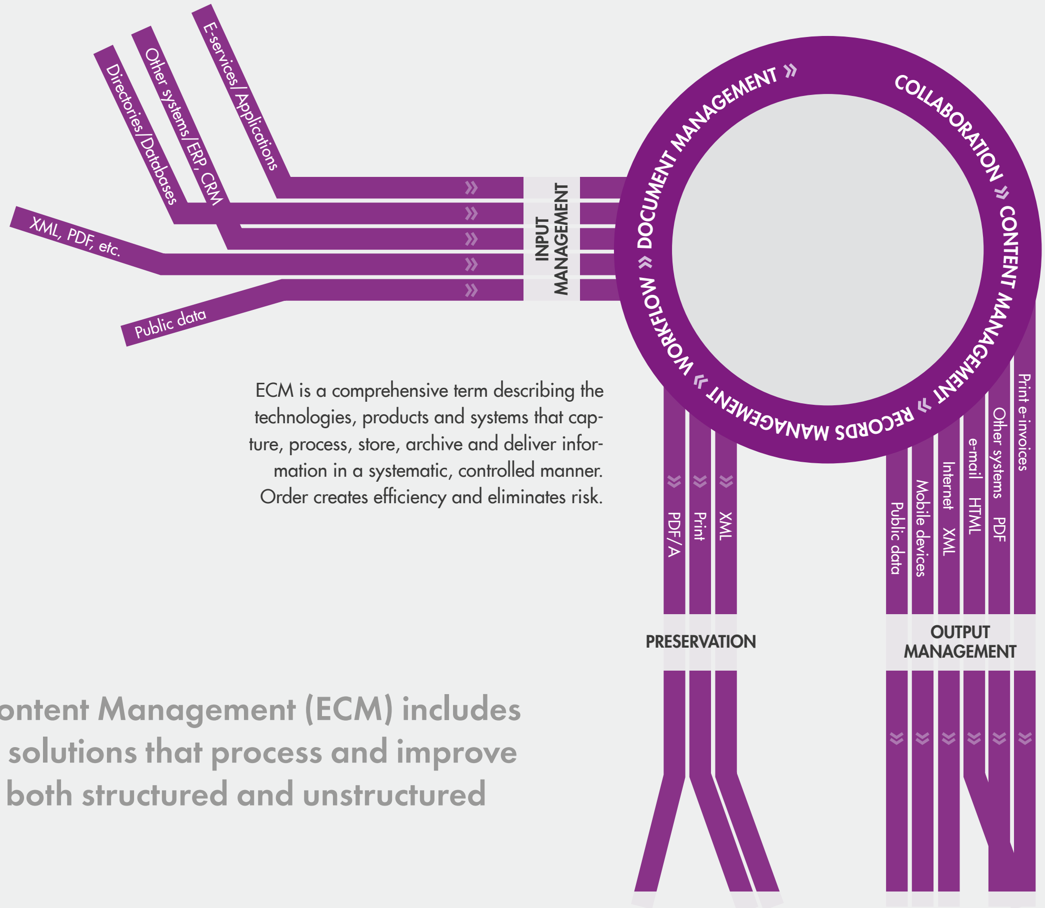
Formpipe is a decentralised organisation in which management promotes clear and open dialogue and makes timely decisions. Our business is knowledge intensive, with employees who possess a high level of expertise and dedication.

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 and enjoyment.

Formpipe's goal is for all employees to be able 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.

The public sector digitisation journey continues

We are experiencing a transition with technical advancements in digitisation, automation, robotisation and data analysis. And it is impacting almost every area of society.

More than 50 per cent of today's employees are estimated to be able to be replaced by digital technology in the next 20 years[1]. We can and will do things in new ways, which is changing structures and approaches.

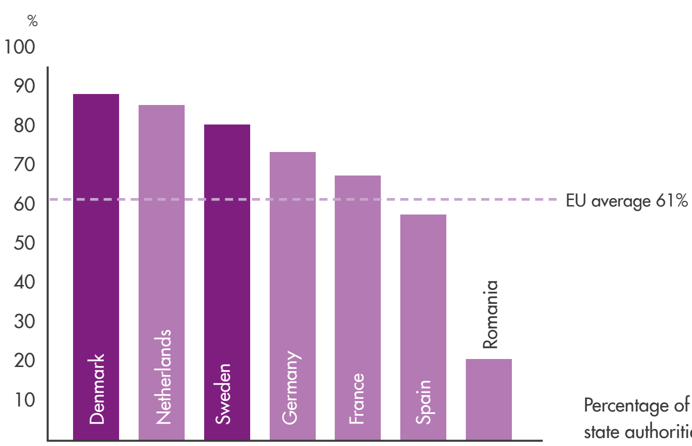
Formpipe addresses the needs of public sector markets in Sweden and Denmark. The tax revenues in Sweden and Denmark – and the rest of the EU region, are not increasing as fast as the costs for the greater need for welfare. Digitisation is simply enabling better service without cost increases.

Public administration is facing major challenges and changes in areas such as digitisation and efficiency enhancements of operations and availability and service over the Internet. Both Formpipe and external analysts estimate that the need for digitisation efforts 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 operating costs through initiatives like outsourcing and that resources are freed up for digital renewal of the public administration. 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, digital preservation and information processing, operations are helping to finance these investments either completely or to a high degree.

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 6.2 (5.1) per cent, with an equivalent figure for Denmark of 4.4 (4.3) per cent. This growth is fuelled in large part by the organisational need to streamline operations and meet legal requirements and regulations.

1) Every other job will be automated within 20 years - challenges for Sweden, Swedish Foundation for Strategic Research, 2015.

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.

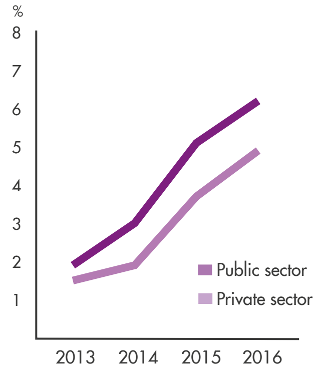
Source: EU Commission, February 2016

53

2016

PERCENTAGE PUBLIC SECTOR OPERATIONS WITH ECM BUDGET IN SWEDEN 2016

Source: Radar
The Swedish IT market 2016



GROWTH, ECM MARKET BY SECTOR

For 2015 and forward, part of the strategic priority area of "digitisation" is included in ECM.

Source: Radar

4

2016

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

Source: Radar
The Swedish IT market 2016

DIGITISATION IS AN ENABLER

The ECM market for the public sector is less sensitive to economic fluctuations over time than many other industries. In Europe, the population is getting older, fewer people are supporting more and at the same time, welfare is expected to develop. 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

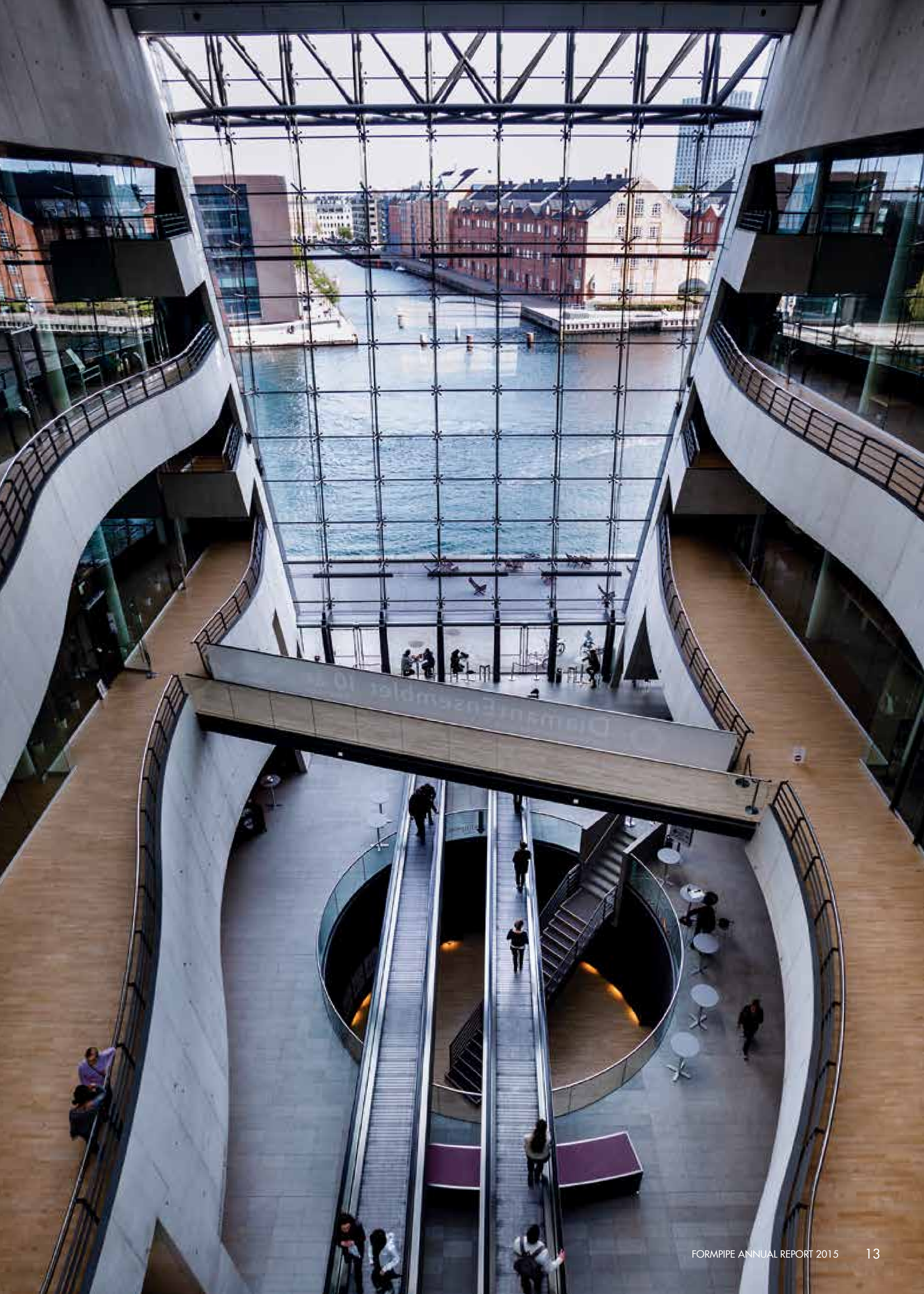
Increasingly pressured financial conditions create high demands on efficiency enhancements and a great deal is to be gained by digitising processes. Automation and self-service reduce the administrative burden on citizens and businesses alike. E-administration will gradually become more important and 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.



Management of EU grants for farmers in Denmark is being digitised

The Danish AgriFish Agency uses TAP by Formpipe for a completely digitised management of support for agriculture. This takes place in accordance with the complex and continuously changing legislation for the EU's Common Agricultural Policy (CAP).

In 2013, TAP by Formpipe handled 400,000 cases and EUR 800 million was paid out in support to 45,000 farmers. The system handled 3.4 million workflows, made 5 million validations and 10 million calculations. More than half of all cases were fully automated and the goal of conducting 95 per cent of all disbursements before 1 December 2013 was achieved. Despite increased demand on control functions, the Danish AgriFish Agency also succeeded in meeting its national objectives in 2014.

The major and complex changes in connection with the EU CAP reform in 2015 were successfully implemented and in good time, even though half of all requirements and rules are changed. This meant that the Danish AgriFish Agency was able to already accept applications as of 1 February and continue to have the closing date three months later, all according to plan – as one of the first agencies in the EU to make disbursements. The strong integration of TAP and the Geographical Information System (GIS), which enables a high degree or automation and validation in real time, was one of the foremost reasons that one could stay within this restricted time frame. In 2015, 67 per cent of all cases were fully automated.

In 2015, the general agreement with the Danish AgriFish Agency was renewed with regard to further development, configuration, support and maintenance for TAP. The value of this transaction is estimated at MSEK 250 over a four-year period.

ABOUT TAP

TAP is a standard system that has been developed specifically to support and automate complex and changing work flows among authorities with large case volumes.

The product works as a function rich, module-based platform, designed to support most well-known case processes, including extensive online self-service options. The product is based on the latest Microsoft technology.

After a brief course and access to e-learning, employees with basic IT knowledge can themselves configure TAP.

The Danish AgriFish Agency has used TAP since 2012 to manage EU grants for agriculture. Some reasons for this are that they can:

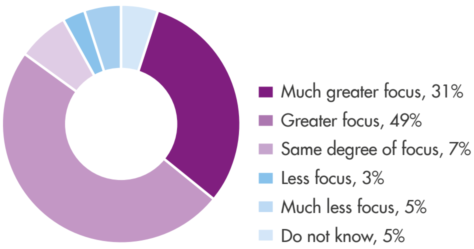
- use their own staff to configure the system
- make quick changes in the processes through re-use and configuration, without a need for programming
- connect self-service options with validation in real time, which minimises the number of rejected applications and remove manual handling
- facilitate batch processing of large volumes.

INCREASED PRESENCE AMONG DANISH AUTHORITIES

During the year, the Danish Prosecution Authority chose the ECM product Platina from Formpipe with the aim of simplifying document and case management in connection to criminal case matters, administrative matters and appeal matters. Platina is an established ECM product that is used at many Swedish authorities, such as the Swedish Tax Agency, county administrative boards, the legal system and authorities in civil defence. Formpipe's operations in Denmark have a majority of the customers in the municipal market, but the deal with the Prosecution Authority is strategic to broaden the presence to include national Danish authorities as well. In a report from Devoteam with regard to ECM systems, Platina is characterised as a new product with flexibility and technology that has not been seen before in the Danish market in this product area.

ECM PRODUCT ARE PRIORITISED IN DENMARK

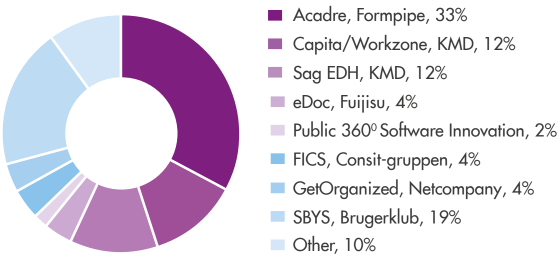
Do senior executives have more or less focus on the use of document and case management systems since 2013?



Source: The ESDH report 2015, Devoteam

FORMPIPE IS THE MARKET LEADER IN THE PUBLIC SECTOR IN DENMARK

What is your primary document and case management system?



Source: The ESDH report 2015, Devoteam

Ready for greater investments in EQMS

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.

In 2015, the new guidelines from the FDA and MHRA regarding measurement methods for quality, what companies in the regulated Life Science industry must live up to and what information they are expected to provide to the control authorities. This is creating greater business opportunities for Formpipe products and services.

A CHANGING MARKET

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.

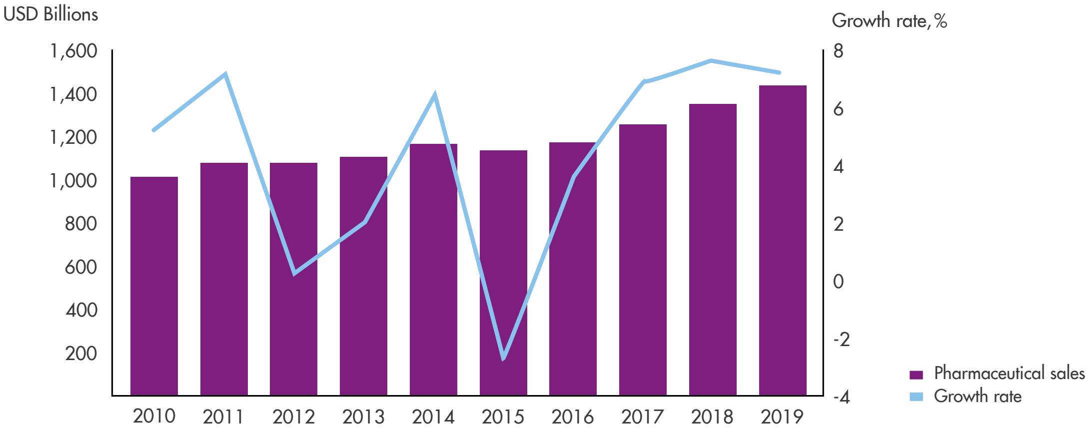
Investigators at the control authorities are becoming increasingly knowledgeable about how Life Science companies work and where they can find potential compliance deficiencies. Specially designed, risk-based controls mean that the authorities can identify the weak links in production, logistics and R&D activities. Due to globalisation of distribution chains and marketing, the authorities' supervision is increasingly coordinated across national borders. The trend is towards greater cooperation between control authorities, which leads to overlapping controls around the world as soon as any deficiency is discovered.
Formpipe's products match these trends and needs in the Life Science industry well; Platina LS and X-docs for handling compliance processes in line with the FDA and EU requirements on electronic registers and signatures, and Long-Term Archive for complying with archiving requirements and providing access to digital information for a long time to come, regardless of what happened with the software that made it.

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'

GLOBAL PHARMA SEGMENT SALES



Source: DTTL Life Sciences and Health Care Industry Group analysis of EIU data

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.

But there is still some resistance in the market with regard to starting up new EQMS projects. Illness trends and an ageing population mean that more and more money is being spent on medication, but globalisation and changing market conditions are creating uncertainty in the price models. For some time, many Life Science companies have reassessed and adapted their models for R&D, pricing, distribution and handling of compliance. This means that there is a pent-up demand that Formpipe is ready to meet once investments in EQMS gain speed.

After a decline in 2015, the future in the Life Science industry looks positive. Growth is expected to increase by 4.3 per cent on average in 2015-2019.

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 introducing 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. The U.S. pharmaceuticals market, which is the largest in the world, is expected according to the Economist Intelligence Unit (EIU) to remain stable with a market share of 41 per cent until 2019.

STRONG STARTING POINT FOR 2016

Despite the sluggishness in the market, Formpipe succeeded in winning a number of deals in 2015 and doubled the list of potential customers for 2016. Three new partners are under way in the partner programme in addition to Sigma, which already carries out implementation projects with Platina LS: Perficio in the UK, Iperion in the Netherlands and Epista in the Nordic region. They have undergone initial training and at the beginning of the year will continue with detailed training in configuration and implementation.

In 2015, there was a consolidation and streamlining of the product and market message and a further development of the partner programme and Formpipe's offering to the Life Science industry is stronger than ever.

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
Collective name for various rules that companies in Life Science follow:
GCP – Good Clinical Practice
GDP – Good Distribution Practice
GLP – Good Laboratory Practice
GMP – Good Manufacturing Practice

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

Content worker 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 AX 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.

"Comprehensive product suite"

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 functionality from 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 LS by Formpipe is a powerful and flexible EQMS product for managing documents and processes for regulatory quality management. Platina LS has a strong process engine which permits a high degree of flexibility for adaptation to customers' unique business requirements. Platina LS also has complete processes for SOP management, non-conformance management, CAPA and training, for example. Platina LS 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.

Digital preservation – what is it?

Digital preservation over time involves reliable solutions for preserving and gaining access to information over dozens of years and sometimes hundreds of years in the future.

Anyone can read a book, a public record or a contract written a hundred years ago, but in terms of information, most systems and software that we relied on 20 years ago have since disappeared and the file formats are out dated. Digital preservation over time involves reliable solutions for preserving and securing information over dozens of years and sometimes hundreds of years in the future.

A large part of our IT budgets are currently used to keep old software or hardware alive, solely with the aim of ensuring access to the data, documents and cases saved there. Now, the possibility of hastening the phase-out of old systems is in demand and requires solutions to automatically transfer operating data to environments that are specially developed for digital preservation over time. So it is not a matter of a pure back-up of data, but rather an active strategy that includes systems and environments that take consideration of storage format, hardware and software having a short lifespan.

There is accordingly a risk that important data will not be able to be searched, read or used when necessary – this is particularly true of data that must be saved for longer than 10 years or is already older than that. The consequences of not being able to produce readable versions of the information range from penalties for crime to run-away costs for legal review, reputation damage or an inability to utilise the company's knowledge and information for creating competitive advantages. To meet the need for systems for preservation, Formpipe has developed Long-Term Archive.

DRIVING FORCES FOR SYSTEMS FOR PRESERVATION

REGULATIONS AND LEGAL REQUIREMENTS

There are local, national and international laws and rules for how information and data must be preserved in different industries. There are both laws and rules that information must be able to be made available (such as public information legislation) and for how long it needs to be preserved, for example with regard to decision documents in municipalities and authorities, financial data (such as the Book-keeping Act) or for documentation in the pharmaceuticals industry (rules from control authorities, such as the FDA).

LEGAL DISPUTES

To successfully be able to defend or conduct legal action, one must be able to present complete and correct documentation to the court. For this, a source of evidence with reliable information is necessary. Functions that are included in a system for preservation include control of integrity – that the information saved has neither been modified or corrupted – and that saved files are always available in a readable format.

RE-USE OF INFORMATION AND KNOWLEDGE

Re-use and analysis of data from the growing amount of operating information that is created today will become an important source for future decision-makers – losing operating data accordingly means losing a competitive advantage.

The Data Science area, large-scale data processing, has grown forth as a result of the recent years' increased access to an ever larger amount of structured and unstructured data. Data Science can be used in many industries as a support for decision making, where the patterns that can be distinguished in existing amounts of data become a basis for forecasts for the future. It is then of the utmost importance that "old" data is readable and can be re-used for analysis.

Data Science is about how one processes, analyses and extracts information from very large amounts of data, what is usually called "big data".

COST SAVINGS.

It is costly to keep old systems running. Support and updates of software and IT environments have probably ended and one is either dependent on individual

BACKUP	DISASTER RECOVERY	DIGITAL ARCHIVE	LONG-TERM DIGITAL PRESERVATION
A collection of data stored on (usually removable) non-volatile storage media for the purpose of recovery in case the original copy of data is lost or becomes inaccessible.	The recovery of data, access to data and associated processing through a comprehensive process of setting up a redundant site (equipment and work space) with recovery of operational data to continue business operation after the loss of use of all or part of data centre.	A storage repository or service used to secure, retain and protect digital information and data for periods of time less than that of long-term data retention.	Ensuring continued access to, and stability of, digital information and records, especially over long periods of time.

Long-Term Digital Preservation can be considered the most complete form of all the approaches to preserve data in time. It is shown in the above table. According to SNIA, the definitions of Digital Archive and Long-Term Digital Preservation seem to be differentiated by an undefined time interval. A Digital Archive focuses mainly on the data being stored, while Long-Term Digital Preservation includes all the additional means needed to ensure the access and usability of that data.

Definitions according to the Storage Networking Industry Association (SNIA).

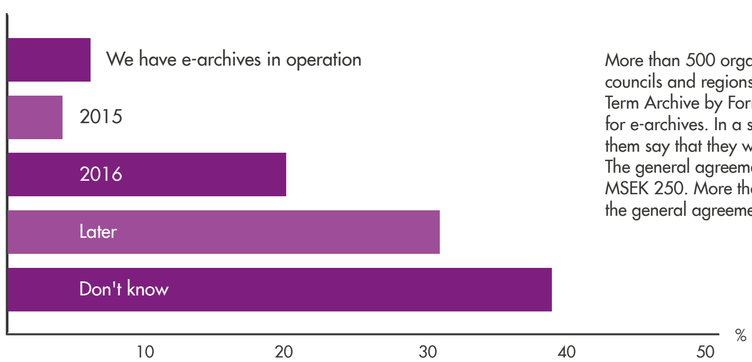
consultants who still have knowledge of them, or is forced to make a costly migration of data to a current format. On average, file formats and systems are updated after a ten-year period, but having strategies and solutions for automatically transferring information in a system for preservation reduces the risks of sudden costs and loses of operating data. This may involve events such as a legal dispute or some form of audit or inspection that requires the recreation of information and the cost of the individual case may then be disproportionally high. In the worst case, the information might not be obtained on time or at all.

MARKET

Most of what we do today takes place digitally and even if the largest part of the information only needs to be available on the short or medium term, there is a substantial amount that must be saved for the longer term, with preservation requirements of more than ten years. Public records are one example. To fulfil public record legislation, information must also be available over time. Formpipe's system for preservation, Long-Term Archive, is currently sold to the public sector in Sweden. In 2015, the area for e-archives gain speed in earnest and, during the year, Formpipe positioned itself as the leading supplier in this area and is also the one that obtained the majority of the orders made.

Solutions that ensure authenticity over time, with functions to meet audits, are increasingly in demand in business, not least with regard to health, Life Sciences and the legal field. The market for digital preservation has taken off in the public sector, but is still on the starting blocks in other areas. Formpipe assesses that there are good conditions to broaden the offering for digital preservation to also comprise Life Science and the Legal area.

WHEN ARE YOU PLANNING TO HAVE E-ARCHIVES IN OPERATION IN YOUR BUSINESS?



More than 500 organisations from municipalities, county councils and regions have the possibility of sub ordering Long-Term Archive by Formpipe from the SALAR general agreement for e-archives. In a survey conducted by SALAR, 20 per cent of them say that they will have an e-archive in operation in 2016. The general agreement's volume is estimated at approximately MSEK 250. More than 70 per cent of the suborders made on the general agreement have gone to Formpipe.

Source: Survey, adoption of national digital services, SALAR, September 2015

Input/output management

Lasernet, Formpipe's input and output management software, is a very competent 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 increasing the number of resellers of ERP systems. Formpipe's partners recommend Lasernet to their customers so as to increase the benefits 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 when 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, the UK and Sweden.

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.

KEY PARTNERS AND NEW MODULES

In 2015, Formpipe continued to establish business in the market for Microsoft Dynamics AX, currently one of the market's fastest growing ERP systems. Formpipe has a well-developed partnership 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 AX. During the year, another leading AX supplier chose Lasernet by Formpipe over a number of other players in the market. This is to be able to offer its customers a uniform solution for output management, both in installations on site and as a cloud service.

Lasernet has also been expanded by more functional modules, which means that the customers gain further benefit from the tight integration with Dynamics AX.

READY FOR NEW RELEASE OF DYNAMICS AX

During the year, Formpipe joined Microsoft's well-known Technology Adoption Program (TAP). The program is developed so that innovative software suppliers will be able to cooperate with Microsoft to evaluate and improve their product updates during the beta phase. Formpipe has thereby gained the opportunity to test the latest version of Microsoft's flagship for ERP, Dynamics AX, before the official release. This gives Formpipe a head start and Lasernet will be delivered as one of the first modules for Output Management in Dynamix AX's cloud solution.

Microsoft Dynamics AX will be available in the cloud in the first half of 2016. To begin with, Microsoft will roll it out for new customers in 16 countries and later in 2016 in another 18 countries.

The popular fashion house Marc Jacobs has made a successful implementation of Lasernet in Europe and the U.S. They use Lasernet for design and distribution of business documents, order confirmations and invoices directly from Dynamics AX. By using Lasernet, they can also ensure that this brand-bearing communication maintains the company's highly set demands on design.

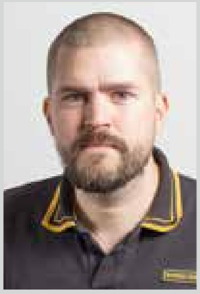
"Since we introduced Lasernet at Marc Jacobs, we have gained greater flexibility and a higher degree of automation in terms of how we produce and distribute our documents."

Regis Litre, Chief Information Officer at Marc Jacobs

Why I chose Formpipe

EMMA STENBERG RIBEIRO
Lives: Hammarby Sjöstad, Stockholm
Age: 34
Profession: Operations Consultant/ Project Manager
Family: One 2-year-old son
Recreation: Spending time with family and friends and exercising, preferably ball sports, running, dance and yoga. Enjoy writing.
Employed at Formpipe since: Aug 2015

KRISTOFER CARLSSON
Lives: Linköping
Age: 38
Profession: System Auditor
Family: My girlfriend Karin, our children Rasmus aged 4 and Anton 1 month.
Recreation: Time with my family of course and then sports of all kinds, both as a practitioner and fan.
Employed at Formpipe since: May 2015



This past summer, I felt that it was time for new career challenges and after going through a number of advertisements, the one from Formpipe was what I noticed in particular. How the work was structured and what experience was sought were not in focus in the ad. Instead, the person they were looking for was described and I thought: That's me!

I am a lawyer by education, but felt early on that I wanted to work with human rights and therefore quit a job at a law firm and began practising at the UN. This in turn led to me running many projects for greater equality and against human trafficking. But after this experience, I was looking for a new challenge and wanted to develop in my role as a project manager, which I have really been able to do at Formpipe.

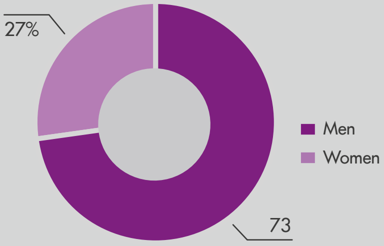
I am currently running a number of introduction projects with a focus on our e-archive product, Long-Term Archive. My role is to introduce Formpipes products in the customer's operations in cooperation with the customer and with the help of our competent developers. I like working independently and being able to develop processes and am entrusted to do so. This is something that Formpipe does well, providing trust and the opportunity to develop.

Then, the fact that I get to work with wonderful people every day is a big plus. A day hasn't gone by without laughter since I began. I can leave work with more energy than I had when I got there.

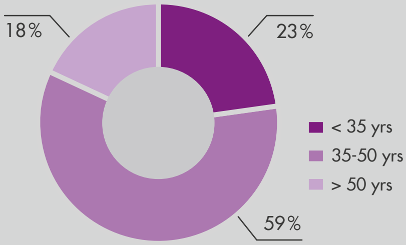
After nearly eight years as a consultant, I felt like I wanted to test something new and work with a product to be able to follow its development for a long time instead of working in project form like before. I was familiar with Formpipe and their products through several colleagues at my job at the time and when I saw an ad from Formpipe for a position that I felt fit me, I didn't hesitate to send in my application. Then, I just had to wait. I was called to a job interview and right afterwards I knew that I wanted to work here because I would get on well here. And to my great pleasure, I was offered the job.

Before I began at Formpipe, I was an IT consultant and worked with ECM systems, mainly with invoice processing. The assignments varied and were often based on adapting standard systems to the customer's operations, but also developing processes/approaches for the customer's business. My role was broad and could range from being a developer to a project manager.

Today, I work as a system investigator for Platina, one of our products for document and case management, but I also work with our system for preservation, Long-Term Archive. What I like about my role is that I get to work with two of my favourite areas. On the Platina side, it is about problem solving in pure support matters and developing adaptations for our customers. In Long-Term Archive, and especially in the on-demand solution, I get the chance to bring out my ability to structure by preparing procedures and standards for setting up the service.



PERCENTAGE WOMEN AND MEN



EMPLOYEES BY AGE GROUP

Our share

The Formpipe share is listed on the Nasdaq Stockholm exchange, with the short name FPIP. Market value at year-end was MSEK 426.

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 vote for the entire total of shares owned and represented. All shares carry an equal right to shares in the company assets and profit.

SHARE PRICE AND TURNOVER FOR 2015

In 2015, the Formpipe share price rose from SEK 6.35 to the closing price of SEK 8.50 on 30 December. The highest price paid for the year was SEK 9.50 on 13 July. The lowest price paid was SEK 5.90 on 15 January. A total of 28 million shares were traded in 2015 at a value of SEK 218 million.

ALLOCATION OF PROFITS

The Board of Directors proposes that the Annual General Meeting on 21 April 2016 resolve to approve a dividend of SEK 0.10 (-) per share, which entails a total dividend of MSEK 5.0 (-). As a basis for its proposal on the appropriation of profits, the Board has assessed the Parent Company and Group consolidation requirements, liquidity and financial position otherwise as well as the ability to meet its commitments on the long term in accordance with Chapter 17 Section 3 Paragraphs 2-3 of the Swedish Companies Act.

EMPLOYEE SHARE-RELATED INCENTIVE PROGRAMME

The AGM held on 24 April 2015 resolved to offer staff a new share-related incentive programme based on warrants. This programme includes 500,000 warrants 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 2015. The twenty largest shareholders represent 64.7 (62.1) per cent of the equity. In all, Formpipe had approximately 2,400 shareholders as of the date above.

EQUITY

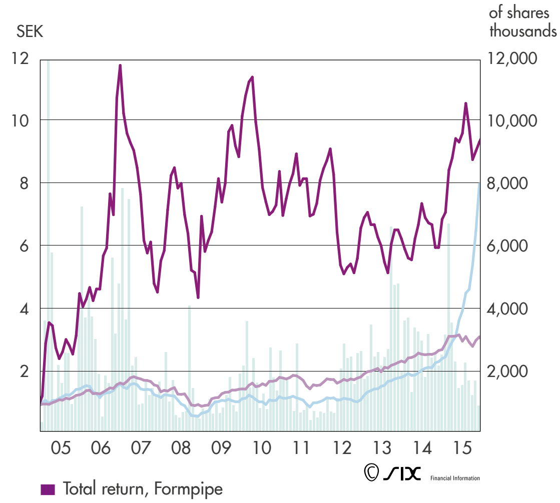
Year	Month	Transaction	Number of shares	Total SEK	Total number of shares	Par value/ share
2004	Oct	Share capital	100,000	100,000	100,000	1.00
2004	Nov	Split 10:1	900,000	–	1,000,000	0.10
2004	Dec	In kind share issue	4,799,970	479,997	5,799,970	0.10
2005	Dec	New share issue Digital Diary AB	615,000	61,500	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 2015	**50,143,402**	**5,014,340**	**50,143,402**	**0.10**

> "A large percentage of recurring revenue contributes to a strong cash flow, which is positive for the company's risk profile."
>
> Redeye, February 2016

OWNERSHIP STRUCTURE TOTAL SHARES 31 DECEMBER 2015

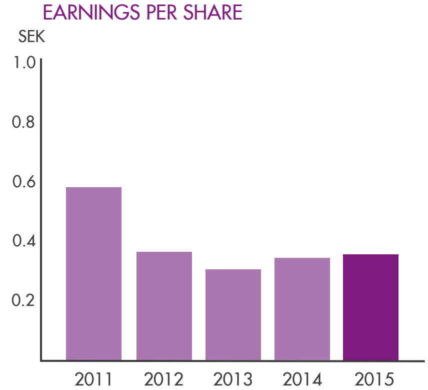
	Number of shares	%
Försäkringsaktiebolaget Avanza Pension	4,400,614	8.78
Handelsbanken Fonder AB RE JPMEL	3,803,550	7.59
Swedbank Robur Ny Teknik Bti	3,063,848	6.11
Grenspecialisten Förvaltning AB	2,612,819	5.21
Humle Småbolagsfond	2,400,000	4.79
Andra AP-Fonden	2,339,762	4.67
Seb Sverigefond Småb. ch/risk	2,225,800	4.44
Wernhoff, Thomas	1,729,000	3.45
Nordnet Pensionsförsäkring AB	1,567,398	3.13
AB Wallinder & Co	1,376,632	2.75
Six Sis Ag, W8imy	1,209,062	2.41
Seb Life International	939,021	1.87
Sundin, Christian	716,068	1.43
Ubs Switzerland Ag /Clients Account	643,792	1.28
Jonsson, Christer	610,190	1.22
Bp2s Paris/No Convention	597,500	1.19
Alfredson, Joakim	580,853	1.16
Andersson, Willmar	565,316	1.13
Gustavia Sverige	526,227	1.05
Nykredit Bank	505,056	1.01
Blomdahl, Håkan	500,000	1.00
Lilja, Nils Magnus	465,832	0.93
Lindeberg, Erik	423,000	0.84
Svenska Handelsbanken AB for PB	404,620	0.81
Carnegie Investment Bank AB	400,038	0.80
Jensen, Ingvar	400,001	0.80
Seb Life International	398,506	0.79
Nordlander, Bo	318,159	0.63
Karlsson, Carl Mårten	292,582	0.58
Martayan, Marcus Mheir	259,715	0.52
Mic Invest AB	223,341	0.45
Other	13,645,100	27.21
Total	**50,143,402**	**100.00**

THE FORMPIPE SHARE – TOTAL RETURN

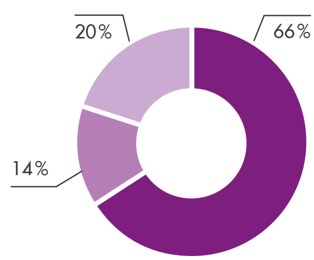


- Total return, Formpipe
- SIX Return Index
- SIX Software (eff.)
- Turnover total shares, 1,000s per month

EARNINGS PER SHARE



DISTRIBUTION OF SHAREHOLDINGS



TOTAL HOLDINGS FOR SHAREHOLDERS WHO OWN:

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

Key ratios

MSEK	2015	2014	2013	2012	2011
Sales*					
Net sales	349.3	307.0	276.0	189.6	112.5
System revenues	236.0	215.7	191.2	140.6	105.3
Maintenance and Support	157.8	143.2	131.8	87.6	56.5
Licensing	78.4	72.4	59.4	53.0	48.8
Consulting and other	113.0	91.3	84.8	49.0	7.2
Recurring revenues	168.4	152.8	140.4	95.5	63.6
Growth and distribution*					
Sales growth, %	13.8	11.2	45.6	68.5	0.4
Growth in system revenues, %	9.4	12.8	36.0	33.5	9.0
Share of net sales, system revenues, %	67.6	70.3	69.3	74.1	93.6
Share of net sales, recurring revenues, %	48.2	49.8	50.9	50.4	56.5
Margins*					
Operating margin before depreciation and non-recurring items (EBITDA), %	21.1	21.2	22.2	28.3	27.0
Operating margin (EBIT), %	5.7	6.6	10.9	12.9	18.0
Profit margin, %	5.2	5.9	6.5	7.2	13.1
Return on capital*					
Return on operating capital employed, %	4.8	4.9	7.3	9.2	17.4
Return on capital employed, %	4.6	4.7	7.2	9.0	16.3
Return on equity, %	5.8	6.3	6.3	7.4	11.8
Return on total capital, %	3.2	5.4	4.7	7.4	10.5
Capital structure					
Operating capital	397.6	425.1	405.6	416.7	117.6
Capital employed	435.2	453.2	425.8	420.4	130.4
Equity	315.1	307.6	264.1	240.0	130.4
Interest bearing net debt (+)/cash (-)	79.1	116.9	141.5	178.6	-12.8
Equity ratio, %	51.0	46.7	44.6	41.8	64.9
Cash flow and liquidity					
Cash flow from operating activities	73.6	76.8	74.6	34.4	25.4
Cash flow from investing activities	-39.9	-45.5	-34.2	-145.1	-14.2
Cash flow from financing activities	-22.0	-26.1	-23.8	102.0	-2.8
Cash flow for the year	11.7	5.2	16.7	-8.7	8.4
Free cash flow	29.8	38.7	44.6	15.1	11.1
Cash and cash equivalents	37.7	26.0	20.3	3.6	12.8
Personnel					
Total staff, annual average	242	236	226	136	69
Total staff at year-end	239	245	226	226	72
Share data					
Total shares at year-end, thousands	50,143	50,143	48,935	48,935	25,053
Average total shares before dilution, thousands	50,143	49,539	48,935	38,254	24,935
Average total shares after dilution, thousands	50,592	49,539	48,935	38,254	24,949
Earnings per share before dilution, SEK	0.35	0.37	0.30	0.36	0.59
Earnings per share after dilution, SEK	0.35	0.37	0.30	0.36	0.59
Equity per average total shares, SEK	6.28	6.21	5.40	6.27	5.23

* Refers to remaining operations.

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 2015 financial year.

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 Lasernet A/S, Formpipe Software Holding A/S, Formpipe Software A/S, GXP Ltd., Formpipe Inc., Formpipe Lasernet 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 the Company's ECM products.

Formpipe primarily addresses the needs of public sector markets in Sweden and Denmark as well as the global Life Science market.

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 categories: 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 (Software as a Service, SaaS), 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 central bodies. 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 2015

The 2015 financial year began on a major note and ended on a minor note. Most of the parts of the Group retained their positive momentum from the end of 2014 and developed strongly in the first half of 2015. After mid-year, conditions degraded sharply for the area of customer-specific consulting services in Denmark, which led to the business being restructured and finally being sold at the end of the year. The area was occasionally very profitable, which led to a need to clear out the operation's impact on the financial statements to clarify how the remaining operations perform.

Sweden

Formpipe's operations directed at the public sector in Sweden generally had a good year, but did not quite manage to repeat the strong close of the year before. The high rate of development of recent years has solidified the Company's position as the market leader and Formpipe is currently seen as the natural first choice. This was also apparent in the comprehensive procurement that was again conducted by the City of Stockholm, the first of which was rescinded after Formpipe won and a competitor appealed the process. Formpipe won this procurement as well and again received a superior rating with regard to the product's usability. Formpipe signed agreements with the City of Stockholm in January 2016, more than a year and a half after the Company won the first procurement. This procurement is important not only based on its large order value, about MSEK 50 over five years and a possible contract extension to 20 years, but also for its guiding role in how the procurement was structured and carried out. Formpipe sees major sales potential for existing customers in the solutions that have been developed based on the requirements in this comprehensive procurement.

In the second half of 2015, signs were also noted that the market for systems for long-term archiving had finally gained speed. Formpipe identified this market as early as 2008 and then began to develop a product for long-term archiving, Long-Term Archive. Today, the Company has the foremost product in the field and has as yet won the majority of the procurements that have come out. A large part of these procurements have been in the form of a service (SaaS), which means that the annual revenue will increase in pace with the customers connecting more systems to the archive.

Denmark

The Lasernet business area continues to develop strongly internationally, driven by the successes for Microsoft's ERP systems: Dynamics AX and Dynamics NAV. Lasernet makes it possible for business documents to be delivered in exactly the format and layout wanted. This way, future requirements on format, delivery and archiving of business documents are met. The product, which is a plug-in to the aforementioned ERP systems, is seen today as a natural part of the introduction project and is to-date much appreciated by both customers and partners. In 2015, more orders were received from major customers than before, with planned global roll-outs. As these installations are deployed, the revenues are increasing from already sold licences, which guarantees a continued positive development over the foreseeable future.

Formpipe's business in the Danish municipal sector has continued to face challenges in recent years. The lower activity levels observed from 2013, with fewer procurement procedures than normal, has continued. Based on this new reality, steps were taken in 2014 with the aim of shifting the business over to developing existing customers and thereby securing the long-term recurring revenues, rather than winning new customers. The positive effects from this shift began to be discerned towards the end of 2014 and continued in 2015, although there is still further potential for improvements here.

Within Grants Management, Formpipe's largest customer, the Danish AgriFish Agency, is continuing to expand its investment in the automated grant management process for national EU grants. The agreements with the AgriFish Agency were renewed at the beginning of the year and ensure the Agency's continued high ambitions for the solution and thereby also Formpipe's revenues for the upcoming years, estimated at around MSEK 250 over the four years the agreements run. The Danish AgriFish Agency is the best in class in terms of incorporating and complying with the directives that are continuously updated regarding the EU agriculture grants. Several agriculture authorities in Europe regularly fail to pay out the correct grant on time, which leads to large penalties. A lack of an automated system makes it virtually impossible to live up to the EU's changing demands. Most countries have tried and failed to build system support for this process and are now looking at the Danish solution that Formpipe built. So far, no procurement to this regard has come out, but the requirements from the EU are becoming clearer and the penalties higher for the countries that do not live up to the requirements, which forces the respective agricultural authorities to solve the problems. Formpipe sees great potential in packaging the solution to the Danish AgriFish Agency and sell it to other countries, which is also seen as positive from the side of the customer as it means shared development costs in the future.

The business area for customer-specific consulting services, i.e. IT consulting that has no connection to Formpipe's products, is the area that performed the worst and thereby also had the greatest negative earnings impact compared with the previous year. The area was not large, around 20 consultants and sales amounted to approximately 10 per cent of the Company's sales, but over the years has had a very fluctuating profitability. From having a relatively low profitability in 2012 and 2013, the area became very profitable in 2014 and the first half of 2015. Formpipe did not succeed in renewing its general agreement in the area for the largest and most important customer, which meant that around half of the business area's sales and all of its profitability were gradually phased out during the second and third quarters. The new procurements indicated a price level that was far too low for Formpipe to be able to successfully compete in this market, which is why a decision was made in the third quarter to sharply reduce the business. In the fourth quarter, Formpipe succeeded in divesting the remaining customer agreements and the active consultants to Danish KMD. In connection with the sale, nothing remains of this business. As the area occasionally had a relatively large impact on sales and earnings, the Company chose to break out the business area from the income statement and report it as a divested unit in order to facilitate the evaluation of the remaining operations. The table below shows the area's sales and earnings contribution (EBITDA) for the most recent years.

MSEK	2015	2014	2013
Net sales	23.9	35.5	18.1
EBITDA	8.6	13.1	3.4

Life Science

Life Science opened 2015 in a surprisingly strong way with several early deals in the U.S. where Formpipe established business at the end of 2014. After the positive beginning, the rest of the year became tougher, however, with fewer licence deals than estimated. Even the normally stable advisory consulting saw a temporary decline in the last few months of the year, which further burdened the earnings for the unit. The profitability in the business area has not developed according to the plan made in connection with the acquisition, which is why the earnings-based supplemental purchase price for GxP Ltd. was adjusted downwards by GBP 1.5 million in the annual accounts. At the same time, the impairment tests of goodwill done every year showed that an impairment requirement existed for goodwill. The impairment of goodwill reduces the positive earnings effect of the adjustment of the supplemental purchase price with the corresponding amount, which is why the earning effect is not realised.
The business area has worked focused and long term to establish Formpipe as a player in the Life Science segment. The work has been successfully measured in interest from the market even if the sales pace proved to be significantly slower than what was initially assessed. As a whole, 2015 did not match the highly set expectations of new sales, but during the year, Formpipe further improved the conditions of succeeding and the prospect list for 2016 is both deeper and broader than ever before.

OUTLOOK FOR 2016

Demand in the public sector is expected to remain relatively stable in the future. However, Formpipe is in such leading positions on both the Swedish and the Danish markets that it is difficult to grow more quickly than the market, and the growth of the market is limited by the budgetary scope of the public sector. Formpipe is focusing on meeting the need of its existing customer base through continuous development of modules and solutions for their existing installations. The objective is to get the customers to increase their use of the products by increasing the number of users and digitising more advanced processes. Through the procurement from the City of Stockholm and the procurements done for archive solutions, Formpipe has obtained evidence that Formpipe's offering is the strongest in the market when the customers have high ambitions with their IT agenda. This is important evidence of the Company's high rate of product development in recent years and guarantees a continued strong position in these markets.

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 correct in their grants management.

It is thought that Lasernet will continue its strong development from 2015 in the wake of the global success of Microsoft Dynamics AX and NAV. Lasernet is already a very internationally widespread product, but 2015 was the breakthrough for significantly larger installations at international customers, a development that is expected to continue in 2016 and forward.

The work in the Life Science business area continues based on the ambitious agenda set at the acquisition of GxP Ltd. However, new sales have not matched our expectations. Even if the Company has not gained enough new deals, we have also not lost particularly many tenders. Many customers have considerable needs of upgrading their existing environments, but the lead times for decisions have been very long to-date. Formpipe is seen as a modern and attractive alternative to the more established players, but still needs to prove itself. Today, the business area has an organisation and a market presence that makes us a serious alternative in this market. A steadily growing prospect list also bears witness to the great interest that exists in Formpipe's solutions in this segment.

MARKET

Formpipe primarily addresses the needs of public sector markets in Sweden and Denmark as well as the global Life Science market. According to analyst firm Radar, ECM remains a highly prioritised investment area and the market for the public sector in Sweden is expected to see growth of 6.2 (5.1) per cent, with an equivalent figure for Denmark of 4.4 (4.3) 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. The tax revenues in Sweden and Denmark – and the rest of the EU region, are not increasing as fast as the costs for the greater need for welfare. The possibilities of digitisation are becoming a natural component to provide better service and at the same time hold back run-away cost increases.

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 Medicines 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

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.

Divested operations

Formpipe signed an agreement with KMD A/S on the divestment of the consulting operations for customer-specific assignments for Danish authorities. With this, Formpipe fulfilled its strategy to streamline the business into a product Company, with consulting and delivery capacity tied specifically to proprietary software. The initial purchase consideration amounted to DKK 3.2 million. Based on a few concrete parameters in 2016, a supplemental purchase price amounting to a maximum of DKK 3.5 million may also be payable. The divested operations comprise employees and valid existing customer contracts.

Other news of a significant nature

- All sitting Board members were re-elected and Bo Nordlander was re-elected at the Chairman of the Board by the Annual General Meeting.
- The employee incentive programme offered after the AGM was fully subscribed.

Orders of a significant nature

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

SIGNIFICANT EVENTS AFTER YEAR-END

Agreement with City of Stockholm

Formpipe signed an agreement with the City of Stockholm. The business value amounts to approximately MSEK 50 over a five-year period, of which around half is comprised of system revenue. After the initial agreement period, there is a possibility for the City of Stockholm to extend it by another 15 years.

COMMENTS ON THE INCOME STATEMENT

A five-year summary shows that the Company had a historically strong sales increase, partly driven by acquisitions, with retained high profitability. However, 2010 shows declining sales and profitability. This is partially explained by the Company's choice of strategy to become a pure product Company and thereby refrain from consulting revenues for the benefit of its partners. The first full-year with a completed transition was 2011 and system revenues amounted to 94 per cent of the revenues. The acquisition of the Traen Group, which was consolidated as of 1 August 2012, entailed strongly increased net sales in 2012 as well as 2013 when it was included for the full year. In 2014, a minor acquisition was made that contributed to growth, but the underlying organic growth was good, which also continued in 2015. In connection with the divestment of the customer-specific consulting service business in Denmark in 2015, the figures in the graph below have been adjusted for 2012 and forward to reflect the remaining operations.

All revenues and expenses for outcomes and comparative figures have been adjusted to reflect the remaining operations after the sale of the customer-specific consulting services business in Denmark in December 2015.

Revenues

Net sales for the period totalled MSEK 349.3 (307.0) million, which is equivalent to an increase of 14 per cent. System revenues increased by 10 per cent from the previous year, amounting to MSEK 236.0 (215.7). Total recurring revenues for the period increased by 10 per cent from the previous year and amounted to MSEK 168.4 (152.8), corresponding to 48 per cent of net sales. Currency exchange rate effects have had a positive effect of MSEK 7.2 on net sales compared with the previous year. Revenue from divested operations amounted to MSEK 23.9 (35.5).

During the period, proceeds from the sale of the customer-specific consulting services business in Denmark amounted to MSEK 3.9 (-).

Expenses

Operating expenses increased by 15 per cent over the previous year, amounting to MSEK 327.5 (285.4).

A large part of Formpipe's operating expenses are linked with staff, and staff expenses for the year totalled MSEK 202.2 (181.9), an increase of 11 per cent. The number of employees at year-end was 239 (245), and the average for the year was 242 (236). The distribution of personnel along with salaries and other remunerations appears in Note 7.

Cost of sales totalled MSEK 48.4 (33.4) and consist primarily of third-party providers of consulting and products and sales commissions to partners.

Other expenses amounted to MSEK 70.0 (63.8).

Operating expenses from divested operations amounted to MSEK 15.4 (22.4).

Capitalised development work at the Company's own expense during the year amounted to MSEK 45.0 (37.2).

During the year, non-recurring items amounted to MSEK 1.9 (1.2) and relate to organisational restructuring in 2015 (acquisition-related costs in 2014). In addition, the reassessment of the supplemental purchase price and impairment of goodwill, both attributable to the Life Science segment, are recognised on this line.

Depreciation for the year amounted to MSEK 51.9 (43.5).

Earnings per share	2015	2014
Total outstanding shares at year-end	50,143,402	50,143,402
Average total shares before dilution	50,143,402	49,538,995
Average total shares after dilution	50,591,527	49,538,995
Profit or loss for the year attributable to Parent Company's shareholders, KSEK	17,490	18,140
Profit or loss for the year attributable to Parent Company's shareholders – remaining operations, KSEK	8,747	8,316
Profit or loss for the year attributable to Parent Company's shareholders – divested operations, KSEK	8,743	9,824
Earnings per share attributable to shareholders of the Parent Company:		
– per number of shares outstanding, SEK	0.35	0.36
– per number of shares outstanding – remaining operations, SEK	0.17	0.17
– per number of shares outstanding – divested operations, SEK	0.17	0.20
– per average number of shares before dilution, SEK	0.35	0.37
– per average number of shares before dilution – remaining operations, SEK	0.17	0.17
– per average number of shares before dilution – divested operations, SEK	0.17	0.20
– per average total shares after dilution, SEK	0.35	0.37
– per average number of shares after dilution – remaining operations, SEK	0.17	0.17
– per average number of shares after dilution – divested operations, SEK	0.17	0.20

Net financial items were MSEK -6.1 (-8.8) and consist mostly of interest expenses. Tax expense for the year amounted to MSEK 4.3 (3.3).

Profit

Operating income before depreciation and non-recurring transaction-related expenses (EBITDA) for the year amounted to MSEK 73.7 (65.1), with an EBITDA margin of 21.1 (21.2) per cent. Currency exchange rate effects have had a positive effect of MSEK 0.4 on EBITDA compared with the previous year (see Note 10).

Operating income for the year totalled MSEK 19.8 (20.4), which corresponds to a profit margin of 5.7 (6.6) per cent.

Profit before tax was MSEK 13.7 (11.6), corresponding to a margin of 3.9 (3.8) per cent.

Profit for the year for remaining operations was MSEK 9.4 (8.2), corresponding to a profit margin of 2.7 (2.7) per cent.

Profit after tax attributable to divested operations amounted to MSEK 8.7 (9.8), of which MSEK 3.9 (-) relates to received purchase consideration.

Profit for the year including the minority share was MSEK 18.2 (18.0), corresponding to a profit margin of 5.2 (5.9) per cent.

Parent Company

Net sales for the Parent Company totalled MSEK 40.7 (35.4), and profit for the year was MSEK 9.2 (3.5). This includes profit from shares in Group companies of MSEK 21.9 (18.2).

COMMENTS ON THE STATEMENT OF FINANCIAL POSITION

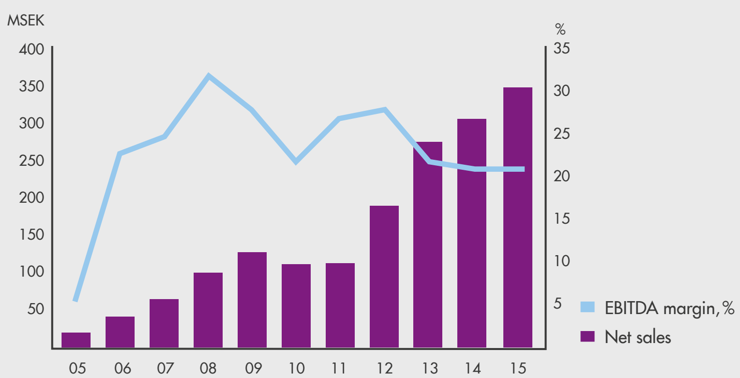
Investments and business combinations

Total investments for the period January to December amounted to MSEK 41.3 (50.2).

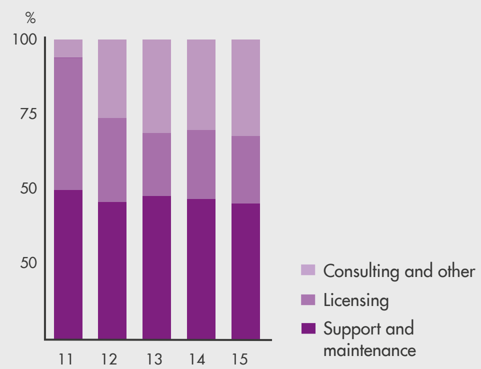
Intangible assets

Formpipe continually invests resources in product development for new and existing applications. A total of MSEK 45.2 (40.2) has been invested in intangible assets over the year, primarily in respect of capitalised development costs.

The goodwill items have been valued in the annual accounts and the Group has decided to impair goodwill related to the Life Science business area in an amount of MSEK 19.3 (-). In addition to this impairment, no cash flow generating unit had a book value in excess of the recoverable amount, whereby no further impairment requirements existed; see Note 14 for further information.



NET SALES AND PROFITABILITY



REVENUE DISTRIBUTION

Property, plant and equipment

Investments in property, plant and equipment amounted to MSEK 2.0 (2.7) and mainly comprised computer and office equipment.

Acquisition/divestment of operations

During the year, the customer-specific consulting services business in Denmark was divested. The purchase consideration amounts to a maximum of MDKK 6.7, of which MDKK 3.2 or MSEK 3.9, was received as an initial purchase price and a maximum of another MDKK 3.5 may be payable in additional purchase price in 2016, see Note 5 and 11 for additional information.

Financial position and liquidity

Cash and cash equivalents

Cash and cash equivalents amounted to MSEK 37.7 (26.0) at the end of the period. The Company has an overdraft facility totalling MSEK 31.5 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 116.8 (142.9), after which the Company's net liabilities were MSEK 79.1 (116.9).

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 carry-forwards amounted to MSEK 23.7 (25.3) at the end of the period. At the end of the period, the Group has accumulated losses of MSEK 1.6 (0.4) which are not yet capitalised.

Equity

Equity at year-end was MSEK 315.1 (307.6), corresponding to SEK 6.28 (6.13) per outstanding share. Value changes in the Swedish krona has impacted the value of the Group's net assets in foreign currency by MSEK -10.2 (17.4) 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. In 2015, the loan was renegotiated because the debt had become considerably less and with the aim of providing Formpipe greater flexibility in the use of its positive cash flow. According to the new agreement, the loan will be repaid in an amount of MSEK 5.2 and MDKK 8.6 per year.

At year-end, interest-bearing debt totalled MSEK 118.3 (142.9), allocated as MSEK 39.4 (46.2) and MDKK 64.5 (75.7).

Equity ratio

The Group's equity ratio was 51 (47) per cent at year-end.

COMMENTS ON THE CASH FLOW STATEMENT

Cash flow from operating activities amounted to MSEK 73.6 (76.8), of which MSEK 4.8 (9.8) is attributable to divested operations.

Annual cash flow from investing activities amounted to MSEK -39.9 (-45.5), of which proceeds for divested operations amounted to MSEK 3.9 (acquisitions -7.3), investments in intangible assets amounted to MSEK 41.8 (35.5) and investments in tangible assets amounted to MSEK 2.0 (2.7).

The annual cash flow from financing activities amounted to MSEK -22.0 (-26.1) and consists of amortisation of interest-bearing debts of MSEK 22.3 (26.5) and paid-in premium from new staff warrant programmes of MSEK 0.2 (0.5).

The Group's total cash flow for the year amounted to MSEK 11.7 (5.2).

SIGNIFICANT RISKS AND UNCERTAINTY FACTORS

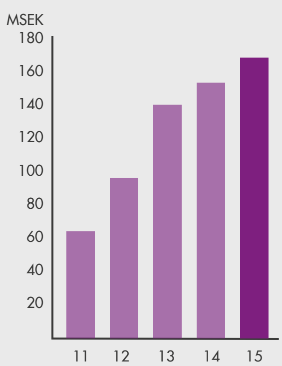
The most obvious uncertainty factors in Formpipe's operations concern Company sales and the Company's ability to attract and retain skilled staff.

Recurring revenues constituted 48 (50) per cent of Formpipe's net sales of MSEK 349.3 (307.0). 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.

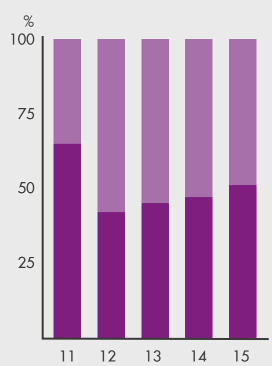
Projects for our new delivery operations primarily relate to the Company's own product portfolio, and therefore the risk in this type of consulting activity can be considered low. Large portions of this activity concern upgrades which are simple to plan and implement, and which in turn contribute to an operation that is stable over the long term. The delivery 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.

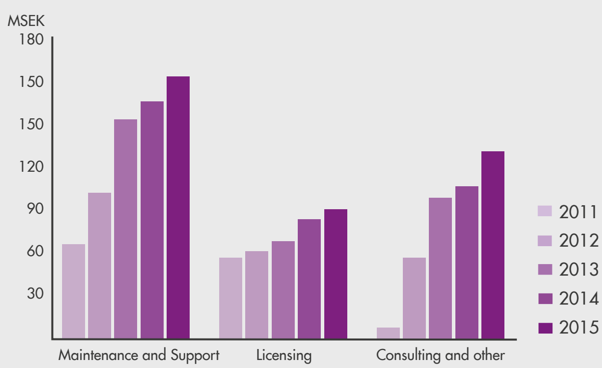
The sensitivity analysis below describes the effect on Formpipe's pre-tax profit for the remaining operations for 2015, which amounted to MSEK 13.7 (11.6), with changes to several factors:



RECURRING REVENUES



EQUITY RATIO



NET SALES PER REVENUE TYPE

Sensitivity analysis	Change	Effect on pre-tax profit, MSEK
Demand for licences	+/– 5%	+/– 3.9
Demand for delivery	+/– 5%	+/– 5.7
Staff expenses	+/– 5%	–/+ 10.1
STIBOR/CIBOR*	+/– 100 bps	–/+ 1.2
DKK/SEK	+/– 5%	+/– 0.4
GBP/SEK	+/– 5%	–/+ 0.2
USD/SEK	+/– 5%	–/+ 0.2

*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 2015 Annual General Meeting, or where a change in remuneration occurs thereafter. The Board has not appointed a separate 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 40 per cent in addition to the basic salary. All variable remuneration plans have defined maximum allocation and outcome limits. A provision is made in the annual accounts for variable remuneration attributable to the financial year when applicable and is disbursed in close connection with the Annual General Meeting. 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 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 2016 Annual General Meeting for remuneration to senior executives remain unchanged from 2015.

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 2015, allocated to 50,143,402 shares.

As of 31 December 2015, Formpipe had three warrant programmes outstanding for a total of 3,000,000 warrants registered for employees. The warrants can increase the total shares outstanding and voting rights in the Company by a maximum of 6.0 per cent. A new share issue in connection with the redemption of the 2013/2016 warrant 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 warrant programme may result in an increase in share capital by no more than SEK 150,000 and 1,000,000 shares. A new share issue in connection with the redemption of the 2015/2018 warrant programme may result in an increase in share capital by no more than SEK 150,000 and 500,000 shares.

Formpipe held no treasury shares at the end of 2015.

At the end of 2015, 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	204,310,232
Profit for the year	9,197,250
	213,507,482
The Board of Directors proposes:	
To pay a dividend of SEK 0.10 per share to shareholders, totalling	5,014,340
To be carried forward	208,493,142
	213,507,482

The Board of Directors proposes that the Annual General Meeting on 21 April 2016 resolve to approve a dividend of SEK 0.10 (-) per share, which entails a total dividend of SEK 5,014,340.

As a basis for its proposal to carry the retained profit forward, the Board has assessed the Parent Company and Group consolidation requirements, liquidity and financial position otherwise as well as the ability to meet its commitments on the short and long terms in accordance with Chapter 17 Section 3 Paragraphs 2-3 of the Swedish Companies Act. The Board of Directors assesses that the proposed appropriation of profits is well-adjusted to the business' nature, scope and risks and the Parent Company's and the Group's capital requirements.

This annual report shows that the equity ratio for the Parent Company was 46 (45) per cent.

Group equity was MSEK 315.1 (307.6) at the end of the period and net liabilities were MSEK 79.1 (116.9).

CORPORATE GOVERNANCE REPORT

The Formpipe Corporate Governance Report is on page 65 of this Annual Report.

Consolidated income statement

KSEK	Note	2015	2014
Net sales		**349,292**	**306,952**
Operating expenses			
Cost of sales		-48,406	-33,361
Other costs	6	-70,044	-63,813
Staff expenses	7	-202,173	-181,880
Own work capitalised		45,002	37,154
Non-recurring items	14, 27	-1,947	-1,167
Depreciation		-51,880	-43,502
Total operating expenses		-329,449	-286,569
Operating profit/loss		**19,843**	**20,383**
Income from financing activities	8, 10	454	131
Expenses from financing activities	8, 10	-6,565	-8,964
Profit/loss after financial items		**13,732**	**11,551**
Tax on profit/loss for the year	9, 23	-4,296	-3,333
Profit for the year from remaining operations		**9,436**	**8,218**
Profit attributable to divested operations	11	4,838	9,824
Capital gains attributable to divested operations	11	3,905	–
Profit/loss for the year		**18,179**	**18,042**
Of which attributable to:			
Shareholders of the Parent Company		*17,490*	*18,140*
Non-controlling interests		*689*	*-98*
Total		*18,179*	*18,042*
Other comprehensive income			
Items that may be reclassified to profit/loss			
Currency differences		-10,216	17,371
Other comprehensive income for the period, net after tax		-10,216	17,371
Total comprehensive income for the year		**7,964**	**35,413**
Of which attributable to:			
Shareholders of the Parent Company		*7,275*	*35,511*
Non-controlling interests		*689*	*-98*
Total		*7,964*	*35,413*

KSEK		2015	2014
Earnings per share, calculated on earnings attributable to shareholders of the Parent Company during the year (expressed in SEK per share)	12		
– before dilution		0.35	0.37
– after dilution		0.35	0.37
– before dilution, remaining operations		0.17	0.17
– after dilution, remaining operations		0.17	0.17
– before dilution, divested operations		0.17	0.20
– after dilution, divested operations		0.17	0.20
Average total shares before dilution, thousands		50,143	49,539
Average total shares after dilution, thousands		50,592	49,539

Consolidated statement of financial position

KSEK	Note	31/12/2015	31/12/2014
ASSETS			
Non-current assets			
Intangible assets	14		
Capitalised expenditure		137,278	134,847
Goodwill		317,960	346,605
Other intangible non-current assets		18,155	28,751
Total intangible non-current assets		**473,393**	**510,203**
Property, plant and equipment	15		
Other equipment		3,898	4,217
Total property, plant and equipment		**3,898**	**4,217**
Financial assets	16		
Other financial assets		1,425	1,432
Total non-current financial assets		**1,425**	**1,432**
Non-current liabilities	23		
Deferred tax assets		23,680	25,292
Total non-current liabilities		**23,680**	**25,292**
Total non-current assets		**502,396**	**541,145**
Current assets			
Work in progress		10,837	23,249
Current liabilities			
Trade and other receivables	17, 18	50,030	57,131
Current tax assets		336	9
Other receivables		25	30
Prepaid expenses and accrued income	19	16,494	10,914
Total current liabilities		**66,885**	**68,085**
Cash and cash equivalents	17, 20	37,670	26,035
Total non-current assets		**115,393**	**117,368**
TOTAL ASSETS		**617,789**	**658,513**

KSEK	Note	31/12/2015	31/12/2014
EQUITY			
Share capital	22	5,014	5,014
Other contributed capital		186,709	186,464
Translation reserve		4,455	14,670
Retained earnings		118,930	101,440
Total equity attributable to Parent Company's shareholders		**315,108**	**307,588**
Non-controlling interests		3,378	2,689
Total equity		**318,486**	**310,277**
LIABILITIES			
Non-current liabilities			
Borrowings	23	100,847	114,918
Deferred tax liabilities	24	25,224	24,208
Other non-current liabilities	28	6,189	24,278
Total non-current liabilities		**132,260**	**163,403**
Current liabilities			
Borrowings	23	15,904	25,987
Trade and other payables	17	17,236	18,976
Current tax liabilities		1,358	2,335
Other liabilities	25	11,878	9,873
Accrued expenses and deferred income	26	120,665	127,662
Total current liabilities		**167,042**	**184,833**
Total liabilities		**299,302**	**348,236**
TOTAL EQUITY AND LIABILITIES		**617,789**	**658,513**

Consolidated statement of changes in equity

		Equity attributable to Parent Company's shareholders						
KSEK	Note	Share capital	Other contributed capital	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Equity on 1 January 2014		**4,893**	**178,568**	**-2,701**	**83,300**	**264,061**	**2,787**	**266,848**
Comprehensive income								
Earnings for the period		–	–	–	18,140	18,140	-98	18,042
Other comprehensive income items		–	–	17,371	–	17,371	–	17,371
Total comprehensive income		–	–	**17,371**	**18,140**	**35,511**	**-98**	**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**
Equity on 31 December 2014		**5,014**	**186,464**	**14,670**	**101,440**	**307,588**	**2,689**	**310,277**
Equity on 1 January 2014		**5,014**	**186,464**	**14,670**	**101,440**	**307,588**	**2,689**	**310,277**
Comprehensive income								
Earnings for the period		–	–	–	17,490	17,490	689	18,179
Other comprehensive income items		–	–	-10,216	–	-10,216	–	-10,216
Total comprehensive income		–	–	**-10,216**	**17,490**	**7,274**	**689**	**7,964**
Transactions with shareholders								
Paid-in premiums for staff share option programme	21	–	245	–	–	245	–	245
Total transactions with shareholders		–	**245**	–	–	**245**	–	**245**
Equity on 31 December 2014		**5,014**	**186,709**	**4,455**	**118,930**	**315,108**	**3,378**	**318,486**

Income statement – Parent Company

KSEK	Note	2015	2014
Net sales		40,701	35,358
Operating expenses			
Cost of sales		-2,308	-1,753
Other costs	6	-11,508	-9,164
Staff expenses	7	-35,684	-34,105
Depreciation		-1,822	-1,701
Total operating expenses		-51,323	-46,723
Operating profit/loss		**-10,622**	**-11,366**
Income from participating interests	8, 10	21,850	18,155
Income from financing activities	8, 10	5,840	6,562
Expenses from financing activities	8, 10	-5,066	-8,391
Profit/loss after financial items		**12,003**	**4,961**
Tax on profit/loss for the year	9, 24	-2,805	-1,458
Profit/loss for the year		**9,197**	**3,502**

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

Statement of financial position – Parent Company

KSEK	Note	31/12/2015	31/12/2014
ASSETS			
Non-current assets			
Intangible assets	14		
Capitalised expenditure		3,028	3,913
Goodwill		404	553
Total intangible non-current assets		**3,432**	**4,466**
Property, plant and equipment	15		
Other equipment		1,022	1,279
Total property, plant and equipment		**1,022**	**1,279**
Financial assets			
Shares in subsidiaries	16	326,169	327,960
Other financial assets		–	12
Interest-bearing loans to group companies		91,346	108,959
Total non-current financial assets		**417,515**	**436,930**
Non-current liabilities			
Deferred tax assets	23	3,635	6,440
Total non-current liabilities		**3,635**	**6,440**
Total non-current assets		**425,604**	**449,116**
Current assets			
Current liabilities			
Interest-bearing loans to group companies		9,408	13,348
Trade and other receivables	18	710	855
Current tax assets		1,220	996
Loans to group companies		30,792	20,174
Other receivables		26	27
Prepaid expenses and accrued income	19	1,378	1,409
Total current liabilities		**43,534**	**36,809**
Cash and cash equivalents	20	41,165	21,232
Total non-current assets		**84,699**	**58,041**
TOTAL ASSETS		**510,303**	**507,157**

KSEK	Note	31/12/2015	31/12/2014
EQUITY			
Restricted equity			
Share capital	21	5,014	5,014
Other contributed capital		17,691	17,691
		22,705	**22,705**
Non-restricted equity			
Distributable reserves		155,562	155,317
Retained earnings		48,749	45,246
Profit/loss for the year		9,197	3,502
		213,507	**204,065**
Total equity		**236,212**	**226,770**
LIABILITIES			
Non-current liabilities			
Borrowing from credit institutions	22	100,847	114,918
Other non-current liabilities		6,189	24,278
Total non-current liabilities		**107,036**	**139,196**
Current liabilities			
Borrowing from credit institutions	22	15,904	25,987
Trade and other payables		2,197	1,761
Liabilities to group companies		126,628	90,409
Other liabilities	24	8,414	7,532
Accrued expenses and deferred income	25	13,911	15,502
Total current liabilities		**167,055**	**141,191**
Total liabilities		**274,091**	**280,387**
TOTAL EQUITY AND LIABILITIES		**510,303**	**507,157**

KSEK		31/12/2015	31/12/2014
Pledged assets			
Mortgages	16	334,131	394,207
Contingent liabilities		–	–

Statement of changes in equity – Parent Company

KSEK	Note	Equity	Other contributed capital	Distributable reserves	Other non-restricted equity	Total equity
Equity 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**
Equity on 31 December 2014		**5,014**	**17,691**	**155,317**	**48,749**	**226,770**
Equity on 1 January 2014		**5,014**	**17,691**	**155,317**	**48,749**	**226,770**
Comprehensive income						
Profit/loss for the year		–	–	–	9,197	9,197
Total comprehensive income		–	–	–	**9,197**	**9,197**
Transactions with shareholders						
Paid-in premiums for staff share option programme	21	–	–	245	–	245
Total transactions with shareholders		–	–	**245**	–	**245**
Equity on 31 December 2014		**5,014**	**17,691**	**155,562**	**57,946**	**236,212**

Cash flow statement

		Group		Parent	
KSEK	Note	2015	2014	2015	2014
Cash flow from operating activities					
Operating profit/loss		26,824	33,482	-10,622	-11,366
Items not affecting cash flows					
– Depreciation		51,880	43,502	1,822	1,701
– Other items		-447	-2,015	509	475
Other items affecting liquidity					
Income from participating interests		–	–	21,850	18,155
Interest revenue		454	131	5,840	6,562
Interest expense		-5,666	-7,353	-4,607	-7,013
Income tax paid		-6,879	-1,891	-193	-123
Cash flow from operating activities before changes in working capital		**66,166**	**65,856**	**14,599**	**8,391**
Of which cash flow from divested operations	11				
Increase (-) / decrease (+) work in progress		11,436	4,998	4	3
Increase (-) / decrease (+) trade receivables		5,677	1,227	-7,572	-88
Increase (-) / decrease (+) other current receivables		-5,770	2,140	6,771	-8
Increase (+) / decrease (-) trade payables		-1,235	2,276	436	-212
Increase (+) / decrease (-) other current liabilities		-2,668	316	11,769	14,508
Cash flow from changes in working capital		**7,440**	**10,957**	**11,408**	**14,203**
Cash flow from operating activities		**73,606**	**76,813**	**26,007**	**22,594**
Of which cash flow from divested operations	11	4,838	9,824	–	–
Cash flow from investing activities					
Investments/divestments in subsidiaries	11, 27	3,905	-7,345	–	-11,214
Investment in intangible non-current assets	14	-41,777	-35,497	-201	-455
Investment in property, plant, and equipment	15	-1,954	-2,669	-329	-1,100
Investment in financial assets	16	-54	6	15,582	22,247
Cash flow from investing activities		**-39,881**	**-45,505**	**15,052**	**9,478**
Cash flow from financing activities					
Issue of warrants	21	245	450	245	450
Repayment of loans	27	-22,278	-26,547	-21,371	-26,547
Cash flow from financing activities		**-22,033**	**-26,097**	**-21,126**	**-26,097**
Cash flow for the year		**11,692**	**5,211**	**19,933**	**5,975**
Currency translation differences for cash and cash equivalents		-57	555	–	–
Cash and cash equivalents at start of year		26,035	20,269	21,232	15,256
Cash and cash equivalents at year-end	20	**37,670**	**26,035**	**41,165**	**21,232**

Notes

All amounts in these notes are stated in SEK thousands (KSEK) unless otherwise specified. The closing date is 31 December 2015.

NOTE 1 GENERAL INFORMATION

Formpipe Software AB (Parent Company) 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 UK and the USA and primarily sells its products in Sweden and Denmark.

The Parent Company is a Limited Liability Company registered and domiciled in Sweden.

The address of the head office is Formpipe Software AB (publ), Box 231 31, SE-104 35 Stockholm. The visiting address is Sveavägen 168, Stockholm.

The Parent Company is listed on the Nasdaq Stockholm Stock Exchange.

The Board of Directors approved the consolidated financial statements for publication on 29 March 2016.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in preparing these Consolidated and Parent Company 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

None of the IFRS or IFRIC interpretations that are compulsory for the first time for the financial year that began on 1 January 2015 are assessed to have any substantial impact on the Group.

New standards, amendments and interpretations of existing standards where the change has not yet entered into effect and has not been applied in advance by the Group

A number of new standards and interpretations will come into force for financial years commencing after 1 January 2015 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 2018. Application prior to this date is permissible. The Group has not yet evaluated the effects of the introduction of the standard, but has begun the planning phase for investigating the effects of the introduction of IFRS 15.

IFRS 16 "Leasing". In January 2016, IASB published a new standard for leases that will replace IAS 17 Leases and associated interpretations IFRIC 4, SIC-15 and SIC-27. This standard requires assets and liabilities attributable to all leases, with a few exceptions, to be recognised in the balance sheet. This recognition is based on the view that the lessee has a right to use an asset during a specific period of time and at the same time an obligation to pay for this right. Recognition for the lessor will essentially be unchanged. The standard is to be applied to financial years beginning on or after 1 January 2019. Application prior to this date is permissible. The EU has not yet adopted the standard. The Group has yet to assess the impact of IFRS 16.

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 of the companies (including companies for special purposes) where the Group is entitled to govern financial and operational strategies in a manner usually pursuant to shareholdings amounting to more than half of the voting rights. The occurrence and effect of potential voting rights that are currently possible to utilise or convert are observed in the assessment of whether the Group exercises control over another Company. The Group also assesses if controlling influence exists although it does not have shareholdings amounting to more than half of the voting rights, but nonetheless has the possibility to control financial and operating strategies through de facto control. De facto control can arise under circumstances where the share of the Group's voting rights in relation to the size and spread of other shareholders' voting rights give the Group the possibility to control financial and operating strategies, etc. Subsidiaries are consolidated in the consolidated 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-

NOTE 2 Summary of significant accounting policies, cont.

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 equity is not revalued 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 that the fair value of the net identifiable assets of the business, the difference is recognised immediately in the income statement.

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

Group contributions from the Parent Company 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 Company 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 Company'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 revalued. 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);
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.

BUSINESS COMBINATIONS

Acquisition accounting is used for the recognition of the Group's business acquisitions, regardless of whether the acquisition consists of equity shares or other assets. The purchase consideration for the acquisition of a subsidiary is comprised of the fair value of;

- transferred assets;
- liabilities the Group incurs to earlier owners;
- shares issued by the Group;
- assets and liabilities that are a result of an agreement on a contingent purchase consideration;
- earlier equity share of the acquired company .

Identifiable acquired assets and assumed liabilities and contingent liabilities in a business combination are measured initially at their acquisition-date fair value with a few exceptions. 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.

Goodwill relates to the amount in which;

- transferred compensation;
- potential non-controlling interests in the acquired company;
- the fair value at the acquisition date of earlier equity shares in the acquired company, (if the business combination has been done in stages) exceed the fair value of identifiable acquired net assets.

If the amount is less than fair value of the acquired net assets, in the event of a bargain purchase, the difference is recognised directly in profit or loss.

In the cases when all or part of a purchase consideration is deferred, the future payments shall be discounted to the present value at the date of acquisition. The discount rate is the Company's marginal loan interest, which is the interest rate the Company should have paid for a financing through loans during the corresponding period and at similar terms.

A contingent purchase consideration is classified either as equity or a financial liability. Amounts classified as financial liabilities are revalued every period at fair value. Potential revaluation gains and losses are recognised in profit or loss.

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

NOTE 2 Summary of significant accounting policies, cont.

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 revalued 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 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. They 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 balance sheet 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

NOTE 2 Summary of significant accounting policies, cont.

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 good 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 receivable. Significant financial difficulties in the debtor, the likelihood the debtor will enter bankruptcy or financial reconstruction, and late or non-payment (more than 30 days past due) are considered indications of the necessity for provision of impairment for the trade receivable. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is written off against a provision account and the change in the amount of the provision is recognised in the income statement in selling expenses. When the trade receivable is deemed non-collectable, it is written off against the provision account for trade receivables. Recovery of any amount previously written off is added to sales expenses 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.

SHARE CAPITAL

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 Company'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 addi-

NOTE 2 Summary of significant accounting policies, cont.

tional 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.

Warrant 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 contributed capital. Payments received for the shares, after deducting any directly attributable transaction expenses, are added to share capital (par value) and Other contributed 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 Company 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 recognised when the Group when a legal or informal obligation based on previous events arises, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably measured. Provisions for restructuring include costs for terminating leasing agreements and termination benefits. No provisions are made for future operating losses.

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

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 Company's shareholders are recognised as a liability in the Group financial reporting for the period for which the dividend is approved by these shareholders.

NON-RECURRING ITEMS

Non-recurring items are recognised separately in the financial statements when necessary in order to explain Group results. Non-recurring items include material revenue or expenditure items that are reported separately due to their unusual size or nature. For additional information regarding these items, refer to Note 27.

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, EUR and USD to an extent since 2015. 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. With regard to the Danish business, Formpipe opts to hedge currency against the Danish krone for individually 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 2015 would have been KSEK 1,234 (1,077) higher or lower and equity on 31 December 2015 (including profit for the year) would have been KSEK 2,170 (3,282) higher or lower.

(ii) Price risk

The Group holds no investments in shares and therefore has no exposure to price risk. The Group is not exposed to price risk for basic 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 39,376 (46,200) with a variable interest rate linked to STIBOR and KDKK 64,500 (75,680) 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 120 (151).

(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, mainly in Sweden and Denmark. However, these deals are smaller in size and greater in number, whereby the credit risk for these receivables is widely spread. Customer losses for the Group are negligible.

(c) Liquidity risk

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

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

The table below presents Group financial liabilities that will be settled net, according to remaining maturity at the 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 year	1-2 years	2-5 years
2015			
Bank borrowings	18,755	18,755	80,827
Trade payables and other liabilities	30,473	–	–
Total	**49,228**	**18,755**	**80,827**
2014			
Bank borrowings	25,987	25,987	90,952
Trade payables and other liabilities	31,184	–	–
Total	**57,171**	**25,987**	**90,952**

The Company's net liabilities at year-end were KSEK 79,081 (116,892).

NOTE 3 Financial risk management, cont.

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 17) 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 2015 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 the end of the period, the Group has no financial instruments recognised at fair value through profit or loss (SEK -).

NOTE 4 SIGNIFICANT ESTIMATES AND ASSESSMENTS 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 14.

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 highest executive decision-maker assesses the operations based on geographic and industry perspectives, Sweden, Denmark and the Life Science business area. 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 segments Sweden and Denmark have the same structure with regard to customers in public and private sectors, but differ geographically. The Life Science segment differs from the other segments as the operation exclusively works towards customers in the Life Science industry.

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.

As of 1 January 2015, the Life Science business area is recognised as its own segment. Previously, these operations were in the segment Sweden. GxP Ltd. was acquired on 1 July 2014 and from that date in the Life Science segment. The comparative figures have been adjusted to reflect this change.

To clarify the effects of the divestment of the operations for customer-specific consulting services in Denmark as per 11 December 2015, revenues and expenses for these operations have been separately recognised in their own column below. The operations previously belonged to the segment Denmark. The specification for divested units includes only direct revenues and expenses.

NOTE 5 Segment information, cont.

2015	Sweden	Denmark	Life Sciences	Eliminations	Remaining operations	Divested operations	Group
Sales, external	138,419	195,040	15,833	–	349,292	23,942	373,234
Sales, internal	1,162	6,920	700	-8,782	–	–	–
Total sales	**139,581**	**201,960**	**16,533**	**-8,782**	**349,292**	**23,942**	**373,234**
Expenses, external	-90,365	-162,653	-22,604	–	-275,622	-15,371	-290,993
Expenses, internal	-5,831	-2,251	-700	8,782	–	–	–
Total expenses	**-96,196**	**-164,904**	**-23,304**	**8,782**	**-275,622**	**-15,371**	**-290,993**
EBITDA	**43,385**	**37,056**	**-6,771**	**–**	**73,670**	**8,571**	**82,241**
Non-recurring items					-1,947	-1,590	-3,538
Capital gain divested operations					–	3,905	
Depreciation					-51,880	–	-51,880
EBIT					**19,843**	**10,886**	**30,729**
Net financial items					-6,111	–	-6,111
Tax					-4,296	-2,143	-6,438
Profit/loss for the year					**9,436**	**8,743**	**18,179**

2014	Sweden	Denmark	Life Sciences	Eliminations	Remaining operations	Divested operations	Group
Sales, external	122,995	172,254	11,703	–	306,952	35,493	342,445
Sales, internal	392	3,308	–	-3,700	–	–	–
Total sales	**123,387**	**175,562**	**11,703**	**-3,700**	**306,952**	**35,493**	**342,445**
Expenses, external	-81,404	-143,403	-17,093	–	-241,900	-22,394	-264,294
Expenses, internal	-3,308	-392	–	3,700	–	–	–
Total expenses	**-84,712**	**-143,795**	**-17,093**	**3,700**	**-241,900**	**-22,394**	**-264,294**
EBITDA	**38,675**	**31,767**	**-5,390**	**–**	**65,052**	**13,099**	**78,151**
Non-recurring items					-1,167	–	-1,167
Depreciation					-43,502	–	-43,502
EBIT					**20,383**	**13,099**	**33,482**
Net financial items					-8,832	–	-8,832
Tax					-3,333	-3,275	-6,607
Profit for the period from remaining operations					**8,218**	**9,824**	**18,042**

ASSETS

The operating segments are not assessed based on management of assets and liabilities, beyond the presentation made below. Other assets and liabilities are managed by the asset management.

2015	Sweden	Denmark	Life Sciences	Remaining operations	Divested operations	Group
Goodwill	96,522	207,978	13,460	317,960	–	317,960
Other intangible assets	59,514	85,476	10,443	155,433	–	155,433
Total	**156,036**	**293,454**	**23,903**	**473,393**	**–**	**473,393**
2014						
Goodwill	66,943	248,255	31,407	346,605	–	346,605
Other intangible assets	54,888	98,173	10,537	163,598	–	163,598
Total	**121,831**	**346,428**	**41,944**	**510,203**	**–**	**510,203**

NOTE 5 Segment information, cont.

GROUP-WIDE INFORMATION

Revenues from all products and services are identified as follows:

2015	Sweden	Denmark	Life Sciences	Remaining operations	Divested operations	Group
Licences	42,186	32,832	3,391	78,409	–	78,409
Maintenance and Support	78,041	77,477	2,329	157,847	6,559	164,406
Delivery services	18,192	84,731	10,113	113,036	17,383	130,419
Total	**138,419**	**195,040**	**15,833**	**349,292**	**23,942**	**373,234**
2014						
Licences	36,307	33,690	2,408	72,405	–	72,405
Maintenance and Support	71,699	70,008	1,527	143,234	5,949	149,183
Delivery services	14,988	68,557	7,768	91,313	29,544	120,857
Total	**122,994**	**172,255**	**11,703**	**306,952**	**35,493**	**342,445**

INFORMATION ABOUT CUSTOMERS

The Group is domiciled in Sweden. Revenues from external customers in the Sweden segment amount to KSEK 138,419 (122,994), total revenues from external customers in the Denmark segment amount to KSEK 195,040 (172,255) excluding divested operations and total revenue from external customers in the Life Science segment amount to KSEK 15,833 (11,703).

Revenues of approximately KSEK 70,758 (52,431) refer to a single external customer and are attributable to the Denmark segment.

NOTE 6 AUDITOR'S REMUNERATION

	Group		Parent Company	
	2015	2014	2015	2014
PricewaterhouseCoopers AB				
Audit assignment	785	935	241	341
Auditing services other than audit assignment	217	332	100	222
Other services	25	106	–	–
Group total	**1,027**	**1,373**	**341**	**563**

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 Company and subsidiaries	2015	2014
Parent Company		
Salaries and other benefits	21,374	20,879
Pension cost	3,003	2,906
Social security contributions	7,960	7,691
Subsidiaries		
Salaries and other benefits	133,234	115,942
Pension cost	9,432	7,695
Social security contributions	9,347	8,077
Group		
Salaries and other benefits	154,608	136,822
Pension cost	12,435	10,601
Social security contributions	17,308	15,768

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

Number of employees at year-end	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Formpipe Software AB, SE	38	30	37	30
Formpipe Software Uppsala AB, SE	18	21		
Formpipe Software Linköping AB, SE	18	17		
Formpipe Lasernet A/S, DK	10	13		
Formpipe Software A/S, DK	124	136		
Formpipe Lasernet Ltd., UK	2	1		
Formpipe Intelligo AB, Stockholm, SE	12	12		
GXP Ltd., UK	10	10		
Formpipe Software Benelux B.V., NL	4	3		
Formpipe Inc., USA	3	2		
Total staff	**239**	**245**	**37**	**30**
Average staff	**242**	**236**	**34**	**30**

Salary and employee benefits – Board, senior executives	Basic salary/ Board of Directors' fees	Variable remuneration	Retirement expenses	Other remuneration	Total
2015					
Bo Nordlander (Chair)	250	–	–	–	250
Staffan Torstensson	150	–	–	–	150
Jack Spira	150	–	–	–	150
Kristina Lindgren	150	–	–	–	150
Charlotte Hansson	150	–	–	–	113
CEO Christian Sundin	1,980	–	503	114	2,597
Other senior executives, 3 persons	4,236	56	330	351	4,973
Total	**7,066**	**56**	**883**	**465**	**8,420**
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, 2 persons	3,217	110	220	52	3,598
Total	**5,891**	**707**	**723**	**209**	**7,529**

Senior executives refer to Managing Directors for the Group's different segments and the Group's CFO. For the Sweden segment, the Managing Director is the Group's CEO Christian Sundin, who is reported separately on a separate line and thereby not a part of the senior executive line. The Life Science segment began to be recognized in 2015 and was included previously in the Sweden segment.

Members, Board of Directors	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Women	2	2	2	2
Men	3	3	3	3

Boards of Directors for subsidiaries	Women 2015	Men 2015	Women 2014	Men 2014
Formpipe Software Uppsala AB, SE	–	1	–	1
Formpipe Software Linköping AB, SE	–	1	–	1
Formpipe 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
Formpipe Lasernet Ltd., UK	–	1	–	1
Formpipe Intelligo AB, SE	–	3	–	3
Formpipe Software Benelux B.V., NL	–	1	–	1
GXP Ltd., UK	–	1	–	1
Netexperts Ltd., UK	–	1	–	1
Formpipe Inc., USA	–	1	–	1

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

The Board of Directors in subsidiaries received no remuneration for 2015. 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 executives including CEO	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Women	–	–	–	–
Men	4	3	2	2

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 2015 were not attained and so no outcome is 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 extent of the earnings-based remuneration of senior executives is related to the extent by which financial objectives established by the Group's Board of Directors are met. The performance-based remuneration shall constitute an addition of no more than 30 to 40 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 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.

NOTE 8 FINANCIAL INCOME AND EXPENSES

	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Income from financing activities				
Group contributions received	–	–	21,850	18,155
Interest income	454	131	5,840	6,562
Total financial revenues	**454**	**131**	**27,690**	**24,717**

	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Expenses from financing activities				
Interest expense bank borrowings	-3,546	-5,862	-3,546	-5,862
Other interest expenses	-493	-321	-1	-6
Exchange rate differences	-899	-1,610	-493	-1,378
Other financial expenses	-1,626	-1,171	-1,026	-1,146
Total financial expenses	**-6,565**	**-8,964**	**-5,066**	**-8,391**

NOTE 9 INCOME TAX

	Group		Parent Company	
	2015	2014	2015	2014
Current tax	2,482	1,336	–	–
Deferred tax	1,814	1,997	2,805	1,458
	4,296	**3,333**	**2,805**	**1,458**
Deferred tax, divested operations	2,143	3,275	–	–
	6,439	**6,607**	2,805	1,458

Deferred tax refers to utilisation of accumulated tax loss carryforward from previous years totalling KSEK 4,187 (5,449) and deferred tax expenses attributable to intangible assets of KSEK -230 (-177).

At the end of the period, the Group has accumulated losses of MSEK 8.0 where that related to loss carryforwards are not capitalised in the Group. All other loss carryforwards in the Group are capitalised as deferred tax assets.

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

	Group		Parent Company	
	2015	2014	2015	2014
Profit before tax, remaining operations	13,732	11,551	12,003	4,961
Profit before tax, divested operations	10,886	13,099	–	–
Income tax calculated using national tax rates applicable to profit/loss in each country	7,434	6,416	2,641	1,091
Non-taxable income	-2,568	-1	-0	–
Non-allowable expenses	258	400	165	367
Difference between accounting and tax depreciation	1,771	–	–	–
Tax attributable to previous years	98	2		
Tax attributable to intangible assets	-230	-176	–	–
Effect of subsidiaries' tax rates	-323	-34	–	–
Tax expense	**6,439**	**6,608**	**2,805**	**1,458**

The weighted effective tax rate was 26.2 (26.8) per cent.

NOTE 10 EXCHANGE RATE DIFFERENCES – NET

	Average rate Jan. to Dec.		Rate at statement of financial position date 31 Dec.	
Exchange rates (against SEK)	2015	2014	2015	2014
DKK	1.25	1.22	1.22	1.28
EUR	9.36	9.10	9.14	9.52
GBP	12.90	11.29	12.38	12.14
USD	8.44	6.86	8.35	7.81

	Group		Parent Company	
Exchange rate differences were recognised in the income statement as follows:	2015	2014	2015	2014
Other revenues and expenses – net	106	-64	-1	-24
Financial items – net	-899	-1,610	-493	-1,378

NOTE 11 DIVESTED OPERATIONS

In December 2015, the customer-specific consulting services business in Denmark was divested. The business, which was previously included in the Denmark segment, accordingly constitutes divested operations according to IFRS 5 and is recognised in accordance with this accounting principle. The operations were divested on 11 December 2015.

The Group realisation result only comprises the purchase consideration for the operations and amounted to MSEK 3.9. The specification for divested units includes only direct revenues and expenses. No assets or liabilities in the balance sheet were linked to the operations divested.

The divested operations' revenues and expenses are specified below.

KSEK	**2015**	**2014**
Net sales	23,942	35,493
Operating expenses		
Cost of sales	-2,685	-9,243
Other costs	-503	-434
Staff expenses	-12,183	-12,717
Non-recurring items	-1,590	–
Capital gain divested operations	3,905	–
Total operating expenses	**-13,056**	**-22,394**
Operating profit/loss	**10,886**	**13,099**
Tax on profit/loss for the year	-2,143	-3,275
Profit for the year from remaining operations	**8,743**	**9,824**

Cash flow from operating activities for divested units amounted to KSEK 4,838 (9,824).
No material cash flow attributable to investment and/or financing activities has been identified.

In addition, a sales consideration of KSEK 3,905 was received.

NOTE 12 EARNINGS PER SHARE

BEFORE DILUTION

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

	2015	**2014**
Profit or loss for the year attributable to shareholders of the Parent Company		
From remaining operations	8,747	8,316
From divested operations	**8,743**	**9,824**
	17,490	18,140
Weighted average outstanding common shares (thousands)	50,143	49,539
Earnings per share before dilution (SEK per share)		
From remaining operations	0.17	0.17
From divested operations	0.17	0.20
	0.35	**0.37**

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 Company owns one category of potential common shares that have a dilution effect – share 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 Company 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).

NOTE 12 Earnings per share, cont.

	2015	2014
Weighted average outstanding common shares (thousands)	50,143	49,539
Adjustments for:		
– share options 2012 to 2015 (thousands)	249	–
– share options 2013 to 2016 (thousands)	199	–
– share options 2014 to 2017 (thousands)	–	–
– share options 2015 to 2018 (thousands)	–	–
Weighted average total common shares used in calculating earnings per share after dilution (thousands)	**50,592**	**49,539**
Earnings per share after dilution (SEK per share)		
From remaining operations	0.17	0.17
From divested operations	0.17	0.20
Earnings per share after dilution (SEK per share)	**0.35**	**0.37**

NOTE 13 DIVIDEND PER SHARE

The Board of Directors proposes that the Annual General Meeting on 21 April 2016 resolve to approve a dividend in an amount of SEK 0.10 (0.00) per share corresponding to a total of SEK 5,014,340.20 (0.00).

NOTE 14 INTANGIBLE ASSETS

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	24,915
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	298,440	51,073	3,541	6,444	706,103
Accumulated depreciation	–	-163,593	-26,373	-2,455	-3,478	-195,899
Carrying amount	**346,605**	**134,847**	**24,699**	**1,086**	**2,966**	**510,203**

CONSOLIDATED	Goodwill	Capitalised expenditure	Customer relations	Technology	Brand names	Total
Financial year 2015						
Opening carrying amount	346,605	134,847	24,699	1,086	2,966	510,203
Increase due to business combination	–	–	–	–	–	–
Exchange rate differences	-9,301	-3,392	-423	30	74	-13,012
Purchases	–	45,205	–	–	–	45,205
Depreciation	–	-39,382	-8,466	-256	-1,555	-49,659
Impairment losses	-19,344	–	–	–	–	-19,344
Closing carrying amount	**317,960**	**137,278**	**15,810**	**860**	**1,485**	**473,393**
At 31 December 2015						
Cost	317,960	335,035	49,451	3,251	6,831	712,529
Accumulated depreciation	–	-197,757	-33,641	-2,391	-5,346	-239,135
Carrying amount	**317,960**	**137,278**	**15,810**	**860**	**1,485**	**473,393**

Capitalised expenditures represent essentially only product development.

NOTE 14 Intangible assets, cont.

PARENT COMPANY	Goodwill	Capitalised expenditure	Total
Financial year 2014			
Opening carrying amount	703	4,468	5,171
Purchases	–	455	455
Depreciation	-150	-1,010	-1,160
Closing carrying amount	**553**	**3,912**	**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**
Financial year 2015			
Opening carrying amount	553	3,913	4,467
Purchases	–	201	201
Depreciation	-149	-1,086	-1,235
Closing carrying amount	**404**	**3,028**	**3,432**
At 31 December 2015			
Cost	4,799	6,057	10,856
Accumulated depreciation	-4,395	-3,029	-7,424
Carrying amount	**404**	**3,028**	**3,432**

IMPAIRMENT TESTING OF INTANGIBLE ASSETS AND GOODWILL FOR THE GROUP

Group goodwill at year-end was KSEK 317,960 (346,605). 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 segment within the Group. Allocation of Group goodwill to these cash-generating units shows KSEK 92,930 for Sweden and 253,675 for Denmark.

In connection with the impairment test of the financial year in the fourth quarter, an impairment requirement for goodwill was noted in relation to the Life Science segment. The financial year's impairment of goodwill attributable to the Life Science segment amounted to MGBP 1.5, or KSEK 19,344.

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. The cash flows in addition to the explicit forecast period have been assigned a growth rate of 2 (2) per cent, which is somewhat higher than the expected general GDP growth and is motivated by the fact that the Company is active in a growth industry with a continued good outlook for high growth 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 before tax (WACC). The risk premium differs between the segments as they act on different markets and the certainty of the forecasts varies. The Life Science segment is impairment tested for the first time in 2015 since it is the first time the cash flow generating unit is recognised after the year of acquisition.

WACC	2015	2014
Segment		
Sweden	12%	12%
Denmark	12%	12%
Life Sciences	18%	–

SENSITIVITY ANALYSIS

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

For the Life Science segment, an impairment of the carrying amount has been done as per above. A change by +/- 1 percentage point in WACC changes the recoverable amount by around KSEK 2,400 and a change in the long-term growth of +/- 1 percentage point affects the recoverable amount by around KSEK 1,600.

NOTE 15 PROPERTY, PLANT AND EQUIPMENT

CONSOLIDATED	Other equipment	Total
Financial year 2014		
Opening carrying amount	2,935	2,935
Increase due to business combination	407	407
Exchange rate differences	150	150
Purchases	2,744	2,744
Depreciation	-2,019	-2,019
Closing carrying amount	**4,217**	**4,217**
At 31 December 2014		
Cost	24,354	24,354
Accumulated depreciation	-20,137	-20,137
Carrying amount	**4,217**	**4,217**
Financial year 2015		
Opening carrying amount	4,217	4,217
Exchange rate differences	-31	-55
Purchases	2,085	978
Divestment and disposals	-1,683	-577
Depreciation	-2,221	-1,090
Reversed accumulated depreciation on disposals	1,531	425
Closing carrying amount	**3,898**	**3,898**
At 31 December 2015		
Cost	24,824	24,824
Accumulated depreciation	-20,925	-20,925
Carrying amount	**3,898**	**3,898**

PARENT COMPANY	Other equipment	Total
Financial year 2014		
Opening carrying amount	720	720
Purchases	1,100	1,100
Depreciation	-541	-541
Closing carrying amount	**1,279**	**1,279**
At 31 December 2014		
Cost	5,478	5,478
Accumulated depreciation	-4,199	-4,199
Carrying amount	**1,279**	**1,279**
Financial year 2015		
Opening carrying amount	1,279	1,279
Purchases	329	329
Depreciation	-587	-587
Closing carrying amount	**1,022**	**1,022**
At 31 December 2015		
Cost	5,807	5,807
Accumulated depreciation	-4,786	-4,786
Carrying amount	**1,022**	**1,022**

NOTE 16 FINANCIAL NON-CURRENT ASSETS

	Parent Company	
Shares in subsidiaries	**2015**	**2014**
Opening cost	327,960	286,279
Transaction-related changes	16,777	41,681
Impairment of shares in subsidiaries	-18,568	–
Closing accumulated cost	**326,169**	**327,960**

	Group		Parent Company	
Other non-current financial assets	**2015**	**2014**	**2015**	**2014**
Interest-bearing loans to group companies	–	–	91,346	108,959
Other financial assets	1,425	1,432	–	12
Closing value, financial assets	**1,425**	**1,432**	**417,515**	**436,930**

During the financial year, the contingent purchase consideration regarding the 2014 acquisition of GxP Ltd. was subject to an impairment loss of MGBP 1.5, corresponding to KSEK 18,568. The contingent purchase consideration is booked as a non-current liability on the balance sheet of the Parent Company. If the valuation of the liability for the contingent purchase consideration in the Parent Company entailed a corresponding adjustment of the book value of the shares in GxP Ltd.

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

	Group		Parent Company	
Other non-current financial assets	**2015**	**2014**	**2015**	**2014**
Mortgages	334,131	394,207	334,131	394,207

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 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	853770153	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
Formpipe Software A/S	Denmark	Development, sale and consultancy services, software	Limited Liability Company	29177015	100	–
Formpipe Lasernet Ltd.	UK	Software sales	Limited Liability Company	06377974	100	–
Formpipe Intelligo AB	Sweden	Development, sale and consultancy services, software	Limited Liability Company	556411-3479	64.9	16,777
GXP Ltd.	UK	Development, sale and consultancy services, software	Limited Liability Company	05797675	100	23,113
Netexperts Ltd.	UK	Development, sale and consultancy services, software	Limited Liability Company	03680033	100	–
Formpipe Inc.	USA	Software sales	Limited Liability Company	141194334	100	0

During the financial year, the Parent Company of the Group, Formpipe Software AB, acquired Formpipe Intelligo AB from the subsidiary Formpipe Holding A/S. Non-controlling interest in Formpipe Intelligo AB is not material and is unchanged from the previous year and after the Parent Company acquired the shares in the Company. Net sales for Formpipe Intelligo AB throughout the financial year amounted to KSEK 26,623 (21,544). The minority share of the profit for the year and the share of accumulated earnings are presented by the consolidated income statement and balance sheet.

NOTE 17 FINANCIAL INSTRUMENTS BY CATEGORY

	Measured at amortised cost	Valued at fair value through profit or loss	Total
31 December 2015			
Assets in the statement of financial position			
Trade receivables and other receivables excluding prepayments	50,050	–	50,050
Cash and cash equivalents	37,670	–	37,670
Total	**87,720**	–	**87,720**
Liabilities in the statement of financial position			
Borrowings	118,337	–	118,337
Other non-current liabilities	–	6,189	6,189
Trade receivables and other liabilities excluding non-financial liabilities	17,236	–	17,236
Total	**135,573**	**6,189**	**141,763**

	Measured at amortised cost	Valued at fair value through profit or 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**

Credit ratings for loans and 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.

The Group holds no financial instruments in the balance sheet that are classified as held for trade.

NOTE 18 TRADE RECEIVABLES

	Group		Parent Company	
	2015	**2014**	**2015**	**2014**
Trade and other receivables	50,030	57,131	710	855
Total	**50,030**	**57,131**	**710**	**855**

As at 31 December 2015, trade receivables were KSEK 50,039 (57,131). They were distributed as follows: KSEK 14, 797 (21,627), KDKK 27,353 (26,853), KGBP 99.45 (97) and KUSD 62.86. No impairment was deemed necessary for the total trade receivables of KSEK 50,030. The age analysis of trade receivables is as follows:

	Group		Parent Company	
Past due trade receivables on the statement of financial position date	**2015**	**2014**	**2015**	**2014**
Less than 3 months	11,950	8,550	287	449
More than 3 months	767	371	-15	4
Total	**12,717**	**8,921**	**271**	**453**

As at 31 December 2015, the Group had no doubtful debts and so no provisions for doubtful trade receivables are reported as at 31 December 2015, 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 PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
	2015	2014	2015	2014
Pre-paid insurance	664	767	307	271
Prepaid IT expenses	1,516	1,685	368	536
Prepaid rent	918	2,214	516	461
Prepaid sales and marketing expenses	239	28	59	28
Accrued income	10,344	3,322	–	–
Other	2,813	2,897	127	112
Total	**16,494**	**10,914**	**1,378**	**1,409**

NOTE 20 CASH AND CASH EQUIVALENTS

	Group		Parent Company	
	2015	2014	2015	2014
Cash and cash equivalents	37,670	26,035	41,165	21,232
Total	**37,670**	**26,035**	**41,165**	**21,232**

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

NOTE 21 SHARE CAPITAL

	Total shares (thousands)
At 31 December 2013	**48,935**
In kind share issue, 1 July 2014	1,209
At 31 December 2014	**50,143**
–	–
At 31 December 2015	**50,143**

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

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 8 May 2015, Company staff were offered the opportunity to acquire warrants for Company shares. A total of 500,000 warrants were issued. Each warrant entitles the holder to subscribe to one new share in the Company during the period from 9 May 2018 to 20 May 2018 at a price of SEK 9.54 per new share. The paid-in option premiums totalling SEK 245,000 were recognised as an increase in Other contributed capital.

On 9 May 2014, Company staff were offered the opportunity to acquire warrants for Company shares. A total of 1,500,000 warrants were issued. Each warrant 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 contributed capital.

On 17 May 2013, Company staff were offered the opportunity to acquire warrants for Company shares. A total of 1,500,000 warrants were issued. Each warrant 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 contributed capital.

On 15 May 2012, Company staff were offered the opportunity to acquire warrants for Company shares. A total of 200,000 warrants were issued. Each warrant 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 contributed capital. The exercise price and total number of shares for which each warrant 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.

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:

NOTE 21 Share capital, cont.

	2015		2014	
	Average redemption price in SEK per share	**Share options (total)**	**Average redemption price in SEK per share**	**Share options (total)**
At 1 January	**6.80**	**2,700,000**	**7.02**	**1,700,000**
+ Allocated	9.54	500,000	6.41	1,000,000
- Forfeited	–	–	–	–
- Exercised	–	–	–	–
- Expired	9.66	-200,000	–	–
As of 31 December	**7.06**	**3,000,000**	**6.80**	**2,700,000**

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

		Warrants	
	Exercise price	**2015**	**2014**
27/02/2015	9.66	–	200,000
13/05/2016	6.67	1,500,000	1,500,000
19/05/2017	6.41	1,000,000	1,000,000
20/05/2018	9.54	500,000	–
		3,000,000	**2,700,000**

The weighted average fair value of the options allocated during 2015, determined using the Black-Scholes Pricing Model, was SEK 0.49 (0.41) per option. Significant input data to the model included the weighted average share price of SEK 7.05 (5.34) as of the grant date, exercise of the option premium price of SEK 9.54 (6.41) per new share, volatility of 25 (28) per cent, estimated time to expiry of the options of 1,082 (1,104) days and annualised risk free interest of 0.00 (0.89) per cent. The options do not carry a right to payment of dividend, which is included in the calculation.

NOTE 22 BORROWINGS

Non-current	**2015**	**2014**
Bank borrowings	100,847	114,918
Total non-current	**100,847**	**114,918**
Currency		
Bank borrowings	15,904	25,987
Total current	**15,904**	**25,987**
Total borrowings	**116,751**	**140,905**

The bank borrowings are assigned to the Parent Company and mature on 30 April 2019 with variable interest. At year-end the average variable interest rate was 2.65 (3.71) 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 2015, the remaining amount of KSEK 1,586 (2,022) will be included, which will reduce the liability to credit institutions as a prepaid finance and arrangement expense.

Carrying amounts agree with the fair values when the discount rate is the same as the borrowing interest rate.

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

	2015	**2014**
DKK	77,375	72,137
SEK	39,376	46,200
Total	**116,751**	**140,905**

The Group has credit facilities totalling KSEK 31,546 (32,495), allocated to KSEK 10,000 (10,000) and corresponding to KDKK 17,600 (17,600). The credit facilities were not utilised at year-end (KSEK -). The credit facilities have variable interest rates.

NOTE 23 DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legal offset right for the current tax assets and tax assets and liabilities and when deferred taxes pertain to the same tax authority.

The Group has no offset tax assets or liabilities.

	2015	2014
Deferred tax assets	23,680	25,292
Deferred tax liabilities	25,224	24,208

Gross changes to deferred tax assets are as follows:

	2015	2014
Opening balance	**25,292**	**27,936**
Unutilised loss carryforward	-3,571	-4,227
Loss carried forward, not reported previously	2,705	379
Revaluation due to changed tax rates in Denmark	–	205
Exchange rate differences	-746	998
Closing balance	**23,680**	**25,292**

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 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**
Increase due to business combination	–	–	–
Change due to reclassification	–	–	–
Unutilised loss carryforward	-3,571	–	-3,571
Loss carried forward, not reported previously	2,705	–	2,705
Exchange rate differences	-746	–	-746
At 31 December 2015	**23,680**	**–**	**23,680**

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. As of the end of the year, all loss carryforwards in the Sweden and Denmark segments are capitalised as deferred tax assets; in the Life Science segment, there is a loss carryforward amounting to MSEK 8.0 where a related tax loss carryforward is not capitalised in the Group. In 2015, KSEK 4,227 (4,227) of the tax loss carryforwards were utilised, and KSEK 2,705 (379) was capitalised. In addition, the changed tax rates in Denmark have required a revaluation of the capitalised tax loss carry-forward by KDKK 0 (205). The taxable amount at 31 December 2015 was KSEK 23,680 (25,292).

Gross changes to deferred tax liabilities are as follows:	2015	2014
Opening balance	**24,208**	**22,516**
Increase due to business combination	–	2,114
Recognised in income statement	1,576	-1,350
Revaluation due to changed tax rates in Denmark	-323	–
Exchange rate differences	-237	928
Closing balance	**25,225**	**24,208**

Of the deferred tax liabilities of KSEK 25,224, a total of KSEK 5,549 is expected to be used in the next twelve-month period. The remaining amount will be used within the next five-year period.

NOTE 23 Deferred tax, cont.

Gross changes to deferred tax liabilities allocated to asset type:	Intangible assets	Other	Total
At 31 December 2013	**22,516**	**–**	**22,516**
Increase due to business combination	2,114	–	2,114
Change due to reclassification	–	–	–
Adjustment temporary difference	–	–	–
Recognised in income statement	-1,350	–	-1,350
Revaluation due to changed tax rates in Denmark	–	–	–
Exchange rate differences	928	–	928
At 31 December 2014	**24,208**	**–**	**24,208**
Increase due to business combination	–	–	–
Change due to reclassification	–	–	–
Adjustment temporary difference	–	–	–
Recognised in income statement	1,576	–	1,576
Revaluation due to changed tax rates in Denmark	-323	–	-323
Exchange rate differences	-237	–	-237
At 31 December 2015	**25,225**	**–**	**25,225**

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 2,522 (2,139) and attributable to depreciation of capitalised development expenses to KSEK 3,452 (2,068). Own work capitalised increased the deferred tax liability by KSEK 4,761 (4,030).

NOTE 24 OTHER LIABILITIES

	Group		Parent Company	
Current liabilities	**2015**	**2014**	**2015**	**2014**
Value-added tax	5,292	5,768	7,738	6,976
Other current liabilities	6,587	4,105	676	556
Total other current liabilities	**11,878**	**9,873**	**8,414**	**7,532**

NOTE 25 ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent Company	
	2015	**2014**	**2015**	**2014**
Staff-related accrued expenses	25,945	31,105	6,467	7,987
Prepaid income	87,835	92,988	5,281	5,233
Other accrued expenses	6,885	3,569	2,162	2,283
Total	**120,665**	**127,662**	**13,911**	**15,502**

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 573 (612).

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

	2015	2014
Within 1 year	626	597
Between 1 and 5 years	773	509
More than 5 years	4	–
	1,403	**1,106**

NOTE 27 NON-RECURRING ITEMS

	Group	
	2015	**2014**
Provision for restructuring	-1,947	–
Acquisition-related transaction costs	–	-1,167
Revaluation of purchase consideration	19,344	–
Impairment of goodwill	-19,344	–
	-1,947	**-1,167**

Provisions for restructuring were made during the year in an amount of KSEK 1,947 (-) with regard to organisational changes in the Danish operations. The reserved amount has been utilised in its entirety during the year.

In 2015, no acquisition-related transaction expenses occurred. In 2014, they amounted to KSEK 1,167 and arose in connection with the acquisition of GxP Ltd.

The earnings-based purchase consideration from the acquisition of GxP Ltd. is assessed continuously based on how the business area performs in relation to the terms of the purchase consideration. During the year, this has been revalued (reduced) by MGBP -1.5, corresponding to KSEK -19,344, as a result of a worse development than expected. The additional purchase price may amount to a maximum of MGBP 3.5.

Goodwill from the acquisition of GxP Ltd. was impaired during the year by KSEK 19,344 (-) as a result of the worse than expected development for the business area. For additional information regarding goodwill, refer to Note 14.

NOTE 28 RELATED PARTY DISCLOSURES

RELATED PARTIES REFERS TO:

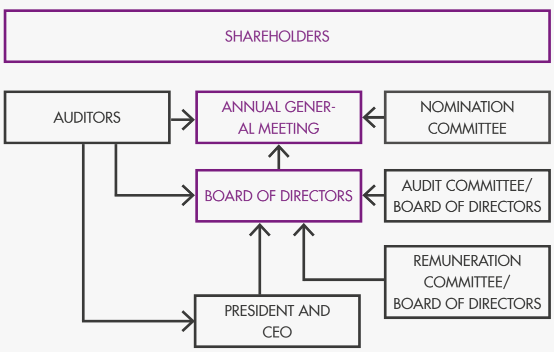
- Companies that directly or indirectly (through one or more agents) exert a controlling influence on Formpipe.
- Natural persons (and family members thereof) who directly or indirectly own a significant proportion of voting shares in Formpipe such that they exert a significant influence on the Company.
- 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 2015 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 2015 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 2015, Formpipe had approximately 2,400 shareholders owning a total of 50,143,402 shares. The largest single shareholder as of 31 December 2015 was Försäkringsaktiebolaget Avanza Pension, holding 8.8 per cent of voting rights and equity. The 20 largest shareholders owned a total of 64.7 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 2015

The Formpipe Annual General Meeting was held on 24 April 2015 at the Company's premises in Stockholm. Legal Counsel Johan Hessius 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 2014 financial year.
- Re-election of the Board members Bo Nordlander, Jack Spira, Staffan Torstensson, Kristina Lindgren and Charlotte Hansson.
- Electing Bo Nordlander as Board Chair.
- Authorisation to the Board to purchase and transfer treasury shares
- Issuing of warrants 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 2016

The Formpipe Annual General Meeting of Shareholders 2016 will take place on 21 April at the Company's premises in Stockholm. Information regarding shareholders providing notice of their intent to participate in the 2016 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 work is begun by evaluating the sitting Board by the Chairman of the Board sending all Board members a survey covering the following main areas: strategy, reporting and control, composition and expertise and the Board's working methods. The results are then discussed in the Board as a separate agenda item and where comparison is done against previous years. The Chairman of the

Board presents the results to the Nomination Committee. The Nomination Committee also has individual meetings with all Board members. 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 2015 AGM resolved that the nomination committee for the 2016 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 Nomination Committee decided in December 2015 to expand the number of members from 4 to 5 and to offer Martin Gren a place on the Nomination Committee pursuant to the principles for appointing the Nomination Committee adopted by the 2015 AGM. 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 2016 AGM at www.formpipe.se.

The members of the nomination committee for the period prior to the 2016 AGM are:

- Marianne Flink, Chair of the Nomination Committee, representing Swedbank Robur Ny Teknik, 3,063,848 shares.
- Katja Bergqvist, representing Handelsbanken Fonder, 3,803,550 shares.
- Jonas Eixmann, representing Andra AP-fonden, 2,339,762 shares.
- Martin Gren, representing AB Grenspecialisten, 2,612,819 shares.
- Bo Nordlander, Chair of Formpipe, 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 of Directors annually approves the year-end financial statement, with regard to the business plan, operations-related policies and the work plan for the CEO.

Work of the Board of Directors for 2015

The AGM held on 24 April 2015 re-elected Board members; Bo Nordlander (Chair), Jack Spira, Staffan Torstensson, Kristina Lindgren and Charlotte Hansson. The Board has held 10 meetings recorded in minutes, which considered the Company's financial positions and reporting, the focus of business operations, acquisitions, market assessments, strategic alternatives and organisational issues.

The Board Chair

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 table on the opposite page 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 24 April 2015 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 and remuneration committee has been prepared and approved at the inaugural Board meeting of 24 April 2015.

Board member	Participa-tion/total meetings	Aud. com.	Rem. com.	Deemed inde-pendent	Other
Bo Nordlander Board Chair since 2013 and Board member since 2009 Year of birth: 1956 Shareholding: 318,159	10/10	Yes	Yes	Yes	Bo is the President of SIX Financial Information Nordic AB. Former Head of Capital Market & Wealth, Tieto (2007-2009), CEO Abaris (2001-2007), 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	10/10	Yes	Yes	Yes	Charlotte is the CEO of MTD Morgontidig Distribution i Sverige AB. Previous experience as a CEO and other senior positions from the transport/logistics and life science/biotech industries. Member of the Boards of B&B Tools AB, BE Group AB, DistIT AB, RenoNorden ASA and Orio AB. Charlotte is a Market Economist (IHM) and holds a Bachelor's degree in Biochemistry from Copenhagen University.
Kristina Lindgren Board member since 2013 Year of birth: 1959 Shareholding: –	10/10	Yes	Yes	Yes	Kristina is the Head of Sales at Ecofleet Danmark ApS in Copenhagen. Kristina has 25 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: 12,115	10/10	Yes	Yes	Yes	Jack is the CEO of Sensidose 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.
Staffan Torstensson Board member since 2005 Year of birth: 1972 Shareholding: 101,323	10/10	Yes	Yes	Yes	Staffan is a Partner at Evli Corporate Finance a part of Evli Bank Plc. He has many years of experience from investment banking in both public and private sector corporate transactions. Staffan is a member of the Board of Tuida Holding AB, ADDvise Group AB (publ) and Tuida AB.

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.

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 an audit committee and remuneration committee is prepared and approved as an appendix to the approved work plan. The work plan with appendix was approved at the inaugural Board meeting on 24 April 2015. During 2015, the committees have held separate meetings to address these issues (one meeting each in the audit committee and 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
Chief Executive Officer
Born 1971
Employed since 2006
Shareholding: 716,068
Warrants: 423,669

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 24 April 2015. 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 2015 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 both operating control and financial reporting. The Company's governing documents are designated "The Board of Director's Work plan and instruction for delegation of responsibilities between the Board and Chief Executive Officer and instruction for economic reporting to the Board of Directors in Formpipe (including subsidiaries and branches)". The purpose of this policy includes creating the basis for sound internal control. Follow-up and amendment are conducted continuously and communicated to all staff members involved in financial reporting. The Board conducts monthly assessment of operational performance and results using a purpose-designed reporting package that contains income statement and calculated key ratios along with additional material operational and financial information. The Board functions in its entirety as 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 2015, 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 Authorisation Policy, Financing Policy, Information Policy and IT Policy. Formpipe works according to a function-based organisational structure where the respective function manager is a member of the management group and responsible for the work results within that function. All functions in Formpipe have the same structure, accounting system, accounting plan and policies, which facilitates the creation of suitable procedures and control systems.

Risk assessment

Formpipe actively and continuously conducts risk analyses, risk assessments and risk management to ensure that the risks the Company faces are managed appropriately within established rules. These risk assessments consider the Company'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. Lastly, the auditors also submit a brief report on how internal control was done during the year. 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 2015 Annual General Meeting, or where a change in remuneration occurs thereafter. The Board in its entirety serves as the remuneration committee and handles matter there regarding remuneration and other terms 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 40 per cent in addition to the basic salary. All variable remuneration plans have defined maximum allocation and outcome limits. A provision is made in the annual accounts for variable remuneration attributable to the financial year when applicable and is disbursed in close connection with the Annual General Meeting. 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 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 2016 Annual General Meeting for remuneration to senior executives remain unchanged from 2015.

REMUNERATION

Remuneration to the Board

The 2015 AGM resolved that the total remuneration to the members of the Board for the current year shall be KSEK 850, of which KSEK 250 is for the Board Chair and KSEK 150 for each member (Note 7).

Remuneration to the CEO and senior executives

Christian Sundin's basic salary for 2015 was KSEK 1,980. The variable remuneration in accordance with approved budgetary targets along with pension amounted to KSEK 503. For 2015, the targets for variable remuneration were not achieve so no variable remuneration was payable. Other remuneration totalled KSEK 114 (Note 7).

Remuneration to other senior executives

Basic salary for other senior executives for 2015 was KSEK 4,236. Variable remuneration for the same period totalled KSEK 56 and pension contributions were KSEK 330. Other remuneration totalled KSEK 351 (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 1,027 was paid in fees to the auditors and auditing company for 2015. 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 Company's financial position and performance. The Management report for the Group and Parent Company provide a fair representation of operations in the Group and Parent Company, their financial position and performance, and describes the material risks and uncertainties facing the Parent Company and Group companies.

Stockholm, 29 March 2016

Jack Spira
Board member

Staffan Torstensson
Board member

Kristina Lindgren
Board member

Bo Nordlander
Chair

Charlotte Hansson
Board member

Christian Sundin
Chief Executive Officer

Our auditor report was submitted on 29 March 2016
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 2015. The Company's annual accounts and consolidated financial statements are included in the printed version of this document on pages 27 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 are of the opinion that the audit proof we have acquired is sufficient and appropriate as a basis for our statements.

Statements

In our opinion, the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as at 31 December 2015, 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 2015, 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 Company and Group.

REPORT ON OTHER LEGAL REQUIREMENTS 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 2015.

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, 29 March 2016
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: 101,323 through endowment insurance
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: 12,115
Other board appointments: Board member at Isifer AB and Nuclisome AB.

Senior executives

CHRISTIAN SUNDIN
GROUP CEO
Date of birth 1971
Employed: 2006
Shareholding: 716,068
Warrants: 423,669

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

Management groups

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

Staffan Hugemark
Managing Director BA Legal

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

LIFE SCIENCE

Keith Williams
Managing Director of BA Life Sciences

Mark Stevens
Operations Director of BA Life Sciences

Jonathan Burd
Product Director of BA Life Sciences

Definitions

INCOME STATEMENT

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

EBIT
Operating profit/loss.

SALES

Recurring revenues
Revenues of an annually recurring nature, such as support and maintenance revenues, management revenues and revenues from rental agreements regarding licences.

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

MARGINS

Gross margin (EBITDA margin)
Operating profit before depreciation/amortisation, acquisition-related expenses and other non-recurring items affecting comparability in per cent 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 operating capital.

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

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

Return on total capital
Net operating profit plus revenue 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.

Equity ratio
Equity as a percentage of total assets.

CASH FLOW AND LIQUIDITY

Free cash flow
Cash flow from operating activities less cash flow from investing activities excluding acquisitions of businesses.

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

SHARE DATA

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

Earnings per average total shares
Profit for the year divided by average number of shares during the year.

Earnings per average total shares after dilution
Profit for the year adjusted for dilution effects divided by the average number of shares after dilution 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 approach used to improve and automate an organisation's business processes.

CAPA
Corrective Action and Preventive Action – rules included in GMP (Good Manufacturing Practice) that mean that deviations shall be corrected and prevented by the causes of the deviation being investigated.

CRM
Customer Relationship Management. Governance, organisation and administration of customers and customer relationships in a company.

ECM
Enterprise Content Management comprises systems and solutions that handle 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 U.S.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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