FORMPIPE ANNUAL REPORT 2016

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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 2016 annual report is sent to major shareholders prior to the Annual General Meeting.

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
24 April 2017

Annual General Meeting
25 April 2017

Interim report January–June
14 July 2017

Interim report January–September
26 October 2017

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, e-archiving and customer communications management (CCM). 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 with regard to Customer Communications Management. As the ECM market continues to grow, the future looks bright for Formpipe's competitive products and solutions.

The year in brief

	2016	2015
Net sales, MSEK	378.7	349.3
System revenues, MSEK	248.6	236.0
EBITDA, MSEK	88.0	73.7
EBITDA–adj, MSEK	50.8	28.7
Operating profit, MSEK	29.7	19.8
Profit after tax, MSEK	22.8	18.2
Earnings per share	0.43	0.35

FORMPIPE'S REDUCED DEBT LEVEL PROVIDES GREATER ROOM TO MANOEUVRE

EBITDA-ADJ

+77%

EBITDA excluding capitalised work for own account increases by 77 per cent to MSEK 50.8

RECURRING REVENUES

65%

The recurring revenues cover 65 per cent of fixed operating expenses

CASH FLOW

MSEK 69

Positive cash flow from operating activities of MSEK 69.4

Q1

- Formpipe signs agreement with City of Stockholm for IT support for records and document management for all of the City's administrations and companies.
- Formpipe's Case & Document Management product for the Legal area wins an important contract in the form of a major international law firm.

Q2

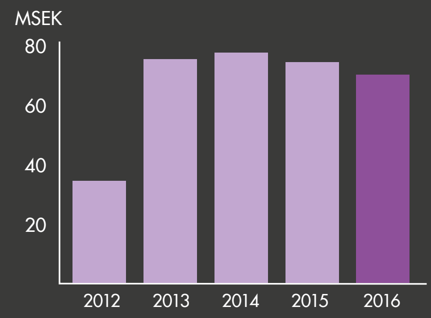
- Formpipe's product for Customer Communications Management continues to win partner generating contracts sold as cloud services.
- Formpipe's continued work to review the cost side improves the Company's margins.
- Formpipe's Case and Document Management product for Life Science wins contracts as a pure cloud service.

Q3

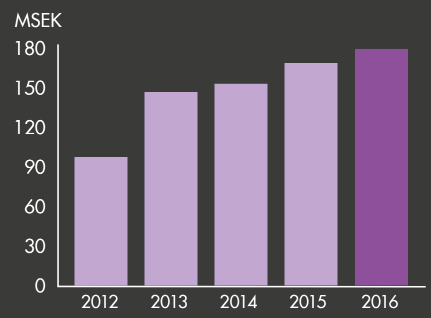
- Continued margin improvement and strong growth in recurring revenues.
- High level of activity in the Swedish market for Long-Term Archive where Formpipe wins the majority of the procurements.
- The first order outside the public sector for Formpipe's Grants Management product.

Q4

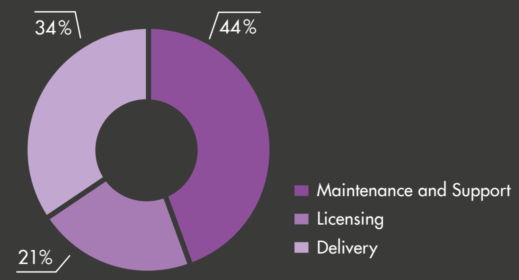
- Formpipe strengthens the margin relative to the year-before period for the third consecutive quarter.
- The first licence revenues for the City of Stockholm are recognised after delivery acceptance of the basic platform.
- Several deals for Long-Term Archive and supplemental modules concerning Formpipe's products for Case & Document Management.
- The Board of Directors proposes a tripling of the dividend to SEK 0.30 per share.



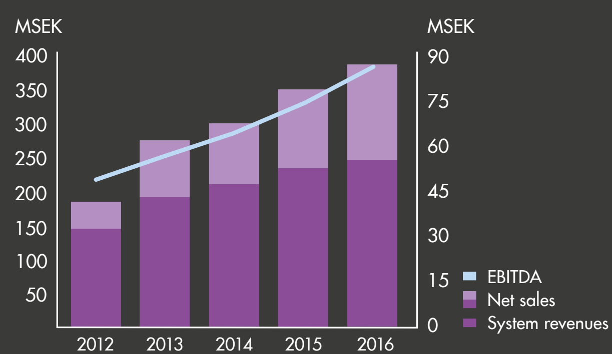
CASH FLOW FROM OPERATING ACTIVITIES



RECURRING REVENUES



REVENUE DISTRIBUTION



NET SALES AND PROFITABILITY

COMMENTS FROM THE CEO

We are leaving 2016 behind us with pride. We have achieved improvements in every part of our operations and are consequently showing a strongly improved profitability.

RECURRING REVENUE PROVIDING LARGER MARGINS

We have clarified our strategy as a product company throughout the entire organisation and emphasize that it is growth in our recurring revenues that creates leverage that leads to higher margins. We are investing in making more of our products available as cloud services, which further increases the potential growth in recurring revenues since sales as cloud services often consist entirely of recurring revenues.

We have a successful delivery organisation the aim of which is to enable our customers to increase their investment in our products by supplementing our partner network with product-oriented expertise. Our sales successes mean that we to some extent also in the future will increase our delivery capacity to meet demand, but would prefer to see as much of this capacity as possible to be built up at our partners.

Since our costs largely consist of personnel costs and we have assessed that we can grow our recurring revenues without growing our workforce to the same extent, we will thereby continue to be able to improve our margin.

CONTINUED INVESTMENTS

Our focus on improved margins does not prevent us from making investments in the areas and markets in which we see good growth potential. We have good growth for our Lasernet product and in 2017, we are expanding our establishment in the U.S. through a physical presence in Chicago with the aim of building up closer partner relationships and creating better conditions to grow the U.S. customer base.

NEW CONTRACTS AND CONTINUED OPPORTUNITIES

In 2016, the year had an added touch of gold in that we won the procurement with the City of Stockholm at the beginning of the year. The agreement runs for five years with a possible extension of up to 20 years. The introduction project is making good progress and we expect the first three administrations (out of nearly 50 in total) to begin operation as planned in summer 2017.

In 2016, we won the majority of the procurements that were conducted for e-archiving. In future years, this market will continue to grow and we are the market leader in the Swedish public sector. In the future, we also see opportunities for e-archive in other markets, but at present, our domestic market has the highest priority.

In 2018, the new EU General Data Protection Regulation (GDPR) will enters into effect. This means that the requirements on companies and authorities that handle personal data are becoming more stringent and it is associated with substantive fines for those who violate the law. The analyst firms agree that the IT investments to be able to comply with the requirements in GDPR will increase. The extent to which this affects us as early as 2017 is unclear, but it is absolutely clear that our customers will have a need to ensure that they comply with the law and that we have products to help them with this.

LARGER DIVIDEND

Our cash flow continues to be strong and our net debt is now down below MSEK 50. Combined with stably increasing recurring revenues, the strong cash flow creates conditions to increase the dividend to our shareholders at the same time that we repay the debt and reinvest in our business.

SKILLED EMPLOYEES

Lastly, I would like to give our employees the recognition they so well deserve. With a high level of expertise and outstanding industry knowledge, our employees continue to make Formpipe stronger and even better equipped to give customers, partners and shareholders greater value.

Christian Sundin
CEO, Formpipe

"We have streamlined the structure in the entire organisation and show a strongly improved profitability"

UNIQUE INDUSTRY KNOWLEDGE AND RECURRING REVENUES

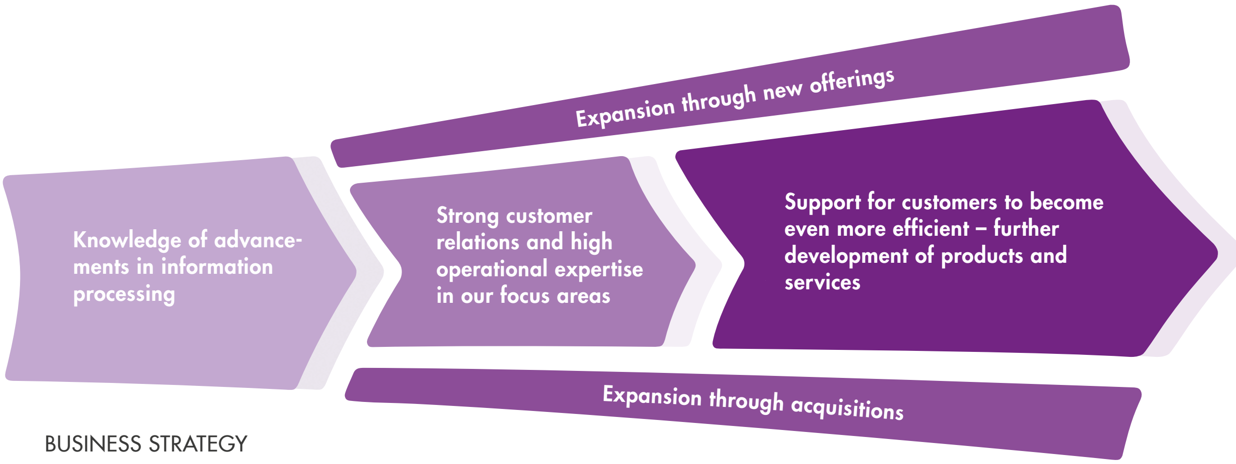
Formpipe's business idea is to develop IT solutions to create unique business value for companies and organisations that see data management as a business-critical process.

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 STRATEGY

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 its products as cloud services where operation, maintenance, upgrades and support are included in the current agreement. This provides the Company a stable, repetitive revenue stream as most customers continually renew their agreements.

STRONG CUSTOMER RELATIONS

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

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

PARTNERS – A CHANNEL FOR GROWTH AND GREATER UNDERSTANDING

Formpipe's business model utilises the Company's partner network to complete business deals and customer projects. 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.

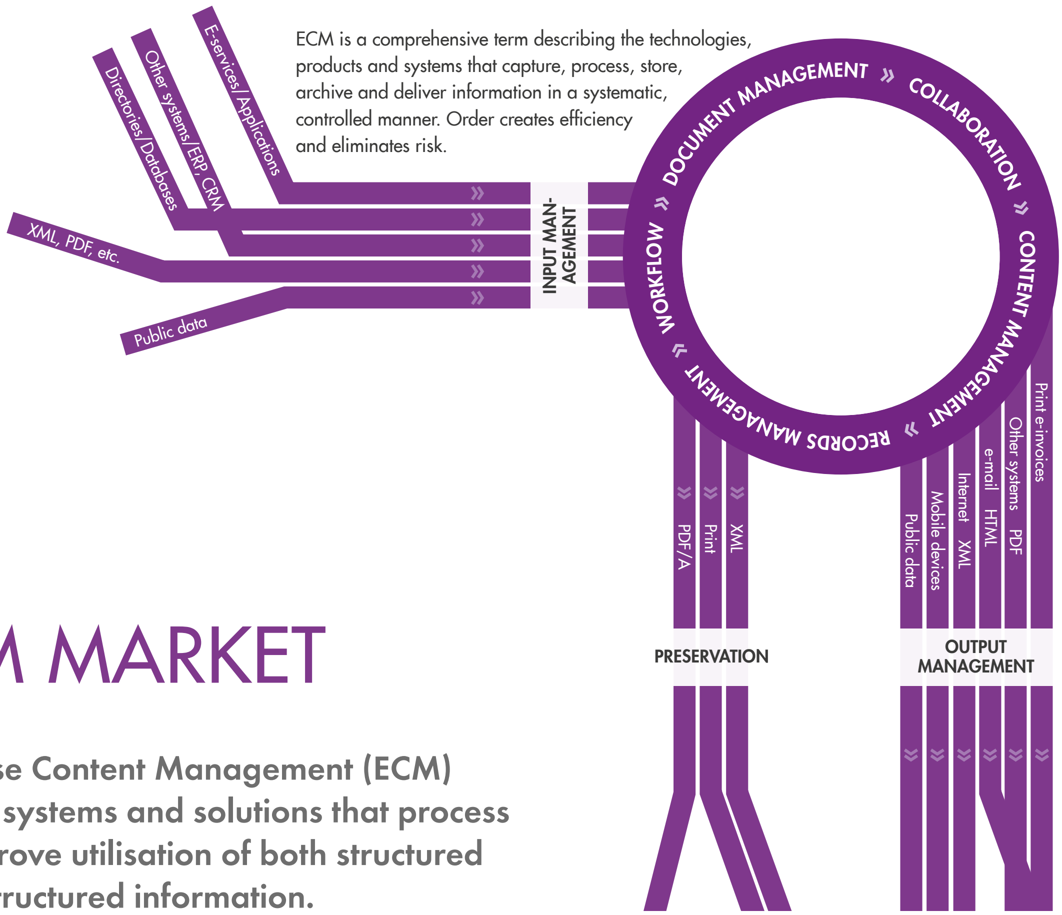
We focus on attracting and developing top talent by fostering an open and stimulating corporate culture where employees are encouraged to grow and develop. The Company offers all employees participation in share-related incentive programmes.

CORE VALUES

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

Formpipe's goal is for all employees to promote long-term customer relationships by always delivering on promises. Employees at Formpipe should be able to 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 MARKET

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

ECM

Enterprise Content Management (ECM) is used to create, store, distribute, relocate, archive and manage digital content, such as scanned documents, e-mail, reports, records and business documents. The objective is to be able to analyse information and how it is used and for companies and organisations to be able to provide relevant information to the right people at the right time when they need it. It is in the ECM market that Formpipe has grown to become the market leader in the public sector and a strong challenger in, for example, Life Science and Legal, and also industry independent for part of the product range.

LARGE ADDRESSABLE MARKET

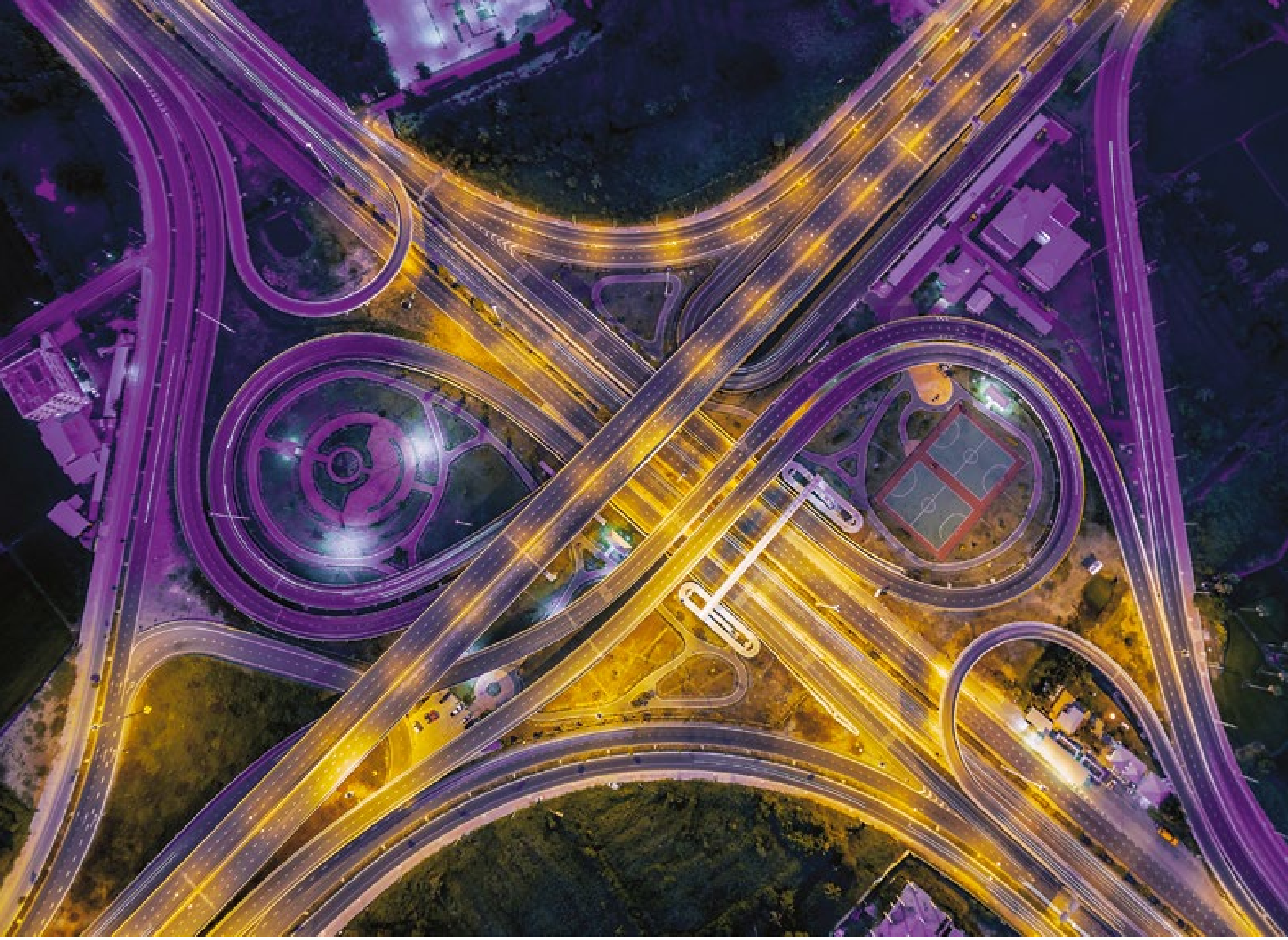
The growth in the ECM market is fuelled in large part by the organisational and corporate-wide need to streamline operations and meet legal requirements and regulations. To be able to get the value out of information, applications and services are needed – in order to securely – collaborate, search, analyse, process and distribute data and content. The driving forces tend to continuously be strengthened in connection with a constantly rising amount of information and ECM continues to be a highly prioritised area. Analyst and consulting firm Gartner's forecast for the global market[1] is an average annual growth of 10.6 per cent in 2015–2020. The ECM market is large and fragmented with a total addressable forecast market in 2017 with system revenues of USD 7.1 billion[1].

A CHANGING MARKET

The ECM market is in a change from ECM as a back-end system, where the emphasis was placed on the management and control of unstructured information, to integrated, function-oriented cloud services that focus on refining and analysing content from one or more sources to gain the right insights and create direct business value from the information. Version management, sharing and management of content and documents, which have traditionally been seen as important parts of ECM, are increasingly being seen as standard functions.

This development is well in line with Formpipe's strategy where growing numbers of the Company's customers choose to shift to Formpipe's cloud services for the standard products and, with the Company's de-

1) Gartner, Enterprise Software Markets, Worldwide, 2013-2020, 4Q16 update



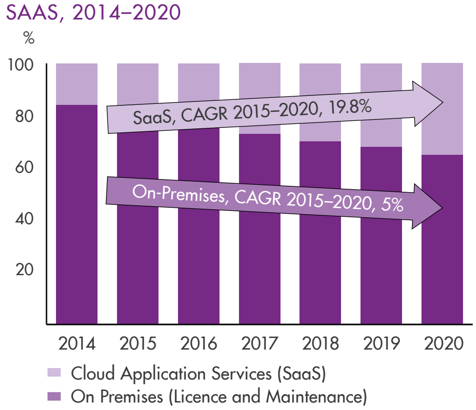
velopment of service modules, can process information from both Formpipe's existing system or from other systems.

The development concerning ECM software is increasingly moving to cloud-based solutions and Garner predicts that at least 50 per cent of the leading ECM suppliers will have rebuilt their offering to cloud based platforms as early as the end of 2018. But even if we are moving more towards the cloud, the revenues from traditional licence sales will still have an important role to play for many years to come.

FUTURE

Formpipe is well positioned to be able to develop and strengthen its position as a leading ECM supplier while maintaining strong profitability.

SOFTWARE REVENUE – ON PREMISES VERSUS SAAS, 2014–2020



Source: Gartner (January 2017)

FORMPIPE'S OFFERINGS IN ECM:

- CASE AND DOCUMENT MANAGEMENT
- CUSTOMER COMMUNICATIONS MANAGEMENT
- GRANTS MANAGEMENT
- STRUCTURED DATA ARCHIVING

CASE AND DOCUMENT MANAGEMENT

Digitisation is the most socially revolutionising process since industrialisation. That we are shifting from the concept of IT to digitisation is a sign of extensive confidence in the market's technical development – focus is moving from hardware and technology to how we will be able to develop society with the potential of digitisation.

Being able to select, automate and ensure that the right recipient is reached by the right information at the right time is becoming increasingly more important as the amount of digital information increases. Case and Document Management is about managing documents and information in cooperation, over functional boundaries, with version management, management of rights, traceability and automation of the work flows. This provides lower costs, minimised risk exposure and structured information.

In the area of Case and Document Management, Formpipe addresses the public sector in Sweden and Denmark, as well as the industries of Life Science and Legal.

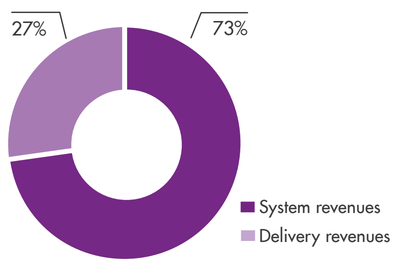
Formpipe's customers generally enter multi-year agreements for the main products for case and document management and in addition to this invest in the product-wide supplemental modules that Formpipe develops. They are applications and cloud services that are integrated with the Company's main products, such as those for digital meeting management, e-services, data quality and PDF conversion.

The products in the area are either provided as a cloud service or local installation.

SHARE OF NET SALES

52%

DISTRIBUTION OF REVENUE TYPES



Public Sector

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 products and service solutions. The trend is towards investments increasingly being financed in the operating budget. Digitisation has evolved from being an issue for the IT organisation to becoming a strategic issue for the whole business.

CUSTOMERS

Formpipe has a leading position in the market for the public sector in Sweden and Denmark with hundreds of customers at authorities, universities, municipalities, county councils and municipal companies. Examples of customers are the City of Stockholm, City of Malmö, Linköping Municipality, Holbæk Municipality, Sønderborg Municipality, Syddjurs Municipality, the Swedish Tax Agency, VINNOVA, the Swedish Transport Agency, Västerbotten County Council, Stockholm University, University of Gothenburg and Stockholmshem.

DRIVERS

ECM products and solutions help these public administration bodies address challenges such as:

GREATER DEMAND FOR BETTER SERVICE LEVELS

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 in the public sector. We expect quicker replies and decisions – as well as 24/7 availability.

DEMAND FOR GREATER EFFICIENCY

Automation and self-service reduce the administrative burden on citizens and businesses alike. Digitisation efforts will gradually become even more significant.

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. Laws and regulations govern which information must be available. Digitisation of cases, documents and records increases quality, availability and traceability.

AN AGEING POPULATION NECESSITATES COST SAVINGS

Europe's ageing population will place ever greater demands on the services of the public sector. As more people age and do not work, welfare financing poses a challenge. When ever fewer people provide for ever more people, digitisation will play a significant role to handle the challenge.

PRODUCTS

Acadre

The most used ECM system in the municipal market in Denmark.

Platina

Flexible product for handling documents and case processes for authorities, county councils and large municipalities.

W3D3

A functionally rich standard ECM product, packaged cloud service with a large customer base.

Life Science

Because of the increasingly stringent and detailed demands on regulatory compliance made by supervisory authorities, companies in the Life Sciences industry must be able to demonstrate that quality is maintained during manufacture and throughout the entire life cycle of their products. This drives companies to introduce more stringent compliance policies, increase collaboration between different functions in the organisation and improve data management and data integrity. The most recent and now on-going rule changes in the EU are expected to be among the most extensive to-date.

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 continuing mergers and acquisitions, and these initiatives are resulting in growing portfolios of product and brand names. Given this fact, maintaining control of quality processes quality documents and applicable legal requirements is becoming increasingly more challenging.

Quality management needs to include products, business processes, subcontractors and customers in order to reduce risks, as well as to increase efficiency and reduce costs. Formpipe's offering in EQMS includes functions and tools for creating an infrastructure for this.

MARKET

According to a report from Future Market Insight, the market for EQMS was valued at USD 10.8 billion in 2015 and an average annual growth of 11 per cent from 2016 to 2026 is expected. The Health and Life Sciences segment is expected to achieve the highest average annual growth of 11.8 per cent, something that is attributed to higher regulatory requirements in the industry.

Formpipe's EQMS products currently have customers in a number of European countries, as well as the USA. Formpipe is continuing to cultivate the market and assesses that there are conditions to broaden the offering geographically.

The Life Science sector is governed by strict rules from the FDA (U.S. Food and Drug Administration), the EMA (European Medicines Agency) and clear industry rules for quality management, GxP.

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

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.

PRODUCTS

Platina LS

An EQMS product with a strong process engine that flexibly manages documents and processes for regulatory quality management.

X-docs

Together with Microsoft SharePoint, provides a finished platform for managing quality documentation.

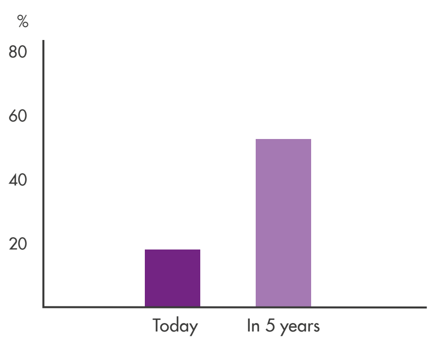
Legal

With greater competition, more stringent budgets and customers that demand fast answers, not least over new digital channels, demands are placed on law firms to be run increasingly more efficiently. There are needs for new, integrated tools for collaboration and digital case processes. There is a sluggishness among law firms in adopting the possibilities of new technology even though the need has been identified by most. Although more than 90 per cent of the senior executives believe that the need for efficiency improvement of the work methods is of major importance, only 44 per cent took action[1].

Higher legal demands regarding security, integrity and data also place growing demands on corporate legal departments and more and more of the responsibility is moved from law firms to company lawyers. The expanded area of responsibility demands digital solutions that can optimise capacity.

Formpipe's products for Legal support law firms and corporate legal departments in digital case management and products have ben sold to customers in Sweden, the Netherlands, the U.S. and Canada, both as local installations and as cloud services. According to ILTA Technology Survey 2015, 51 per cent of the law firms predict that they will increase investments in cloud-based services. Formpipe is primarily continuing to cultivate the market in these countries, but assesses that there are conditions to broaden the offering geographically.

USE OF TECHNOLOGY IS INCREASING FOR IN-HOUSE LEGAL TASKS



Source: Future Trends for Legal Services, Global research study, Deloitte June 2016

1) Law Firms in Transition, Altman Weil, 2016

PRODUCT

Contentworker

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 integrated in the customers' existing SharePoint environment or offered as a cloud service.

CUSTOMER COMMUNICATIONS MANAGEMENT (CCM)

CCM products provide support for creating individualised messages, market documents and business documents. With CCM software, content is produced, individualised, formatted and distributed from different systems and data sources to the format that best suits the company in its communication with customers and potential business partners.

CCM distributes target-group-adapted communication through several different channels, such as e-mail, SMS, web pages, social media or printed materials.

With CCM products, content is produced, individualised, formatted and distributed from different systems and data sources to the format that best suits the company in its communication with customers or other business partners.

Formpipe's CCM product Lasernet is mainly tied to sales of ERP systems. Formpipe's partners recommend Lasernet to their customers so as to increase the benefits of their ERP investment. Formpipe has a well-developed cooperation with several key partners in Europe regarding Microsoft Dynamics AX and can thereby benefit from its large sales successes.

CCM MARKET

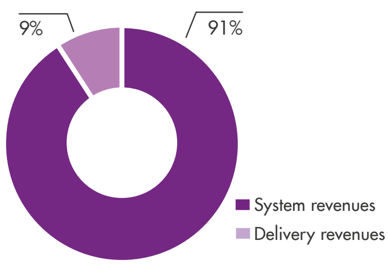
The CCM market is mature, but nonetheless under development, with innovations in cloud services and mobility. Gartner estimated the market for CCM software at USD 820 million in 2013, based on the total software revenues globally with an annual rate of growth of around 11 per cent until the end of 2018. Formpipe's CCM product is used across industry boundaries and has a good position in the European market, with local representation in the Netherlands, Germany, the UK and Scandinavia.

In 2016, Lasernet was launched in the new cloud version of AX, Dynamics 365 for Operations. It was the first CCM product to be launched on this platform and several customers are already up and running today. In 2017, Lasernet will also be launched on Microsoft appsource, where Microsoft customers can find certified applications for AX and download them to their environments. By being present in appsource, Formpipe ensures a global market presence for Dynamics 365.

SHARE OF NET SALES

15%

DISTRIBUTION OF REVENUE TYPES



The independent Dutch consulting and engineering firm for energy efficiency, ees Holland, chose Lasernet by Formpipe, to be able to offer its customers in public utilities a first-class CCM solution. Before ees Holland had access to Lasernet, the users were limited by document templates that demanded consulting input from the ERP supplier upon the most minor of changes.

PRODUCT

Lasernet

Currently used by around 2,000 companies worldwide for more efficient management of incoming and outgoing business documents.

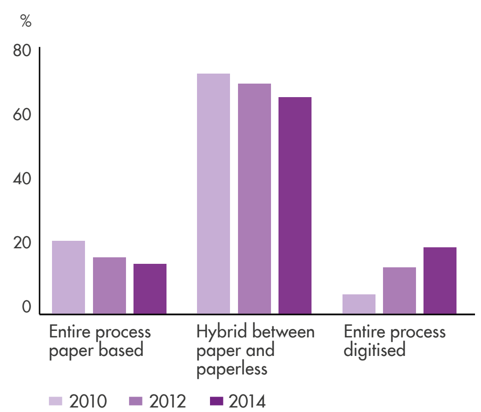
GRANTS MANAGEMENT

Grants Management automates the whole life cycle for applications and grants for both grant funding bodies and recipients, from requests for proposals by the programme to measurement and reporting of the outcome of the effort.

The goal is to create a digital and highly automated process for applicants and assessors and thereby reduce time consuming paper processes and manual duties. Streamlining the Grants Management process requires modern technology and standard solutions to create greater reliability and transparency.

Formpipe's Grants Management products are currently sold to the public sector and it is the leading system with national authorities. Formpipe sees an increase in the demand for Grants Management products and assesses that there are conditions to broaden the offering. In 2016, the first private customer chose the product, one of the largest private funds in Denmark that in 2016 was expected to award grants for non-profit projects and charitable causes amounting up to SEK 560 million.

THE GRANTS MANAGEMENT PROCESS



Boards and funds continue to implement online applications, electronic work flows and document management solutions and slowly shift from a paper-based grant management process to a process that is virtually paperless.

Source: Grantmakers Information Technology Survey Report, September 2014

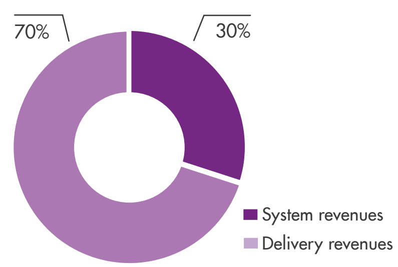
Formpipe's Grants Management solution supports the management of the Danish Board of Agriculture's disbursements in amounts of billions of DKK for agricultural subsidies to Danish farmers. 76 per cent of all applications in 2016 were handled entirely automatically.

Examples of customers include the Danish Energy Agency, the Danish EPA, the Danish AgriFish Agency, the Swedish National Board of Health and Welfare, the Danish Ministry of Health, the Danish Ministry of Foreign Affairs and Nordea Fonden.

SHARE OF NET SALES

26%

DISTRIBUTION OF REVENUE TYPES



PRODUCTS

TAP

A configurable Business Process Management platform that streamlines and automates business processes with particular strength regarding set-up and administration of rule-based processes.

TAS

A configurable standard platform for application and grant management.

STRUCTURED DATA ARCHIVING

Structured data archiving is the ability to index and move important operating data from active business systems, or systems being discontinued. It provides control and makes the data available in its context, reduces storage costs and the amount of data in the daily production environment.

Companies and organisations bear significant operating and maintenance expenses to maintain old systems. Even though the systems have low use, they need to remain to meet legal requirements or to handle a possible future legal dispute, audit or individual reporting needs. Keeping the systems in an active mode may be very costly, in terms of licences, storage space and engagement of individual specialist consultants that still have knowledge of the systems. Consequently, demand is growing for solutions that can systematically close several different systems.

MARKET

Gartner estimates the market for Structured Data Archiving and Application Retirement at USE 287 million, with an average annual growth of 10 per cent[1]. The market began as a way to maintain cost control regarding growing amounts of data in active systems, but has shifted to largely concerning the management of the closure of systems. The transition to cloud-based applications, consolidation of data centres, business mergers and acquisitions are currently factors that drive a growing need to close old systems.

PUBLIC SECTOR

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. Formpipe's product Long-Term Archive is currently sold to the public sector in Sweden where there is a high level of activity. Formpipe wins the majority of the procurements and has positioned itself as the leading supplier in the area. Software for e-archiving is being procured as a cloud service to a greater extent than before, where the revenues are recurring and increasing in pace with the degree of use. It is deemed to be favourable for Formpipe on the long term when the Company's customers stay longer and over time increase their use.

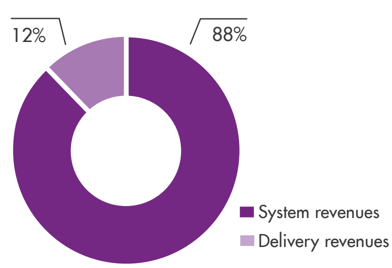
GREATER DEMAND IN SEVERAL INDUSTRIES

Formpipe deems that there are good conditions for its offering with regard to the Life Science and Legal sectors where the Company has established customer relationships. Thanks to the greater need of companies and organisations for structured archiving of data upon shut-down of old systems, there are considerable market opportunities in the long term for Structured Data Archiving in many other industries as well.

SHARE OF NET SALES

7%

DISTRIBUTION OF REVENUE TYPES



1) Magic Quadrant for Structured Data Archiving and Application Retirement, 2016

61 %

In 2016, 61 per cent of awarded procurements for e-archiving in the Swedish public sector went to Formpipe.

Gartner predicts that structured data archiving will constitute one fifth of the efforts made concerning information management in 2017, and that 50% of all currently active applications will have been shut down by 2020. (Build a Leaner Data Centre Through Application Retirement, Gartner 2016)

In a shift to a modern case management system, a large Swedish authority needed to shut down the old system that demanded extensive hardware capacity. Long-Term Archive was chosen and the migration was complete after three months. The result was a reduction of licence and maintenance costs of SEK 900,000 per year. The customer avoided the need to expand the data centre's premises and gained easy access to the large amount of migrated data.

PRODUCTS

Long-Term Archive

A product for archiving structured data that is market leading in the Swedish public sector.

Email Filing

Used to save e-mail to document management systems, with functions for automation of the archiving process. The product provides control over what e-mail is saved, where it is saved and by whom. Used today globally by round 450 organisations with a total of 150,000 users.

WHY I CHOSE FORMPIPE

BEN SAXTON
Lives: The Steel City of Sheffield (1 hour north of Nottingham)
Age: 38
Profession: Head of EU Sales Life Science
Family: Married to Jane with two daughters Chloe (7) and Molly (4)
Hobbies: all sports. I play football and run trail marathons. When possible (which isn't often) I play golf, handicap of 12. I'm a season ticket holder at Sheffield Wednesday FC and a fan of gritty hard hitting independent films.
Employed at Formpipe since: 2015

How did you end up at Formpipe and what attracted you to the Company?
I was approached to apply for the vacant UK Sales position and immediately was interested due to the focus on Life Science. As well as the industry focus, I was attracted by the product range available to existing and prospective clients as being a great sales tool. Once I had met the Formpipe team, I was impressed by the passion and commitment shown towards delivering great products supported by industry leading support and expertise.

What did you do before?
I was a Business Development and Account Manager for a generic QMS software company where I looked after their accounts that partially were governed by Life Science regulation, mainly the FDA. Having worked with medical device companies very closely in the past, I knew how critical quality metrics and compliance was to them. I wanted to work within a role where the product we supplied was of great importance to our clients

What is your role today?
My role is greatly varied and exciting but primarily I help identify what is important to a prospective client and show them where our products can help deliver upon their goals. I like to think I do a lot more listening than talking to correctly understand how we can do this. Ultimately my role is about influencing great companies to use a Formpipe Life Science product to ensure their regulatory compliance and introduce business efficiencies – I then stay close to each account to ensure we build a healthy working relationship for years to come.

I am also partly responsible for growing the Formpipe brand within our Life Science sector and within the UK more generally – this leads my involvement in marketing discussions and maintaining our excellent partner network across Europe.

Describe what motivates you to work at Formpipe
The Company places a great amount of trust and faith in its individuals which is empowering and motivating. Whilst knowing you are being trusted to deliver within your role, there is a culture of knowledge sharing and being able to reach across the organisation for help from any colleague.

Being English, it's also great to work with Swedes and Danes who are laid back and considerate whilst also being very focused and committed to delivering their very best every day.

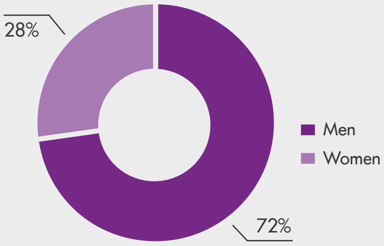
How do you view the opportunities for you to develop in your role at Formpipe?
I feel I am in control of my performance and career at Formpipe. As long as I am delivering what is expected, I believe my team would support my career development and career aspirations.

PETRA SVÄRD
Lives: Stockholm
Age: 26
Profession: Project manager
Recreation: Exploring the world, exercising and friends and family
Employed at Formpipe since: December 2016

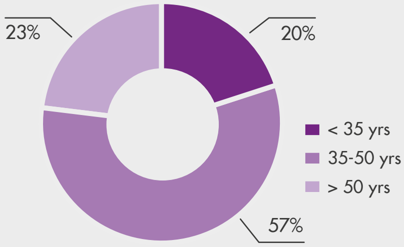
In the late summer of 2016, a friend said that there was an available position at his workplace that he thought I should apply to. I knew that he worked as a key account manager in the IT industry and was therefore very surprised; it didn't at all sound like a match with my own profile. I'm trained as a mechanical engineer and at the time worked at a company that manufactures and sells tools for machining operations. My role was as the tender engineer for specially made tools with duties like design questions, pricing and customer support.

I enjoyed my job, but was naturally very curious and nonetheless took the opportunity to meet Formpipe, to get a better idea of what I might expect. After my visit, I became more interested than I had expected. The job sounded like an exciting challenge that might actually suit me. Formpipe also seemed to be a company with a wonderful corporate culture, which created further interest.

I was still a bit doubtful whether I really wanted to change jobs. After all, I liked it where I was, but after a few more meetings, I was convinced – I signed by employment contract. Today, I work as a project manager for introduction projects of our e-archiving product Long-Term Archive. The role is a great mix of project management, customer contact and problem solving where I am driven by the goal of the customers always being satisfied with how the product has been implemented – and that we have created the best possible conditions for their operations' future work with digital archiving. Besides a challenging work role, the best thing about working at Formpipe is without a doubt my fantastic colleagues. Whether it's been a good or less good day at work, my colleagues always make me happy to belong to the Formpipe family.



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 500.

SHARE CAPITAL

Equity totals SEK 5,127,360.80 for 51,273,608 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 TRADING VOLUME OF SHARES IN 2016

In 2016, the Formpipe share price rose from SEK 9.05 to the closing price of SEK 9.75 on 30 December. The highest price paid for the year was SEK 9.85. The lowest price paid was SEK 7.75 on 10 February. A total of 17 million shares were traded in 2016 at a value of SEK 148 million.

APPROPRIATION OF PROFITS

The Board of Directors proposes that the Annual General Meeting on 25 April 2017 resolve to approve a dividend of SEK 0.30 (0.10) per share, which entails a total dividend of MSEK 15.4 (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 21 April 2016 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 description of the ownership structure in Formpipe is based on information from Euroclear as of 31 December 2016. The twenty largest shareholders represent 69.3 (64.7) per cent of the equity. In all, Formpipe had approximately 2,000 shareholders as of the date above.

DEVELOPMENT OF SHARE CAPITAL

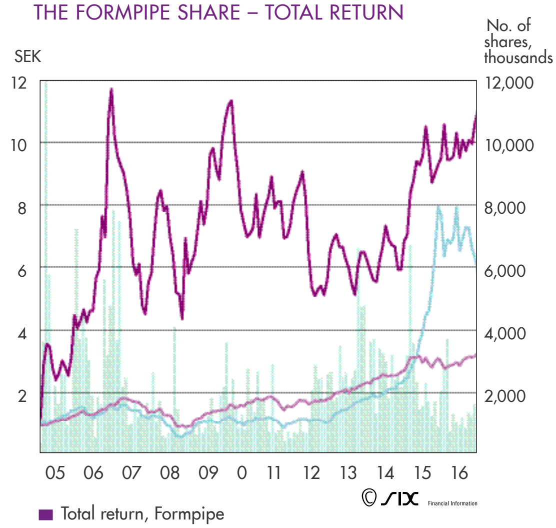
Year	Month	Transaction	Number of shares	Total SEK	Total number of shares	Par value/ share
2004	Oct	Share capital	100,000	100,000	100,000	1.00
2004	Nov	Split 10:1	900,000	–	1,000,000	0.10
2004	Dec	In kind share issue	4,799,970	479,997	5,799,970	0.10
2005	Dec	New share issue Digital Diary AB	615,000	61,500	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
2016	Jul	New share issue share option redemption	1,130,206	113,020.60	51,273,608	0.10
		Equity, 31 December 2016	**51,273,608**	**5,127,360.80**	**51,273,608**	**0.10**

> "Formpipe is a well positioned market leader"
>
> Redeye, February 2017

OWNERSHIP STRUCTURE TOTAL SHARES 31 DECEMBER 2016

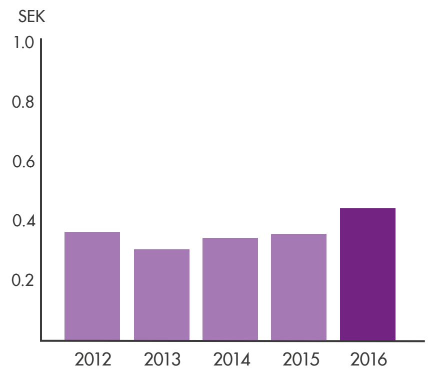
	Number of shares	%
Aktiebolaget Grenspecialisten	5,296,351	10.33
Försäkringsaktiebolaget Avanza Pension	3,577,752	6.98
Handelsbankens Nordiska Smabolagsfond	3,568,198	6.96
Swedbank Robur Ny Teknik Bti	3,063,848	5.98
Humle Småbolagsfond	2,500,000	4.88
Andra AP-Fonden	2,339,762	4.56
UBS Switzerland Ag /Clients Account	2,211,886	4.31
Wernhoff, Thomas	2,000,000	3.90
SEB Life International	1,786,354	3.48
AB Wallinder & Co	1,376,632	2.68
Seb Life International	1,191,442	2.32
SEB Sverigefond Småb. ch/risk	1,025,800	2.00
Six Sis Ag Printing:	890,696	1.74
Sundin, Christian	876,379	1.71
Alfredson, Joakim	684,357	1.33
Andersson, Willmar	671,622	1.31
Nordnet Pensionsförsäkring AB	668,908	1.30
Bny Mellon Sa/Nv (Former Bny)	649,897	1.27
Jonsson, Christer	645,000	1.26
Blomdahl, Håkan	500,000	0.98
SEB Life International	498,506	0.97
Jensen, Ingvar	470,000	0.92
Colmtown Management Limited	467,500	0.91
JP Morgan Chase Bank N.a.	406,983	0.79
Lindeberg, Erik	400,000	0.78
Svenska Handelsbanken AB For PB	359,620	0.70
Gustavia Sverige	342,161	0.67
Nordlander, Bo	318,159	0.62
Gilstring, Kåre	300,000	0.59
Karlsson, Carl Marten	292,582	0.57
Other	11,893,213	23.20
Total	**51,273,608**	**100.00**

THE FORMPIPE SHARE – TOTAL RETURN

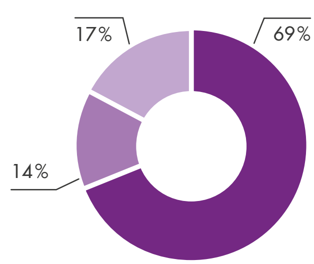


- Total return, Formpipe
- SIX Return Index
- SIX Software (eff.)
- Turnover total shares, 1,000s per month

EARNINGS PER SHARE



DISTRIBUTION OF SHAREHOLDINGS



TOTAL HOLDINGS OF SHAREHOLDERS WHO OWN:

- > 500,000 shares
- 100,000 – 500,000 shares
- <100,000 shares

KEY RATIOS

MSEK	2016	2015	2014	2013	2012
Sales					
Net sales	378.7	349.3	307.0	276.0	189.6
System revenues	248.6	236.0	215.7	191.2	140.6
Maintenance and Support	167.8	157.8	143.2	131.8	87.6
Licensing	80.9	78.4	72.4	59.4	53.0
Consulting and other	130.1	113.0	91.3	84.8	49.0
Recurring revenues	178.8	168.4	152.8	140.4	95.5
Growth and distribution					
Sales growth, %	8.4	13.8	11.2	45.6	68.5
Growth in system revenues, %	5.4	9.4	12.8	36.0	33.5
Share of net sales, system revenues, %	65.7	67.6	70.3	69.3	74.1
Share of net sales, recurring revenues, %	47.2	48.2	49.8	50.9	50.4
Margins					
Operating margin before depreciation and non-recurring items (EBITDA), %	23.2	21.1	21.2	22.2	28.3
Operating margin (EBIT), %	7.8	5.7	6.6	10.9	12.9
Profit margin, %	6.0	5.2	5.9	6.5	7.2
Return on capital					
Return on operating capital employed, %	7.5	4.8	4.9	7.3	9.2
Return on capital employed, %	7.3	4.6	4.7	7.2	9.0
Return on equity, %	6.9	5.8	6.3	6.3	7.4
Return on total capital, %	5.1	3.2	5.4	4.7	7.4
Capital structure					
Operating capital	393.5	397.6	425.1	405.6	416.7
Capital employed	454.4	435.2	453.2	425.8	420.4
Equity	346.2	315.1	307.6	264.1	240.0
Interest bearing net debt (+)/cash (-)	45.6	79.1	116.9	141.5	178.6
Debt/equity ratio, %	53.3	51.0	46.7	44.6	41.8
Cash flow and liquidity					
Cash flow from operating activities	69.5	73.6	76.8	74.6	34.4
Cash flow from investing activities	-33.0	-39.9	-45.5	-34.2	-145.1
Cash flow from financial activities	-13.0	-22.0	-26.1	-23.8	102.0
Cash flow for the year	23.6	11.7	5.2	16.7	-8.7
Free cash flow	33.4	29.8	38.7	44.6	15.1
Cash and cash equivalents	60.9	37.7	26.0	20.3	3.6
Personnel					
Total staff, annual average	235	242	236	226	136
Total staff at year-end	230	239	245	226	226
Share data					
Total shares at year-end, thousands	51,274	50,143	50,143	48,935	48,935
Average total shares before dilution, thousands	50,803	50,143	49,539	48,935	38,254
Average total shares after dilution, thousands	51,203	50,592	49,539	48,935	38,254
Earnings per share before dilution, SEK	0.43	0.35	0.37	0.30	0.36
Earnings per share after dilution, SEK	0.43	0.35	0.37	0.30	0.36
Equity per average total shares	6.82	6.28	6.21	5.40	6.27

MANAGEMENT REPORT

The Board of Directors and the Chief Executive Officer of Formpipe Software AB (publ), registration number 556668-6605, hereby present their Management Report for the fiscal year 2016.

GROUP STRUCTURE

Formpipe Software AB (publ) is the Parent Company in a Group with eight wholly owned subsidiaries: Formpipe Software Holding A/S, Formpipe Software A/S, Formpipe Lasernet A/S, Formpipe Lasernet GMBH, Formpipe Lasernet Ltd., Formpipe Software Benelux B.V., Formpipe Life Science Ltd., Formpipe Inc., and one 65-per-cent owned subsidiary: Formpipe Intelligo AB.

During the year, the subsidiaries Formpipe Software Uppsala AB, Formpipe Software Linköping AB and Formpipe Software Skellefteå AB were merged into the Parent Company.

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

ABOUT FORMPIPE

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, e-archiving and customer communications management (CCM). 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 with regard to Customer Communications Management.

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 (Cloud services or 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. The principle of public access to official documents and the "24-hour authority" have been strong driving forces in the digitisation of the public administration. 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 from the European Medicines Agency (EMA) are decisive. These regulations are complied with globally, making this sector a suitable springboard into the international market.

FINANCIAL YEAR 2016

The structural changes implemented in the second half of 2015 and the first half of 2016 had a desired effect and the Group's profitability and cash flow were gradually strengthened during the year. The parts of the operation that previously performed as expected continued to deliver well at the same time that the parts that underperformed have now been better adapted to their circumstances and thereby strengthened in terms of earnings. The Group had good earnings for the 2016 financial year and is well positioned to continue the commenced improvement of profitability and cash flow.

Sweden

Formpipe's operations directed at the public sector in Sweden had a very successful year. Extensive focus was on the delivery project to the City of Stockholm, which has developed well according to plan, although it encumbered the profit for the year as important delivery points are during 2017 and on. In 2016, the actual system configuration was done and was delivery accepted by the City of Stockholm. Given this delivery acceptance, an initial part of the system licence was able to be recognised as revenue in an amount of MSEK 4. This phase has otherwise been labour intensive and occupied large parts of the Swedish organisation, at the same time that some parts were delivered by external sub-consultants, which meant that the project as yet has not contributed to Formpipe's profitability to any greater extent. The project has not entered the next phase where three pilot administrations will be implemented. This phase is expected to be done in summer 2017 whereby broad introduction will ensue where the remaining 47 administrations will be implemented over a three-year period.

At the end of 2015, signs were noted that the market for systems for long-term archiving had finally begun to gain speed. This trend was further strengthened in 2016 and the activity in this area was febrile. With its product Long-Term Archive, Formpipe reinforced its position during the year as the market leader in this area and won nine out of the 16 procurements in which an award decision was made in 2016. It is common that several authorities join together in a procurement, which is why the number of procuring authorities has been significantly more. Through these procurements, Formpipe was awarded contracts from 23 authorities out of a total of 38 in 2016. 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.

In addition to these procurements, greater interest from private players was noted during the year. The product Long-Term Archive is generic and meets a need that is in all organisations in connection with the continuously increasing amount of information, and the continuing need to upgrade and replace IT systems. With Long-Term Archive, Formpipe has a strong product offering that is both industry and geographically independent.

Denmark

The Lasernet product area in Customer Communications Management (CCM) 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 2016, 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.

During the second half of 2015 and a ways into 2016, structural measures were implemented in Formpipe's operations addressing the Danish municipal sector. The area has for several years had a challenging market situation with declining earnings as a result. The area has now been redirected to focus on existing customers' needs and thereby securing the long-term recurring revenues that this customer base accounts for. The restructuring has gone well and the operating area has strengthened its profitability gradually throughout the year.

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 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.

Life Science

The Life Science business area continued to have a slow development in 2016. Based on this development, cost saving measures were implemented in the business in the first half of the year. These measures had a rapid effect, which means that the business area's costs are better adapted to the current situation and require significantly lower revenues to begin to contribute positively to the Group's earnings. The business area still has a very attractive prospect list that can rapidly turn the operations to profitability.

OUTLOOK FOR 2017

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 successes from 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, are 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 2016 in the wake of the global success of Microsoft Dynamics AX and NAV. Lasernet is already a very internationally widespread product, and the recent years entailed significantly larger installations at international customers, a development that is expected to continue in the upcoming years.

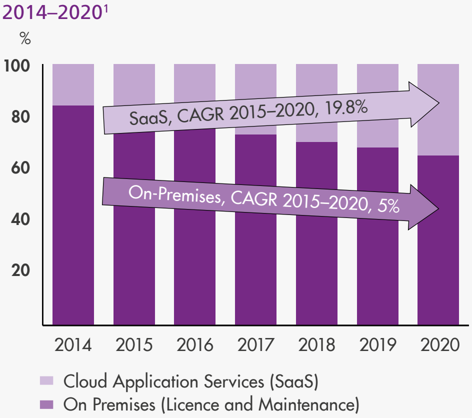
The work in the Life Science business area continues based on the ambitious agenda set at the acquisition of GXP Ltd. However, new sales have not been realised at the expected pace. Even if the Company has not gained enough new deals, we have also not lost particularly many tenders. Many customers have 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 credible option 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

Enterprise Content Management (ECM) is used to create, store, distribute, relocate, archive and manage digital content (such as scanned documents, e-mail, reports, records and business documents) to ultimately be able to analyse this information and how it is used. This provides companies and organisations the possibility of providing relevant information to the right people at the right time. It is in the ECM market that Formpipe has grown to become the market leader in the public sector and a strong challenger in, for example, the Life Science and Legal sectors.

The growth in the ECM market is fuelled in large part by the organisational and corporate-wide need to streamline operations and meet legal requirements and regulations. To be able to get the value out of information, applications and services are needed – in order to securely – collaborate, search, analyse, process and distribute data and content. The driving forces tend to continuously be strengthened in connection with a constantly rising amount of information and ECM continues to be a highly prioritised area. Analyst and consulting firm Gartner's forecast for the global market is an average annual growth of 10.6 per cent (software revenue) in 2015-2020[1]. The ECM market is still large and fragmented with a total addressable market with current system revenues in 2017 of USD 7.1 billion[1].

SOFTWARE REVENUE – ON PREMISES VERSUS SAAS, 2014–2020[1]



1) Source: Gartner, Enterprise Software Markets, Worldwide, 2013–2020, 4Q16 update

A CHANGING MARKET

The ECM market is in a change from ECM as a back-end system, where the emphasis was placed on the management and control of unstructured information, to integrated, function-oriented cloud services that focus on refining and analysing content from one or more sources to gain the right insights and create direct business value from the information. Version management, sharing and management of content and documents, which have traditionally been seen as important parts of ECM, are increasingly being seen as standard functions.

This development is well in line with Formpipe's strategy where growing numbers of the Company's customers choose to shift to cloud services for the standard products and with the Company's development of modules that can process information both from Formpipe's existing systems or other systems.

The development concerning ECM software is increasingly moving to cloud services and Garner predicts that at least 50 per cent of the leading ECM suppliers will have rebuilt their offering to cloud-based platforms as early as the end of 2018. But even if we are moving more towards the cloud, the revenues from traditional licence sales will still have an important role to play for many years to come.

SIGNIFICANT EVENTS DURING THE YEAR

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.

Other news of a significant nature

- The Annual General Meeting re-elected Board members Bo Nordlander (Chairman), Charlotte Hansson and Kristina Lindgren, and elected Martin Henricson and Peter Lindström as new Board members.
- The employee incentive programme offered after the AGM was fully subscribed.
- SEK 0.10 per share (-) was distributed to shareholders, comprising a dividend totalling SEK 5,014,340.

Orders of a significant nature

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

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. In 2016, sales grew by more than 8 per cent and profitability was improved over the year before.

Revenues

Net sales for the period totalled MSEK 378.7 (349.3) million, which is equivalent to an increase of 8 per cent. System revenues increased by 5 per cent from the previous year, amounting to MSEK 248.6 (236.0). Total recurring revenues for the period increased by 6 per cent from the previous year and amounted to MSEK 178.8 (168.4), corresponding to 47 per cent of net sales. Currency exchange rate effects have had a positive effect of MSEK 2.0 on net sales compared with the previous year.

Expenses

Operating expenses increased by 6 per cent over the previous year, amounting to MSEK 345.9 (327.5).

A large part of Formpipe's operating expenses are linked with staff, and staff expenses for the year totalled MSEK 203.9 (202.2), an increase of 1 per cent. The number of employees at year-end was 230 (239), and the average for the year was 235 (242). The distribution of personnel along with salaries and other remunerations appears in Note 7.

Cost of sales totalled MSEK 52.4 (48.4) and consist primarily of third-party providers of consulting and products and sales commissions to partners.

Other expenses amounted to MSEK 71.6 (70.0).

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

Items affecting comparability during the year amounted to MSEK 3.1 (1.9) and relate to organisational restructuring.

Depreciation for the year amounted to MSEK 55.3 (51.9).

Net financial items amounted to an expense of MSEK 2.1 (6.1) and consist of interest expenses of MSEK 4.7 (5.2) and exchange-rate differences as an income of MSEK 2.6 (expense: 0.9). Tax expense for the year amounted to MSEK 7.2 (4.3).

Profit

Operating income before depreciation and items affecting comparability (EBITDA) for the year amounted to MSEK 88.0 (73.7), with an EBITDA margin of 23.2 (21.1) per cent. Currency exchange rate effects have had a positive effect of MSEK 0.5 on EBITDA compared with the previous year (see Note 10).

Operating income for the year totalled MSEK 29.7 (19.8), which corresponds to a profit margin of 7.8 (5.7) per cent.

Profit before tax was MSEK 27.5 (13.7), corresponding to a margin of 7.3 (3.9) per cent.

Profit for the year for remaining operations was MSEK 20.4 (9.4), corresponding to a profit margin of 5.4 (2.7) per cent.

Profit attributable to divested operations amounted to MSEK 2.4 (8.7) and relate to a received purchase consideration after tax (profit MSEK 4.8 and purchase consideration 3.9).

Profit of the year including the minority share amounted to MSEK 22.8 (18.2) which corresponds to a profit margin of 6.0 (5.2) per cent and is allocated per share according to the table on page 28.

Parent Company

Net sales for the Parent Company totalled MSEK 139.4 (40.7), and profit for the year was MSEK 23.5 (9.2). This includes profit from shares in Group companies of MSEK 2.9 (21.9). During the year, the wholly owned Swedish subsidiaries Formpipe Software Uppsala AB, Formpipe Software Linköping AB and Formpipe Software Skellefteå AB were merged into the Parent Company.

COMMENTS ON THE STATEMENT OF FINANCIAL POSITION

Investments and business combinations

Total investments for the period January-December amounted to MSEK 38.8 (47.2), excluding potential acquisitions and divestments of operations.

Intangible assets

Formpipe continually invests resources in product development for new and existing applications. A total of MSEK 37.2 (45.0) has been invested in intangible assets over the year, primarily in respect of capitalised development costs.

The goodwill items were valued in the accounts and it was confirmed that no cash flow generating units have booked value in excess of the recoverable amount, whereby no impairment requirements exist.

Earnings per share	2016	2015
Total outstanding shares at year-end	51,273,608	50,143,402
Average total shares before dilution	50,802,689	50,143,402
Average total shares after dilution	51,202,646	50,591,527
Profit or loss for the year attributable to Parent's shareholders, KSEK	21,877	17,490
Profit or loss for the year attributable to Parent Company's shareholders – remaining operations, KSEK	19,443	8,747
Profit or loss for the year attributable to Parent Company's shareholders – divested operations, KSEK	2,434	8,743
Earnings per share attributable to shareholders of the Parent Company:		
– per number of shares outstanding, SEK	0.43	0.35
– per number of shares outstanding – remaining operations, SEK	0.38	0.17
– per number of shares outstanding – divested operations, SEK	0.05	0.17
– per average total shares before dilution, SEK	0.43	0.35
– per average number of shares before dilution - remaining operations, SEK	0.38	0.17
– per average number of shares before dilution - divested operations, SEK	0.05	0.17
– per average total shares after dilution, SEK	0.43	0.35
– per average number of shares after dilution – remaining operations, SEK	0.38	0.17
– per average number of shares after dilution – divested operations, SEK	0.05	0.17

Property, plant and equipment
Investments in property, plant and equipment amounted to MSEK 1.4 (2.0) and mainly comprised computer and office equipment.

Acquisition/divestment of operations
During the period, proceeds for the purchase consideration for divested operations were received in an amount of MSEK 3.1 (3.9).

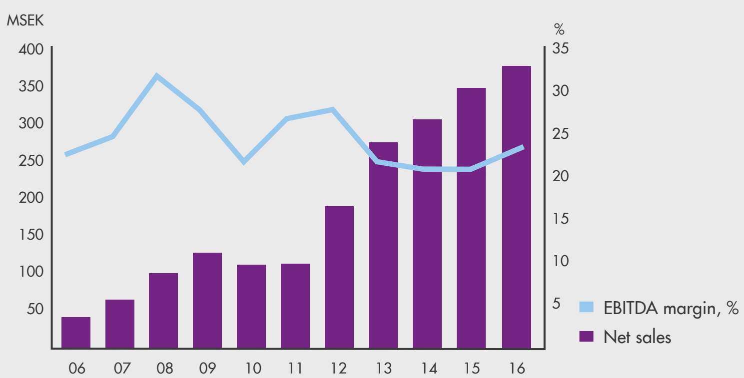
Financial position and liquidity
Cash and cash equivalents
Cash and cash equivalents amounted to MSEK 60.9 (37.7) at the end of the period. The Company has an overdraft facility totalling MSEK 32.6 (10.0 and MDKK 17.6), which at the end of period was unused (MSEK 0.0). Formpipe had interest-bearing debt at year-end totalling MSEK 106.5 (116.8), after which the Company's net liabilities were MSEK 45.6 (79.1).

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.

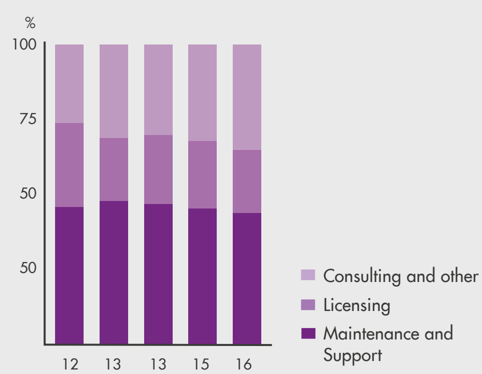
Deferred tax assets
The Group's deferred tax asset pertaining to accumulated tax loss carry forwards amounted to MSEK 17.0 (23.7) at the end of the period. At the end of the period, the Group has accumulated loss carry forwards of MSEK 2.3 (1.6) which are not yet capitalised.

Equity
Equity at year-end was MSEK 346.2 (315.1), corresponding to SEK 6.75 (6.28) per outstanding share. Value changes in the Swedish krona has impacted the value of the Group's net assets in foreign currency by MSEK 6.9 (-10.2) from the previous year-end.

Interest-bearing liabilities
In connection with the acquisition of the Traen Group in 2012, Formpipe



NET SALES AND PROFITABILITY



REVENUE DISTRIBUTION

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 106.1 (118.3), allocated as MSEK 34.1 (39.4) and MDKK 55.9 (64.5).

Equity ratio

The Group's equity ratio was 53 (51) per cent at year-end.

COMMENTS ON THE CASH FLOW STATEMENT

Cash flow from operating activities amounted to MSEK 69.5 (73.6), of which MSEK - (4.8) is attributable to divested operations.

Annual cash flow from investing activities amounted to MSEK -33.0 (-39.9), of which proceeds for divested operations amounted to MSEK 3.1 (3.9), investments in intangible assets amounted to MSEK 34.5 (41.8) and investments in property, plant and equipment amounted to MSEK 1.4 (2.0).

Cash flow from financing activities amounted to MSEK -13.0 (-22.0) and is comprised of repayments of interest-bearing liabilities of MSEK 13.6 (22.3), paid-in proceeds for shares as a result of redemption of the personnel's warrant programme of MSEK 7.5 (-), paid proceeds for the buy-back of warrants of MSEK 0.5 (-), paid-in premiums from a new warrant programme for the personnel of MSEK 0.3 (0.2) and paid dividends totalling MSEK 6.6 (-) including minority interests.

The Group's total cash flow for the year amounted to MSEK 23.6 (11.7).

SIGNIFICANT RISKS AND UNCERTAINTY FACTORS

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

Recurring revenues constituted 47 (48) per cent of Formpipe's net sales of MSEK 378.7 (349.3). 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 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 2016, which amounted to MSEK 27.5 (13.7), with changes to several factors:

Sensitivity analysis	Change	Effect on pre-tax profit, MSEK
Demand for licences	+/– 5%	+/- 4.0
Demand for delivery	+/– 5%	+/- 6.5
Staff expenses	+/– 5%	+/- 10.2
STIBOR/CIBOR*	+/– 100 bps	+/- 1.1
DKK/SEK	+/– 5%	+/- 1.2
GBP/SEK	+/– 5%	+/- 0.3
USD/SEK	+/– 5%	+/- 0.1

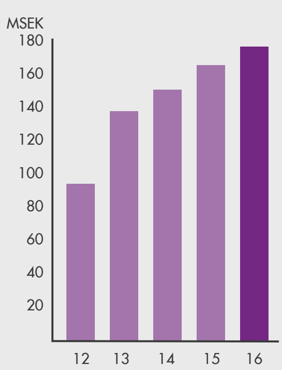
*The change in the reference interest rate for the loan (STIBOR and CIBOR) is calculated as the full-year effect based on interest-bearing debt at year-end.

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

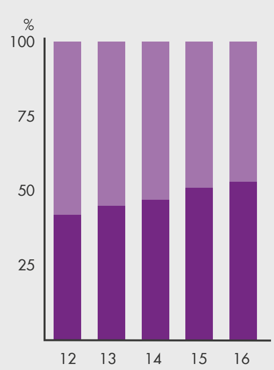
GUIDELINES ON REMUNERATION FOR SENIOR EXECUTIVES

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 2016 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.

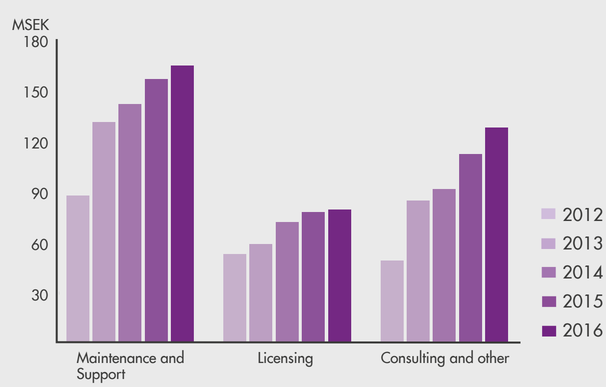
The Company shall offer market-adjusted terms which allow the Company to recruit and retain skilled personnel. Remuneration to senior executives shall consist of basic salary, variable remuneration, a long-term incentive programme, pensions, severance terms and other customary benefits. The remuneration is based on the individual's commitment and performance in relation to targets defined in advance, both individual



RECURRING REVENUES



EQUITY RATIO



NET SALES PER REVENUE TYPE

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 2017 Annual General Meeting for remuneration to senior executives remain unchanged from 2016.

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 5,127,360.80 at year-end 2016, allocated to 51,273,608 shares.

As of 31 December 2016, Formpipe had three warrant programmes outstanding for a total of 2,000,000 warrants registered for employees. The warrants can increase the total shares outstanding and voting rights in the Company by a maximum of 3.9 per cent. A new share issue in connection with the redemption of the 2014/2017 share option programme may result in an increase in share capital by no more than SEK 100,000 and 1,000,000 shares. 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 50,000 and 500,000 shares. A new share issue in connection with the redemption of the 2016/2019 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 2016.

At the end of 2016, 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	186,567,591
Profit for the year	23,496,416
	210,064,006
The Board of Directors proposes:	
To pay a dividend of SEK 0.30 per share to shareholders, totalling	15,382,082
To be carried forward	194,681,924
	210,064,006

The Board of Directors proposes that the Annual General Meeting on 25 April 2017 resolve to approve a dividend of SEK 0.30 (0.10) per share, which entails a total dividend of SEK 15,382,082 (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 48 (46) per cent.

Group equity was MSEK 346.2 (315.1) at the end of the period and net liabilities were MSEK 45.6 (79.1).

CORPORATE GOVERNANCE REPORT

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

CONSOLIDATED INCOME STATEMENT

KSEK	Note	2016	2015
Net sales		**378,723**	**349,292**
Operating expenses			
Cost of sales		-52,439	-48,406
Other costs	6	-71,588	-70,044
Staff expenses	7	-203,856	-202,173
Own work capitalised		37,204	45,002
Operating profit before depreciation and items affecting comparability (EBITDA)		**88,044**	**73,670**
Items affecting comparability	14, 27	-3,118	-1,947
Depreciation		-55,261	-51,880
Operating profit (EBIT)		**29,665**	**19,843**
Income from financing activities	8, 10	2,748	454
Expenses from financing activities	8, 10	-4,890	-6,565
Profit/loss after financial items		**27,523**	**13,732**
Tax on profit/loss for the year	9.23	-7,173	-4,296
Profit for the year from remaining operations		**20,350**	**9,436**
Profit attributable to divested operations	11	–	4,838
Capital gains attributable to divested operations	11	2,434	3,905
Profit/loss for the year		**22,784**	**18,179**
Of which attributable to:			
Shareholders of the Parent Company		*21,877*	*17,490*
Non-controlling interests		*907*	*689*
Total		*22,784*	*18,179*
Other comprehensive income			
Items that may be reclassified to profit/loss			
Currency differences		7,045	-10,216
Other comprehensive income for the period, net after tax		7,045	-10,216
Total comprehensive income for the year		**29,830**	**7,964**
Of which attributable to:			
Shareholders of the Parent Company		*28,922*	*7,275*
Non-controlling interests		*907*	*689*
Total		*29,830*	*7,964*

KSEK		2016	2015
Earnings per share, calculated on earnings attributable to shareholders of the Parent Company during the year (expressed in SEK per share)	12		
– before dilution		0.43	0.35
– after dilution		0.43	0.35
– before dilution, remaining operations		0.38	0.17
– after dilution, remaining operations		0.38	0.17
– before dilution, divested operations		0.05	0.17
– after dilution, divested operations		0.05	0.17
Average total shares before dilution, thousands		50,803	50,143
Average total shares after dilution, thousands		51,203	50,592

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

KSEK	Note	31/12/2016	31/12/2015
ASSETS			
Non-current assets			
Intangible assets	14		
Capitalised expenditure		134,688	137,278
Goodwill		327,307	317,960
Other intangible non-current assets		8,400	18,155
Total intangible non-current assets		**470,396**	**473,393**
Property, plant and equipment	15		
Other equipment		4,075	3,898
Total property, plant and equipment		**4,075**	**3,898**
Financial assets	16		
Other financial assets		1,682	1,425
Total non-current financial assets		**1,682**	**1,425**
Non-current liabilities	23		
Deferred tax assets		17,332	23,680
Total non-current liabilities		**17,332**	**23,680**
Total non-current assets		**493,484**	**502,396**
Current assets			
Work in progress		8,470	10,837
Current liabilities			
Trade and other receivables	17, 18	62,503	50,030
Current tax assets		–	336
Other receivables		151	25
Accruals and prepaid income	19	23,746	16,494
Total current liabilities		**86,400**	**66,885**
Cash and cash equivalents	17, 20	60,890	37,670
Total non-current assets		**155,760**	**115,393**
TOTAL ASSETS		**649,244**	**617,789**

KSEK	Note	31/12/2016	31/12/2015
EQUITY			
Share capital	21	5,127	5,014
Other paid-in capital		193,829	186,709
Revaluation reserves		11,499	4,455
Retained earnings		135,793	118,930
Total equity attributable to shareholders of the Parent		**346,249**	**315,108**
Non-controlling interests		2,706	3,378
Total equity		**348,954**	**318,486**
LIABILITIES			
Non-current liabilities			
Borrowings	22	88,963	100,847
Deferred tax liabilities	23	20,366	25,224
Other non-current liabilities	17, 27, 28	6,624	6,189
Total non-current liabilities		**115,953**	**132,260**
Current liabilities			
Borrowings	22	16,518	15,904
Trade and other payables	17	14,970	17,236
Current tax liabilities		4,113	1,358
Other liabilities	24	17,754	11,878
Accrued expenses and deferred income	25	130,982	120,665
Total current liabilities		**184,337**	**167,042**
Total liabilities		**300,290**	**299,302**
TOTAL EQUITY AND LIABILITIES		**649,244**	**617,789**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Equity attributable to shareholders of the Parent						
KSEK	Note	Equity	Other paid-in capital	Revaluation reserves	Retained earnings	Total	Non controlling interests	Total equity
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**
Equity on 1 January 2016		**5,014**	**186,709**	**4,455**	**118,930**	**315,108**	**3,378**	**318,486**
Comprehensive income								
Earnings for the period		–	–	–	21,877	21,877	907	22,784
Other comprehensive income items		–	–	7,045	–	7,045	–	7,045
Total comprehensive income		**–**	**–**	**7,045**	**21,877**	**28,922**	**907**	**29,830**
Transactions with shareholders								
Dividends	13	–	–	–	-5,014	-5,014	-1,579	-6,594
New share issue	21	113	7,425	–	–	7,538	–	7,538
Warrant buy-back	21	–	-570	–	–	-570	–	-570
Paid-in premiums for staff share option programme	21	–	265	–	–	265	–	265
Total transactions with shareholders		**113**	**7,120**	**–**	**-5,014**	**2,219**	**-1,579**	**639**
Equity on 31 December 2016		**5,127**	**193,829**	**11,499**	**135,793**	**346,249**	**2,706**	**348,954**

INCOME STATEMENT – PARENT

KSEK	Note	2016	2015
Net sales		**139,446**	**40,701**
Operating expenses			
Cost of sales		-17,780	-2,308
Other costs	6	-28,229	-11,508
Staff expenses	7	-65,265	-35,684
Depreciation		-6,298	-1,822
Total operating expenses		**-117,573**	**-51,323**
Operating profit/loss		**21,873**	**-10,622**
Income from participating interests	8, 10	2,921	21,850
Income from financing activities	8, 10	8,545	5,840
Expenses from financing activities	8, 10	-4,130	-5,066
Profit/loss after financial items		**29,208**	**12,003**
Tax on profit/loss for the year	9, 23	-5,712	-2,805
Profit/loss for the year		**23,496**	**9,197**

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

STATEMENT OF FINANCIAL POSITION – PARENT

KSEK	Note	31/12/2016	31/12/2015
ASSETS			
Non-current assets			
Intangible assets	14		
Capitalised expenditure		2,053	3,028
Goodwill		255	404
Customer contracts		17,548	–
Total intangible non-current assets		**19,856**	**3,432**
Property, plant and equipment	15		
Other equipment		1,164	1,022
Total property, plant and equipment		**1,164**	**1,022**
Financial assets			
Shares in subsidiaries	16	262,644	326,169
Interest-bearing loans to Group Companies		83,830	91,346
Total non-current financial assets		**346,473**	**417,515**
Non-current liabilities			
Deferred tax assets	23	–	3,635
Total non-current liabilities		**–**	**3,635**
Total non-current assets		**367,493**	**425,604**
Current assets			
Current liabilities			
Interest-bearing loans to Group Companies		6,990	9,408
Trade and other receivables	18	25,101	710
Current tax assets		82	1,220
Loans to Group Companies		25,894	30,792
Other receivables		104	26
Accruals and prepaid income	19	14,121	1,378
Total current liabilities		**72,292**	**43,534**
Cash and cash equivalents	20	45,369	41,165
Total non-current assets		**117,661**	**84,699**
TOTAL ASSETS		**485,154**	**510,303**

KSEK	Note	31/12/2016	31/12/2015
EQUITY			
Restricted equity			
Share capital	21	5,127	5,014
Other contributed capital		17,691	17,691
Total restricted equity		**22,818**	**22,705**
Non-restricted equity			
Distributable reserves		162,682	155,562
Retained earnings		23,886	48,749
Profit/loss for the year		23,496	9,197
Total non-restricted equity		**210,064**	**213,507**
Total equity		**232,882**	**236,212**
LIABILITIES			
Non-current liabilities			
Borrowing from credit institutions	22	88,963	100,847
Other non-current liabilities		5,589	6,189
Total non-current liabilities		**94,552**	**107,036**
Current liabilities			
Borrowing from credit institutions	22	16,518	15,904
Trade and other payables		8,715	2,197
Liabilities to Group Companies		50,688	126,628
Other liabilities	24	13,151	8,414
Accrued expenses and deferred income	25	68,647	13,911
Total current liabilities		**157,720**	**167,055**
Total liabilities		**252,272**	**274,091**
TOTAL EQUITY AND LIABILITIES		**485,154**	**510,303**

STATEMENT OF CHANGES IN EQUITY – PARENT

		Restricted equity		Non restricted equity		
KSEK	**Note**	**Equity**	**Other contributed capital**	**Distributable reserves**	**Other non-restricted equity**	**Total equity**
Equity on 1 January 2015		**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 2015		**5,014**	**17,691**	**155,562**	**57,946**	**236,212**
Equity on 1 January 2016		**5,014**	**17,691**	**155,562**	**57,946**	**236,212**
Comprehensive income						
Profit/loss for the year		–	–	–	23,496	23,496
Total comprehensive income		**–**	**–**	**–**	**23,496**	**23,496**
Other transactions over equity						
Merger difference		–	–	–	-29,046	-29,046
Total other transactions		**–**	**–**	**–**	**-29,046**	**-29,046**
Transactions with shareholders						
Dividends	13	–	–	–	-5,014	-5,014
New share issue	21	113	–	7,425	–	7,538
Warrant buy-back	21	–	–	-570	–	-570
Paid-in premiums for staff share option programme	21	–	–	265	–	265
Total transactions with shareholders		**113**	**–**	**7,120**	**-5,014**	**2,219**
Equity on 31 December 2016		**5,127**	**17,691**	**162,682**	**47,382**	**232,882**

CASH FLOW STATEMENT

		Group		Parent Company	
KSEK	**Note**	**2016**	**2015***	**2016**	**2015**
Cash flow from operating activities					
Operating profit/loss		29,665	26,824	21,873	-10,622
Items not affecting cash flows					
– Depreciation/amortisation		55,261	51,880	6,279	1,822
– Other items		-3,061	-447	1,018	509
Other items affecting liquidity					
Income from participating interests		–	–	2,921	21,850
Interest revenue		195	454	5,457	5,840
Interest expense		-4,855	-5,666	-4,130	-4,607
Income tax paid		-3,760	-6,879	-290	-193
Cash flow from operating activities before changes in working capital		**73,445**	**66,166**	**33,128**	**14,599**
Increase (-) / decrease (+) work in progress		3,563	11,436	–	4
Increase (-) / decrease (+) trade receivables		-10,830	5,677	-16,379	-7,572
Increase (-) / decrease (+) other current receivables		-7,007	-5,770	-20,580	6,771
Increase (+) / decrease (-) trade payables		-2,730	-1,235	2,597	436
Increase (+) / decrease (-) other current liabilities		13,090	-2,668	25,844	11,769
Cash flow from changes in working capital		**-3,913**	**7,440**	**-8,518**	**11,408**
Cash flow from operating activities		**69,532**	**73,606**	**24,610**	**26,007**
Of which cash flow from divested operations	11	–	4,838	–	–
Cash flow from investing activities					
Purchase consideration, divested operations	11	3,121	3,905	–	–
Investment in intangible non-current assets	14	-34,516	-41,777	-22,104	-201
Investment in property, plant, and equipment	15	-1,390	-1,954	-673	-329
Investment in financial assets	16	-190	-54	9,935	15,582
Cash flow from investing activities		**-32,975**	**-39,881**	**-12,842**	**15,052**
Cash flow from financial activities					
New share issue	21	7,538	–	7,538	–
Issue of warrants	21	265	245	265	245
Warrant buy-back		-570		-570	
Repayment of loans	22	-13,597	-22,278	-9,783	-21,371
Dividend paid	13	-6,593	–	-5,014	–
Cash flow from financing activities		**-12,957**	**-22,033**	**-7,564**	**-21,126**
Cash flow for the year		**23,600**	**11,692**	**4,204**	**19,933**
Currency translation differences for cash and cash equivalents		-380	-57	–	–
Cash and cash equivalents at start of year		37,670	26,035	41,165	21,232
Cash and cash equivalents at year-end	20	**60,890**	**37,670**	**45,369**	**41,165**

* Also includes items from divested operations, see Note 11 for further information

NOTES

All amounts in these notes are stated in SEK thousands (KSEK) unless otherwise specified. The closing date is 31 December 2016.

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, Germany, 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 is listed on the Nasdaq Stockholm Stock Exchange.

The Board of Directors approved the consolidated financial statements for publication on 30 March 2017.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

BASIS FOR PREPARING THE REPORTS

The consolidated Annual Report for the Formpipe Group was prepared in compliance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation Supplementary Accounting Rules for Groups (RFR 1), as well as International Financial Reporting Standards (IFRS) and the IFRC interpretations as adopted by the EU. The consolidated financial reports were prepared using the cost method except for financial assets valued at fair value through profit and loss.

The Parent's financial statements were prepared in compliance with the Swedish Annual Accounts Act and RFR 2. The accounting policies in the Parent are considered to follow the Group's except the parts below. No other differences between the consolidated and Parent accounting policies are considered to be material.

- In the acquisition of subsidiaries, value arises in the Parent in the form of shares in subsidiaries at the value of the purchase consideration and no goodwill thereby arises in the Parent in connection with the acquisition of subsidiaries. The value of the shares in subsidiaries is a difference from the consolidated financial statements as they are eliminated in the consolidated statement of financial position. Acquisition expenses are booked to the balance in the Parent, but expensed in the Group.
- The goodwill that may arise in the Parent statement of financial position is not attributable to acquisition of shares in subsidiaries, but arises in case of acquisitions of assets and liabilities and mergers of subsidiaries, so called goodwill from net asset acquisition and merger good will. All merger goodwill or other asset-acquisition goodwill that arose internally in the Group is eliminated in the Group's consolidation and thereby does not affect consolidated goodwill in the statement of financial position.
- Goodwill in the Parent is considered to have a limited economic useful life and is subject to amortisation over the Parent's income statement. Consolidated goodwill is not subject to amortisation.

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 2016 are assessed to have any substantial impact on the Group.

In 2015, ESMA issued guidelines for alternative performance measures (APMs), that aim to increase understanding of the APMs that are provided in compulsory disclosures from companies. The guidelines for APMs are to be applied by companies that have securities listed on a regulated market, which in Sweden is Nasdaq and NGM. The guidelines began to apply to APMs published after 3 July 2016 and targets the financial measures ("key ratios") over historical or future earnings trends, financial position, performance or cash flow, which are not defined in applicable accounting regulations. Examples of APIs are EBITDA, operating profit before items affecting comparability, and net debt. Measures defined in IFRS are not covered by the ESMA guidelines, which means that the measures sales, net profit/loss and earnings per share are not covered by the ESMA guidelines. The Group's definitions of the APIs as used are provided at the back of the Annual Report under the section Definitions.

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

A number of new standards and interpretations will come into force for financial years commencing after 1 January 2016 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 9 "Financial Instruments" regulates the classification, measurement and recognition of financial assets and financial liabilities and introduces new rules for hedge accounting. The complete version of IFRS 9 was issued in July 2014 and replaces parts of IAS 39 regarding the handling of classification and measurement of financial instruments and introduces a new impairment model. The standard is to be applied to financial years beginning on or after 1 January 2018 and is approved by the EU. Application prior to this date is permissible.

  The Group's assessment is that IFRS 9 will not have any material impact on the Group.

- IFRS 15 "Revenue from contracts with customers" regulates how recognition of revenue shall be done and is the new standard for revenue recognition and replaces IAS 18 Revenue and IAS 11 Construction Contracts, as well as SIC and IFRIC associated therewith. 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 contracts. Ac-

NOTE 2 Summary of significant accounting policies, cont.

cording 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 enters into effect on 1 January 2018 and is approved by the EU. Application prior to this date is permissible.

The Group's work to evaluate and quantify the effects of the application of the standard is not yet complete. The model for the Group's assessment of the effects follows the basic principle in IFRS 15 where revenue recognition shall occur in the manner that best reflects the transfer of the promised service to the customer. In its assessment, the Group gets help from the five-step model where a revenue shall be recognised in the manner that best reflects the transfer of the promised good or service to the customer:

Step 1: identify the contract with the customer
Step 2: identify the various performance commitments in the contract
Step 3: determine the transaction price
Step 4: allocate the transaction price to the performance commitments
Step 5: recognise revenue once the performance commitment is fulfilled

The Group's contracts with customers can look different today, depending on the circumstances of the counterparty, but where all of the Group's contracts are divided into components where the following can be included in a contract with the customer:

- Licences
- Software as a service (SaaS)
- Maintenance and Support
- Implementation

These components are assessed separately today with regard to revenue recognition, but where the introduction of IFRS 15 may affect when in time a certain revenue will be recognised and if the contract with the customer is formulated in such a manner that two separate components should be viewed together. The changes in the accounts can in turn affect the Group's business systems, processes and controls, compensation and bonuses, agreements, tax planning and communication with investors.

The Group is still evaluating the effects that the introduction of the standard will give rise to with regard to the income statement and statement of financial position in the future and for their comparative figures. The Group has not yet chosen a transition method.

- 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. IFRS 16 will mainly affect the lessee's accounting and will lead to virtually all leases being recognised in the statement of financial position. The standard makes no difference between operating and finance leases. An asset (the right to use a leased asset) and a financial liability corresponding to the commitment the Company has to pay leasing fees shall be recognise for virtually all leasing commitments. One exception is for short-term leases an those of minor value. The standard is to be applied to financial years beginning on or after 1 January 2019. Early application is permitted only when IFRS 15 is introduced simultaneously.

  The Group's assessment is that the income statement may be affected if the cost is higher in the first few years of a lease to then decrease. In addition to this, the expense will be recognised as an interest expense and depreciation rather than for other external expenses. This will affect key ratios such as EBITDA positively.

  The cash flow statement will be affected by the cash flow from operating activities being higher when the largest part of the payments made regarding the leasing liability are classified to the financing activities. Only the part of the payments that relate to interest may in continuation be included in the operating activities.

  The Group's assessment in the publication of this Annual Report is that most leases affected by this standard will be deemed to be short-term contracts and of minor value as this relates to e.g. copying machines and coffee makers in the Group. The leases that are deemed to all under IFRS 16 are the Group's leases for offices and leasing cars. The Group is evaluating the effects that the introduction of the standard will give rise to with regard to the income statement and statement of financial position in the future and for their comparative figures.

  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-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. Profit/loss from subsidiaries acquired or divested during the year is included in the consolidated income statement as of the date of acquisition or until the date of divestment. This date is the day that the Group receives or loses control over a subsidiary.

Transaction expenses attributable to the acquisition are recognised as incurred.

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

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

NOTE 2 Summary of significant accounting policies, cont.

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

Foreign currency translation

Functional and presentation currency

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

Transactions and balance items

Foreign currency transactions are translated into the functional currency according to the exchange rates prevailing on the date of the transaction or the date on which the items are 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:

- Assets and liabilities in each of the statements of financial position are translated at the closing rate,
- Income and expenses for each income statement are translated at the average rate (to the extent the average rate is not a reasonable approximation of the accumulated effect of the applicable rates on the transaction date, in which case income and expenses are translated at the transaction date rate), and
- 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.

Note 10 presents the exchange rates used in the Group's consolidation for the financial year and for the comparison year.

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, and
- 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 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.

NOTE 2 Summary of significant accounting policies, cont.

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

Financial assets and liabilities measured at fair value through profit and loss are recognised after the acquisition date at fair value.

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

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

If the market for a financial assets is not active, 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 least extent possible.

At the statement of financial position date, the Company measures

NOTE 2 Summary of significant accounting policies, cont.

whether there is objective evidence of the asset or group of financial assets being impaired.

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's subsidiaries operate and generate taxable income. Management regularly assesses the claims made in tax returns regarding circumstances where applicable tax regulations are subject to interpretation and makes provisions for amounts that will likely be paid to tax authorities, when deemed appropriate.

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

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

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

EMPLOYEE BENEFITS

Post-retirement obligations

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

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. The warrant premium is credited to Other paid-in capital. Payments received for the shares, after deducting any directly attributable transaction expenses, are added to share capital (par value) and Other paid-in capital when the options are exercised.

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

Benefits on termination of employment

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

Profit-sharing and bonuses

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

PROVISIONS

Provisions for restructuring expenses and legal requirements are 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

NOTE 2 Summary of significant accounting policies, cont.

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.

ITEMS AFFECTING COMPARABILITY

Items affecting comparability are recognised separately in the financial reporting when necessary in order to explain Group results. Items affecting comparability refer to material income or expense items that are recognised separately due to the significance of their nature or amounts when they are considered to fall outside the ordinary operations and are of a non-recurring nature and thereby impede the comparison of the Company's development in the financial reporting. In order for an item to be considered an item affecting comparability, it must be material relative to the line in the income statement that the item is recognised separately from. 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. 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 for-

NOTE 3 Financial risk management, cont.

eign 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 2016 would have been KSEK 1,940 (1,234) higher or lower and equity on 31 December 2016 (including profit for the year) would have been KSEK 27,530 (26,189) 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 34,128 (39,376) with a variable interest rate linked to STIBOR and KDKK 55,900 (64,500) 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 113 (120).

(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.

In the following table, the Group's financial liabilities are analysed according to the period which remains on the balance sheet date until the contractual maturity 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.

The bank loan's amounts in the table below relate to the values based on the closing day rate in 2016. The bank loan is divided into three intervals where the amount in the first and second interval totalling KSEK 33,036 in 2017 and 2018 are comprised of repayments. The amount of KSEK 73,028 in the third interval, consisting of KSEK 21,000 and KDKK 34,400, will be repaid in 2019 in an amount of KSEK 8,158 at the closing day rate and the remaining amount of KSEK 64,870 reaches a bullet time as of 30 April 2019 where these bank loans are renegotiated and the repayment period is determined for the remainder of the bank loan.

The trade payables and other liabilities within the interval < 1 year in the table below falls due for payment in full within 2017.

The Company's net debt (interest-bearing liabilities less cash and cash equivalents) amounted to KSEK 45,626 (79,081) at year-end.

KSEK	< 1 yr	1–2 yrs	2–5 yrs
2016			
Bank borrowings	16,518	16,518	73,028
Trade payables and other liabilities	36,837	–	–
Total	**53,355**	**16,518**	**73,028**
2015			
Bank borrowings	18,755	18,755	80,827
Trade payables and other liabilities	30,473	–	–
Total	**49,228**	**18,755**	**80,827**

CAPITAL RISK MANAGEMENT

Capital is defined as total equity. The Group objective with 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 2016 the Group held no (MSEK –) financial derivative instruments. The the Group's financial instruments measured at fair value through profit or loss are included in hierarchy three.

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.

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 carry forwards can be utilised.

PERIOD-ALLOCATION OF REVENUES

Group revenues are linked to contracts where the underlying fair value of various kinds of revenues do not always agree with the contract formulation, which requires assessments. These cases can arise in connection with procurements where the procurement basis is formulated in such a way that the contract's designations and divisions differ from the fair value of the respective type of revenue. In these cases, the Group also goes through the agreements, pricing and delivery times and delivery acceptances. Thereafter, the fair value of the revenue type is assessed and the agreed price is distributed over the contractual period and recognised in revenue.

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.

The the Group's segments are divided according to what country the companies have their registered offices in and by what product is recognised as revenue. The segments are divided into Sweden, Denmark and Life Science. The Sweden segment consists of the Swedish companies and their products, the Denmark segment consists of the Danish companies and their subsidiaries that sell the Denmark segment's products. The Life Science segment is comprised of the Group's collective sales to Life Science with regard to the Group's products specifically developed for Life Science companies. Revenues attributable to Life Science are thereby recognised separately under its own segment and are not thereby included in the other segments' recognised revenue.

The table below presents how the Group's legal entities care divided in the segment reporting

		2016			2015		
Company name	**Domicile**	**Sweden**	**Denmark**	**Life Science**	**Sweden**	**Denmark**	**Life Science**
Formpipe Software AB	Sweden	x		x	x		x
Formpipe Software Intelligo AB	Sweden	x			x		
Formpipe Software Linköping AB	Sweden	Merged			x		
Formpipe Software Uppsala AB	Sweden	Merged			x		
Formpipe Software Skellefteå AB	Sweden	Merged			x		
Formpipe Software Holding A/S	Denmark		x			x	
Formpipe Software A/S	Denmark		x			x	
Formpipe Software Lasernet A/S	Denmark		x			x	
Formpipe Software Benelux BV	Netherlands		x			x	
Formpipe Lasernet Ltd.	England		x			x	
Formpipe Lasernet GMBH	Germany		x			x	
Formpipe Life Science Ltd	England			x			x
Formpipe Inc.	USA			x			x

NOTE 5 Segment information, cont.

INCOME STATEMENT BY SEGMENT

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.

2016	Sweden	Denmark	Life Science	Eliminations	Continuing operations	Divested operations	Group
Sales, external	157,572	211,103	10,048	–	378,723	–	378,723
Sales, internal	7,030	2,009	1,401	-10,440	–	–	-
Total sales	**164,602**	**213,112**	**11,449**	**-10,440**	**378,723**	**–**	**378,723**
Expenses, external	-109,147	-166,030	-15,502	–	-290,679	–	-290,679
Expenses, internal	-6,182	-2,857	-1,401	10,440	–	–	-
Total expenses	**-115,329**	**-168,887**	**-16,903**	**10,440**	**-290,679**	**–**	**-290,679**
EBITDA	**49,273**	**44,225**	**-5,454**	**–**	**88,044**	**–**	**88,044**
Non-recurring items					-3,118	–	-3,118
Capital gain divested operations					–	3,134	3,134
Depreciation					-55,261	–	-55,261
EBIT					**29,665**	**3,134**	**32,799**
Net financial items					-2,142	–	-2,142
Tax					-7,173	-700	-7,873
Profit/loss for the year					**20,350**	**2,434**	**22,784**

2015	Sweden	Denmark	Life Science	Eliminations	Continuing operations	Divested operations	Group
Sales, external	138,419	195,040	15,833	–	349,292	23,942	373,234
Sales, internal	6,506	1,576	700	-8,782	–	–	–
Total sales	**144,925**	**196,616**	**16,533**	**-8,782**	**349,292**	**23,942**	**373,234**
Expenses, external	-92,263	-160,755	-22,604	–	-275,622	-15,371	-290,993
Expenses, internal	-5,831	-2,251	-700	8,782	–	–	–
Total expenses	**-98,094**	**-163,006**	**-23,304**	**8,782**	**-275,622**	**-15,371**	**-290,993**
EBITDA	**46,831**	**33,610**	**-6,771**	**–**	**73,670**	**8,571**	**82,241**
Non-recurring items					-1,947	-1,590	-3,538
Capital gain divested operations					–	3,905	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**

At 31 December 2015, a foreign subsidiary, Formpipe Intelligo AB, shifted into the Parent Company's direct ownership and was then moved from the Denmark segment to the Sweden segment. The comparison figures for 2015 for the Sweden and Denmark segments have been adjusted to reflect the moved operations in the correct segment. The adjustment relates to internal sales of KSEK 5,344 and external expenses of KSEK 1,898 in the Denmark segment that was moved to the Sweden segment.

NOTE 5 Segment information, cont.

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.

2016	Sweden	Denmark	Life Science	Continuing operations	Group
Capitalised expenditure	58,171	72,448	4,069	134,688	134,688
Goodwill	96,521	218,630	12,156	327,307	327,307
Other intangible assets	0	4,149	4,252	8,400	8,400
Total	**154,693**	**295,227**	**20,476**	**470,396**	**470,396**

2015	Sweden	Denmark	Life Science	Continuing operations	Group
Capitalised expenditure	59,514	74,717	3,047	137,278	137,278
Goodwill	96,522	207,978	13,460	317,960	317,960
Other intangible assets	0	10,760	7,396	18,155	18,155
Total	**156,036**	**293,454**	**23,903**	**473,393**	**473,393**

GROUP-WIDE INFORMATION

Revenues from all products and services are identified as follows:

2016 Continuing operations	Sweden	Denmark	Life Science	Continuing operations	Divested operations	Group
Licences	41,812	35,629	3,322	80,763	–	80,763
Maintenance and Support	84,365	80,615	2,497	167,477	–	167,477
Delivery services	31,395	94,859	4,229	130,483	–	130,483
Total	**157,572**	**211,103**	**10,048**	**378,723**	**–**	**378,723**

2015 Continuing operations	Sweden	Denmark	Life Science	Continuing 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**

GEOGRAPHIC DISTRIBUTION OF EXTERNAL REVENUES

A geographic breakdown of the external revenues from all products and services are identified as follows:

2016 Continuing operations	Sweden	Denmark	Life Science	Continuing operations	Divested operations	Group
Nordic region	138,607	180,123	3,576	322,306	–	322,306
UK	392	14,010	5,364	19,767	–	19,767
Rest of Europe	2,987	15,829	160	18,976	–	18,976
North America	15,584	728	947	17,259	–	17,259
Rest of world	2	413	–	415	–	415
Total	**157,572**	**211,103**	**10,048**	**378,723**	**–**	**378,723**

2015 Continuing operations	Sweden	Denmark	Life Science	Continuing operations	Divested operations	Group
Nordic region	124,201	184,967	1,886	311,054	23,942	334,996
UK	36	2,130	11,839	14,005	–	14,005
Rest of Europe	1,818	7,191	–	9,009	–	9,009
North America	12,359	661	2,109	15,129	–	15,129
Rest of world	5	90	–	95	–	95
Total	**138,419**	**195,040**	**15,833**	**349,292**	**23,942**	**373,234**

INFORMATION ABOUT CUSTOMERS

The Group is domiciled in Sweden. Revenues from external customers in the Sweden segment amounted to KSEK 157,572 (138,419) and total revenues from external customers in the Denmark segment were KSEK 211,103 (195,040), Excluding discontinued operations and the total revenues from external customers in the Life Science segment amounts to KSEK 10,048 (15,833).

Revenues of approximately KSEK 80,803 (70,758) refer to a single external customer and are attributable to the Denmark segment.

NOTE 6 AUDITOR'S REMUNERATION

	Group		Parent Company	
	2016	2015	2016	2015
PricewaterhouseCoopers AB				
Audit assignment	702	785	270	241
Auditing services other than audit assignment	277	217	12	100
Other services	98	25	23	-
Total PricewaterhouseCoopers AB	**1,077**	**1,027**	**305**	**341**
Other auditors				
Audit assignment	201	–	–	–
Group total	**1,278**	**1,027**	**305**	**341**

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

NOTE 7 STAFF, MANAGEMENT AND BOARD OF DIRECTORS

Salaries and other employee benefits for all employees identified for the Parent and subsidiaries	2016	2015
Parent Company		
Salaries and other benefits	43,041	21,374
Pension cost	4,810	3,003
Social security contributions	14,686	7,960
Subsidiaries		
Salaries and other benefits	116,563	133,234
Pension cost	8,658	9,432
Social security contributions	7,991	9,347
Group		
Salaries and other benefits	159,604	154,608
Pension cost	13,469	12,435
Social security contributions	22,677	17,308

	Group		Parent Company	
Number of employees at year-end	2016	2015	2016	2015
Formpipe Software Stockholm	73	38	73	38
Formpipe Software Uppsala	–	18		
Formpipe Software Linköping	–	18		
Formpipe Software Lasernet A/S, DK	12	10		
Formpipe Software A/S, DK	114	124		
Formpipe Lasernet Ltd, UK	2	2		
Formpipe Intelligo AB, Stockholm	12	12		
Formpipe Life Science Ltd, UK	11	10		
Formpipe Software Benelux B.V., NL	3	4		
Formpipe Inc, USA	2	3		
Formpipe Lasernet GmbH, DE	1	–		
Total staff	**230**	**239**	**73**	**38**
Average staff	**235**	**242**	**56**	**34**

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

Salary and employee benefits – Board, senior executives	Basic salary/ Director's fee	Variable remuneration	Retirement expenses	Other remunerations	Total
2016					
Bo Nordlander (Chair)	250	–	–	–	250
Kristina Lindgren	150	–	–	–	150
Charlotte Hansson	150	–	–	–	150
Peter Lindström	150	–	–	–	150
Martin Henricson	150	–	–	–	150
Christian Sundin (CEO)	2,040	814	518	174	3,546
Other senior executives, 3 persons	4,480	385	319	22	5,205
Total	**7,370**	**1,198**	**837**	**196**	**9,601**
2015					
Bo Nordlander (Chair)	250	–	–	–	250
Staffan Torstensson	150	–	–	–	150
Jack Spira	150	–	–	–	150
Kristina Lindgren	150	–	–	–	150
Charlotte Hansson	150	–	–	–	150
Christian Sundin (CEO)	1,980	–	503	114	2,597
Other senior executives, 3 persons	4,236	56	330	351	4,973
Total	**7,066**	**56**	**833**	**465**	**8,420**

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 CEO Christian Sundin, who is thereby not included in the senior executives line, but is instead reported separately on his own line.

	Group		Parent Company	
Members, Board of Directors	**2016**	**2015**	**2016**	**2015**
Women	2	2	2	2
Men	3	3	3	3

Boards of Directors for subsidiaries	Women 2016	Men 2016	Women 2015	Men 2015
Formpipe Software Uppsala AB, SE	–	–	–	1
Formpipe Software Linköping AB, SE	–	–	–	1
Formpipe Software Lasernet A/S, DK	–	3	–	3
Formpipe Software Skellefteå AB, SE	–	–	–	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
Formpipe Life Science Ltd, UK	–	1	–	1
Netexperts Ltd, UK	–	–	–	1
Formpipe Inc, USA	–	1	–	1
Formpipe Lasernet GmbH, DE	–	1	–	–

The Board of Directors in subsidiaries received no remuneration for 2016. 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.

	Group		Parent Company	
Senior Management Team	**2016**	**2015**	**2016**	**2015**
Women	–	–	–	–
Men	4	4	2	2

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

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 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		Parent Company	
	2016	**2015**	**2016**	**2015**
Income from financing activities				
Group contributions received	–	–	–	21,850
Dividends received from subsidiaries	–	–	2,921	–
Interest income	195	454	5,457	5,840
Exchange rate differences	2,554	–	3,088	–
Total financial revenues	**2,748**	**454**	**11,465**	**27,690**

	Group		Parent Company	
	2016	**2015**	**2016**	**2015**
Expenses from financing activities				
Interest expense bank borrowings	-3,321	-3,546	-2,975	-3,546
Other interest expenses	-6	-493	-2	-1
Exchange rate differences	–	-899	–	-493
Other financial expenses	-1,563	-1,626	-1,152	-1,026
Total financial expenses	**-4,890**	**-6,565**	**-4,130**	**-5,066**

NOTE 9 INCOME TAX

	Group 2016	Group 2015	Parent Company 2016	Parent Company 2015
Current tax	8,184	2,482	2,077	–
Deferred tax	-1,011	1,814	3,635	2,805
	7,173	**4,296**	**5,712**	**2,805**
Current tax, divested operations	700	–	–	–
Deferred tax, divested operations	–	2,143	–	–
	7,873	**6,439**	**5,712**	**2,805**

Deferred tax refers to capitalisation of tax loss carry forwards of KSEK 2,777 (0), utilisation of accumulated tax loss carry forwards from previous years totalling KSEK -5,399 (-4,187) and deferred tax expenses attributable to intangible assets of KSEK 3,633 (230).

At the end of the period, the Group has accumulated losses of MSEK 8.0 where that related to loss carry forwards are not capitalised in the Group. All other loss carry forwards 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 2016	Group 2015	Parent Company 2016	Parent Company 2015
Profit before tax, remaining operations	27,523	13,732	29,208	12,003
Profit before tax, divested operations	3,180	10,886	–	–
Income tax calculated using national tax rates applicable to profit/loss in each country	16,291	7,434	6,426	2,641
Non-taxable income	-4,279	-2,568	-776	-0
Non-allowable expenses	635	258	62	165
Difference between accounting and tax depreciation	1,499	1,771	–	–
Tax attributable to previous years	137	98	–	
Tax attributable to intangible assets	-3,633	-230	–	–
Effect of subsidiaries' tax rates	–	-323	–	–
Capitalised loss carry forwards	-2,777	–	–	–
Tax expense	**7,873**	**6,439**	**5,712**	**2,805**

The weighted effective tax rate was 25.6 (26.2) per cent.

NOTE 10 EXCHANGE RATE DIFFERENCES – NET

Exchange rates (against SEK)	Average exchange rate Jan-Dec 2016	Average exchange rate Jan-Dec 2015	Rate at statement of financial position date 31 Dec. 2016	Rate at statement of financial position date 31 Dec. 2015
DKK	1.27	1.25	1.29	1.22
EUR	9.47	9.36	9.57	9.14
GBP	11.57	12.90	11.18	12.38
USD	8.56	8.44	9.10	8.35

Exchange rate differences were recognised in the income statement as follows:	Group 2016	Group 2015	Parent Company 2016	Parent Company 2015
Other revenues and expenses – net	-381	106	-377	-1
Financial items – net	2,554	-899	3,088	-493

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 separately recognised in accordance with this accounting principle in the income statement under "Profit attributable to divested operations". The operations were divested on 11 December 2015.

Items affecting comparability are comprised of the restructuring program implemented in 2015.

The Group realisation result only comprises the purchase consideration for the operations and amounted to MSEK 3.1 (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 at the time of divestment.

The divested operations' revenues and expenses are specified below.

KSEK	2016	2015
Net sales	–	23,942
Operating expenses		
Cost of sales	–	-2,685
Other costs	–	-503
Staff expenses	–	-12,183
Items affecting comparability	–	-1,590
Capital gain divested operations	3,134	3,905
Total operating expenses	**3,134**	**-13,056**
Operating profit/loss	**3,134**	**10,886**
Tax on profit/loss for the year	-700	-2,143
Profit for the year from remaining operations	**2,434**	**8,743**

Cash flow from operating activities for divested units amounted to KSEK – (4,838). In addition to this, sales proceeds were received in an amount of KSEK 3,134 (3,905).

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 by the weighted average outstanding common shares for the period excluding repurchased shares held as treasury shares in the Parent.

	2016	2015
Profit or loss for the year attributable to shareholders of the Parent		
From remaining operations	19,443	8,747
From divested operations	2,434	8,743
	21,877	**17,490**
Weighted average outstanding common shares (thousands)	50,803	50,143
Earnings per share before dilution (SEK per share)		
From remaining operations	0.38	0.17
From divested operations	0.05	0.17
	0.43	**0.35**

AFTER DILUTION

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

NOTE 12 Earnings per share, cont.

	2016	2015
Weighted average outstanding common shares (thousands)	50,803	50,143
Adjustments for:		
– share options 2013 to 2016 (thousands)	134	249
– share options 2014 to 2017 (thousands)	266	199
– share options 2015 to 2018 (thousands)	–	–
– share options 2016 to 2019 (thousands)	–	–
Weighted average total common shares used in calculating earnings per share after dilution (thousands)	**51,203**	**50,592**
Earnings per share after dilution (SEK per share)		
From remaining operations	0.38	0.17
From divested operations	0.05	0.17
Earnings per share after dilution (SEK per share)	**0.43**	**0.35**

NOTE 13 DIVIDEND PER SHARE

The Board of Directors proposes that the Annual General Meeting on 25 April 2017 resolve to approve a dividend of SEK 0.30 (0.10) per share, which entails a total dividend of SEK 15,382,082.40 (5,014,340.20).

Refer to the management report for the appropriation of profits and the Board's reasoned statement as per Chapter 17 Section 3 Paragraphs 2–3 of the Swedish Companies Act.

NOTE 14 INTANGIBLE ASSETS

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
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	712,528
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**

	Goodwill	Capitalised expenditure	Customer relations	Technology	Brand names	Total
Financial year 2016						
Opening carrying amount	317,960	137,278	15,810	860	1,485	473,393
Exchange rate differences	9,347	3,419	24	-76	-113	12,601
Purchases	–	37,388	–	–	–	37,388
Depreciation	–	-43,396	-8,432	-230	-928	-52,986
Closing carrying amount	**327,307**	**134,688**	**7,402**	**554**	**444**	**470,396**
At 31 December 2016						
Cost	**327,307**	**382,659**	**50,768**	**3,234**	**6,691**	**770,659**
Accumulated depreciation	–	-247,971	-43,366	-2,679	-6,248	-300,264
Carrying amount	**327,307**	**134,688**	**7,402**	**554**	**444**	**470,396**

Capitalised expenditures represent essentially only product development.

NOTE 14 Intangible assets, cont.

PARENT COMPANY	Goodwill	Capitalised expenditure	Customer contracts	Total
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**
Financial year 2016				
Opening carrying amount	404	3,028	–	3,432
Purchases	22,019	85	22,019	22,104
Assumed cost through merger	55,986	25,296	–	81,282
Depreciation	-4,620	-1,095	-4,471	-5,715
Assumed depreciation through merger	-55,986	-25,261	–	-81,247
Closing carrying amount	**17,803**	**2,053**	**17,548**	**19,856**
At 31 December 2016				
Cost	82,804	31,438	22,019	114,242
Accumulated depreciation	-65,001	-29,385	-4,471	-94,386
Carrying amount	**17,803**	**2,053**	**17,548**	**19,856**

IMPAIRMENT TESTING OF INTANGIBLE ASSETS AND GOODWILL FOR THE GROUP

Group goodwill at year-end was KSEK 327,307 (317,960). 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 96,521 for Sweden, KSEK 218,630 for Denmark and KSEK 12,156 Life Science.

In connection with the impairment test in the fourth quarter of the 2016 financial year, no impairment requirement was noted for any of the Group's cash generating units, which relate to the Group's segments. During the 2015 financial year, an impairment requirement was noted with regard to goodwill related to the Life Science segment and amounted to MGBP 1.5, equivalent to 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 in income and expenses, i.e. the margin trend, during the first five years is 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 and the Group's business plan.

DISCOUNT FACTORS

Discount factors are calculated as the Group's weighted average cost of capital including risk premium after tax (WACC). The risk premium differs between the segments as they act on different markets and the certainty of the forecasts varies.

WACC	2016	2015
Segment		
Sweden, %	11	12
Denmark, %	11	12
Life Science, %	18	18

SENSITIVITY ANALYSIS

For all units and the Sweden, Denmark and Life Science segments, the recoverable amount exceeds the carrying amounts. Senior Management has tested and assessed that a reasonable and possible change (+/- 1 percentage point) in the critical variables above would not have such an effect that they would individually or jointly reduce the recoverable amounts to a value beyond their carrying amounts.

NOTE 15 PROPERTY, PLANT AND EQUIPMENT

CONSOLIDATED	Other equipment	Total
Financial year 2015		
Opening carrying amount	4,217	4,217
Exchange rate differences	-31	-31
Purchases	2,085	2,085
Divestment and disposals	-1,683	-1,683
Depreciation	-2,221	-2,221
Reversed accumulated depreciation on disposals	1,531	1,531
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**
Financial year 2016		
Opening carrying amount	3,898	3,898
Exchange rate differences	75	75
Purchases	2,424	2,424
Divestment and disposals	-8,444	-8,444
Depreciation	-2,256	-2,256
Reversed accumulated depreciation on disposals	8,379	8,379
Closing carrying amount	**4,075**	**4,075**
At 31 December 2016		
Cost	19,341	19,341
Accumulated depreciation	-15,266	-15,266
Carrying amount	**4,075**	**4,075**

PARENT COMPANY	Other equipment	Total
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**
Financial year 2016		
Opening carrying amount	1,022	1,022
Purchases	673	673
Assumed cost through merger	2,333	2,333
Depreciation	-573	-573
Assumed depreciation through merger	-2,292	-2,292
Closing carrying amount	**1,164**	**1,164**
At 31 December 2016		
Cost	8,814	8,814
Accumulated depreciation	-7,650	-7,650
Carrying amount	**1,164**	**1,164**

NOTE 16 FINANCIAL NON-CURRENT ASSETS

	Parent Company	
Shares in subsidiaries	**2016**	**2015**
Opening cost	326,169	327,960
Transaction-related changes	–	16,777
Merger of wholly owned subsidiaries	-63,525	–
Impairment of shares in subsidiaries	–	-18,568
Closing accumulated cost	**262,644**	**326,169**

	Group		Parent Company	
Other non-current financial assets	**2016**	**2015**	**2016**	**2015**
Interest-bearing loans to Group Companies	–	–	83,830	91,346
Other financial assets	1,682	1,425	–	–
Closing value, financial assets	**1,682**	**1,432**	**346,473**	**417,515**

During the financial year, the subsidiaries Formpipe Software Linköping AB, Formpipe Software Uppsala AB and Formpipe Software Skellefteå AB were merged into the Parent Company through absorption of wholly owned subsidiaries. The merger date was 5 August 2016. Also refer to Note 29 for information on the merger.

During the 2015 financial year, the contingent purchase consideration regarding the 2014 acquisition of GXP Limited (now Formpipe Life Science Ltd) was subject to a revaluation of MGBP 1.5, corresponding to KSEK 18,568. The remaining contingent purchase consideration is booked as a non-current liability on the balance sheet of the Parent Company. The revaluation of the liability for the contingent purchase consideration in the Parent Company entailed a corresponding adjustment of the book value of the shares in Formpipe Life Science Limited.

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

	Group		Parent Company	
Pledged assets	**2016**	**2015**	**2016**	**2015**
Mortgages	300,321	334,131	300,321	334,131

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.**	**Owner-ship %**	**Carrying amount**
Formpipe Software Lasernet A/S	Denmark	Development, sale and consultancy services, software	Limited Liability Company	26366216	100	61,048
Formpipe Software Benelux B.V.	Netherlands	Software sales	Limited Liability Company	853770153	100	–
Formpipe Lasernet Limited	UK	Software sales	Limited Liability Company	06377974	100	–
Formpipe Lasernet GMBH	Germany	Software sales	Limited Liability Company	141866	100	–
Formpipe 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 Intelligo AB	Sweden	Development, sale and consultancy services, software	Limited Liability Company	556411-3479	64.9	16,777
Formpipe Life Science Limited	UK	Development, sale and consultancy services, software	Limited Liability Company	05797675	100	23,113
Netexperts Limited	UK	Development, sale and consultancy services, software	Limited Liability Company	03680033	100	–
Formpipe Inc.	USA	Software sales	Limited Liability Company	141194334	100	–

During the financial year, Formpipe Software Lasernet A/S acquired 100 per cent of the shares of Formpipe Lasernet Ltd from the fellow subsidiary Formpipe Software Holding A/S. In 2015, the Parent Company acquired Formpipe Software AB, the Group's existing shares in Formpipe Intelligo AB from the subsidiary Formpipe Holding A/S.

The non-controlling interest in Formpipe Intelligo AB is not material and is unchanged from the previous year. Net sales for Formpipe Intelligo AB throughout the financial year amounted to KSEK 28,756 (26,623). The minority share in the profit for the year and share of accumulated profit is specified in the Group's income statement and statement of financial position.

NOTE 17 FINANCIAL INSTRUMENTS BY CATEGORY

31 December 2016	Measured at amortised cost	Measured at fair value through profit and loss (Hierarchy 3)	Total
Assets in the statement of financial position			
Trade receivables and other receivables excluding prepayments	62,654	–	62,654
Cash and cash equivalents	60,890	–	60,890
Total	**123,544**	–	**123,544**
Liabilities in the statement of financial position			
Borrowings	106,066	–	106,066
Other non-current liabilities	–	6,624	6,624
Trade receivables and other liabilities excluding non-financial liabilities	14,970	–	14,970
Total	**121,036**	**6,624**	**127,660**

31 December 2015	Measured at amortised cost	Measured at fair value through profit and loss	Total
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**

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

Borrowings in the Group relate to the bank loan excluding prepaid financing charges. The Group holds no financial instruments in the balance sheet that are classified as held for trade.

NOTE 18 TRADE RECEIVABLES

	Group		Parent Company	
	2016	2015	2016	2015
Trade and other receivables	62,503	50,030	25,101	710
Total	**62,503**	**50,030**	**25,101**	**710**

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

As at 31 December 2016, trade receivables were KSEK 62,503 (50,030). They were distributed as follows: KSEK 28,271 (14,797), KDKK 24,613 (27,353), KGBP 101 (99.45) and KUSD 49 (62.86). No impairment was deemed necessary for the total trade receivables of KSEK 62,503. The age analysis of trade receivables is as follows:

	Group		Parent Company	
Past due trade receivables on the statement of financial position date	**2016**	**2015**	**2016**	**2015**
Less than 3 months	8,433	11,950	1,886	287
More than 3 months	719	767	-23	-15
Total	**9,152**	**12,717**	**1,863**	**271**

As at 31 December 2016, the Group had no doubtful debts and so no provisions for doubtful trade receivables are reported as at 31 December 2016, 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	
	2016	2015	2016	2015
Pre-paid insurance	564	664	437	307
Prepaid IT expenses	4,232	1,516	659	368
Prepaid rent	1,139	918	996	516
Prepaid sales and marketing expenses	226	239	109	59
Accrued income	14,705	10,344	11,717	–
Other	2,879	2,813	203	127
Total	**23,746**	**16,494**	**14,121**	**1,378**

NOTE 20 CASH AND CASH EQUIVALENTS

	Group		Parent Company	
	2016	2015	2016	2015
Cash and cash equivalents	60,890	37,670	45,369	41,165
Total	**60,890**	**37,670**	**45,369**	**41,165**

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 2014	**50,143**
–	–
At 31 December 2015	**50,143**
New share issue – share option redemption	1,130
At 31 December 2016	**51,274**

Total shares outstanding are 51,273,608 (50,143,402), par value SEK 0.1 (0.1) per share. All shares issued are fully paid up.

NEW SHARE ISSUE – SHARE OPTION REDEMPTION

On 13 June 2016, the Company issued 1,130,206 shares for redemption by the staff warrant programme 2013/2016.

SHARE-RELATED COMPENSATION

On 6 May 2016, 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 for one new share in the Company during the period from 6 May 2019 to 17 May 2019 at a price of SEK 9.97 per new share. The paid-in option premiums totalling SEK 265,000 were recognised as an increase in Other paid-in capital.

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 paid-in 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 paid-in capital.

On 17 May 2013, Company staff were offered the opportunity to acquire warrants for Company shares. A total of 1,500,000 share options 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 paid-in capital.

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.

NOTE 21 Share capital, cont.

	2016		2015	
	Average exercise price, SEK per share	Share options (total)	Average exercise price, SEK per share	Share options (total)
At 1 January	**7.06**	**3,000,000**	**6.80**	**2,700,000**
+ Allocated	9.97	500,000	9.54	500,000
– Forfeited	–	–	–	–
– Exercised	6.67	-1,130,206	–	–
– Expired	6.67	-369,794	9.66	-200,000
As of 31 December	**8.08**	**2,000,000**	**7.06**	**3,000,000**

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

		Share options	
	Exercise price	2016	2015
13/05/2016	6.67	–	1,500,000
19/05/2017	6.41	1,000,000	1,000,000
20/05/2018	9.54	500,000	500,000
17/05/2019	9.97	500,000	–
		2,000,000	**3,000,000**

The weighted average fair value of the options allocated during 2016, determined using the Black-Scholes Pricing Model, was SEK 0.53 (0.49) per option. Significant input data to the model included the weighted average share price of SEK 8.31 (7.05) as of the grant date, exercise of the exercise price of SEK 9.97 (9.54) per new share, volatility of 25 (25) per cent, estimated time to expiry of the warrants of 1,080 (1,082) days and annualised risk free interest of 0.00 (0.00) per cent. The options do not carry a right to payment of dividend, which is included in the calculation.

NOTE 22 BORROWINGS

Non-current	2016	2015
Bank borrowings	88,963	100,847
Total non-current	**88,963**	**100,847**
Currency		
Bank borrowings	16,518	15,904
Total current	**16,518**	**15,904**
Total borrowings	**105,481**	**116,751**

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 2.99 (2.65) 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 2016, the remaining amount of KSEK 584 (1,586) 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:

	2016	2015
DKK	71,353	77,375
SEK	34,128	39,376
Total	**105,481**	**116,751**

The Group has credit facilities totalling KSEK 32,649 (31,546), 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 right to set-off for the tax assets and liabilities in question and when the deferred taxes are for the same tax agency.

The Group has no offset tax assets or liabilities.

	2016	2015
Deferred tax assets	17,332	23,680
Deferred tax liabilities	20,366	25,224

Gross changes to deferred tax assets are as follows:	2016	2015
Opening balance	**23,680**	**25,292**
Change due to reclassification	-4,440	–
Unutilised loss carry forwards	-5,399	-3,571
Loss carried forward, not reported previously	2,777	2,705
Exchange rate differences	714	-746
Closing balance	**17,332**	**23,680**

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 carry forwards	Other	Total
At 31 December 2014	**25,292**	**–**	**25,292**
Unutilised loss carry forwards	-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**
Change due to reclassification	-4,440	–	-4,494
Unutilised loss carry forwards	-5,399	–	-5,420
Loss carried forward, not reported previously	2,777	–	2,795
Exchange rate differences	714	–	771
At 31 December 2016	**17,332**	**–**	**17,332**

Deferred tax assets are recognised as tax loss carry forwards 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 carry forwards 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 2016, KSEK 5,399 (3,571) of the tax loss carry forwards were utilised, and KSEK 2,777 (2,705) was capitalised. The taxable amount at 31 December 2016 was KSEK 17,332 (23,680).

Gross changes to deferred tax liabilities are as follows:	2016	2015
Opening balance	**25,224**	**24,208**
Change due to reclassification	-1,681	–
Recognised in income statement	-3,633	1,576
Revaluation due to changed tax rates in Denmark	–	-323
Exchange rate differences	456	-237
Closing balance	**20,366**	**25,224**

Of the deferred tax liabilities of KSEK 20,336, a total of KSEK 4,067 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 2014	**24,208**	**–**	**24,208**
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	**25,224**	**–**	**25,224**
Change due to reclassification	-1,681	–	-1,695
Recognised in income statement	-3,633	–	-3,619
Exchange rate differences	456	–	456
At 31 December 2016	**20,366**	**–**	**20,366**

Deferred taxes recognised as intangible assets refers to fair value adjustments for acquired assets, as well as capitalised development expenses. A dissolution of deferred tax liabilities attributable to amortisation of acquired intangible assets amounted to KSEK 2,061 (2,522) during the year and is attributable to amortisation of capitalised development costs in an amount of KSEK 3,844 (3,452). Own work capitalised increased the deferred tax liability by KSEK 3,771 (4,761).

NOTE 24 OTHER LIABILITIES

	Group		Parent Company	
Current liabilities	**2016**	**2015**	**2016**	**2015**
Value-added tax	15,773	5,292	12,103	7,738
Other current liabilities	1,981	6,587	1,048	676
Total other current liabilities	**17,754**	**11,878**	**13,151**	**8,414**

NOTE 25 ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent Company	
	2016	**2015**	**2016**	**2015**
Staff-related accrued expenses	28,717	25,945	11,782	6,467
Prepaid income	97,589	87,835	54,335	5,281
Other accrued expenses	4,676	6,885	2,531	2,162
Total	**130,982**	**120,665**	**68,647**	**13,911**

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 401 (573).

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

	2016	2015
Within 1 year	766	626
Between 1 and 5 years	1,203	773
More than 5 years	24	4
Total	**1,993**	**1,403**

NOTE 27 ITEMS AFFECTING COMPARABILITY

	Group	
	2016	2015
Provision for restructuring	-3,118	-1,947
Revaluation of purchase consideration	–	19,344
Impairment of goodwill	–	-19,344
Total	**-3,118**	**-1,947**

Provisions for restructuring were made during the year in an amount of KSEK 3,118 (1,947) with regard to organisational changes in the Swedish, Danish, Dutch and British operations. The reserved amount has been utilised in its entirety during the year.

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 was revalued (reduced) by MGBP – (-1.5), equivalent to KSEK – (-19,344). The additional purchase price may amount to a maximum of MGBP 3.5.

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.

NOTE 29 INFORMATION ON MERGERS

MERGER THROUGH ABSORPTION OF THREE WHOLLY OWNED SUBSIDIARIES

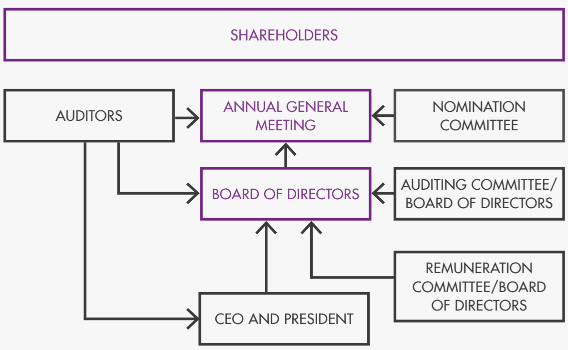
In 2016, Formpipe Software Linköping AB, Formpipe Software Uppsala AB and Formpipe Software Skellefteå AB were merged with the Parent Company Formpipe Software AB through absorption of wholly owned subsidiaries. Assets and liabilities have been taken up in the assuming Parent Company according to the Group value method. The condensed statement of financial position and income statement are presented below. The merger date was 5 August 2016.

	Formpipe Software AB	Formpipe Software Linköping AB	Formpipe Software Uppsala AB	Formpipe Software Skellefteå AB	Eliminations in merger	Parent Company after merger
Net sales	18,556	1,115	30,742	29,192	–	79,605
Operating expenses	-48,702	-7,652	-9,617	-16,373	–	-82,344
Operating profit/loss	**-30,146**	**-6,537**	**21,125**	**12,819**	**–**	**-2,739**
Participations from Group companies	2,921	–	–	–	–	2,921
Net financial items	1,500	-4	-4	-4	–	1,488
Profit/loss for the year	**-25,726**	**-6,541**	**21,120**	**12,815**	**–**	**1,669**
Balance sheet						
Intangible assets	21,732	26	–	–	–	21,758
Property, plant and equipment	884	36	6	–	–	926
Financial assets	415,960	–	–	–	-63,525	352,435
Current assets	46,638	399	36,822	63,302	-90,649	56,511
Cash and cash equivalents	17,839	–	–	–	–	17,839
Total assets	**503,053**	**460**	**36,828**	**63,302**	**-154,174**	**449,468**
Restricted equity	22,818	240	120	937	-1,297	22,818
Non-restricted equity	189,887	-6,061	23,094	43,544	-33,182	217,282
Merger results	–	–	–	–	-29,046	-29,046
Non-current liabilities	97,793	–	–	–	0	97,793
Current liabilities	192,555	6,281	13,614	18,821	-90,649	140,621
Total equity and liabilities	**503,053**	**460**	**36,828**	**63,302**	**-154,174**	**449,468**

CORPORATE GOVERNANCE REPORT

Formpipe Software AB (publ) ("Formpipe") is a Swedish Public Limited Company domiciled in Stockholm. In 2016, the Group had operations in Sweden, Denmark, the Netherlands, the United Kingdom, Germany 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 2016 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 2016, Formpipe had approximately 2,400 shareholders owning a total of 51,273,608 shares. The largest single shareholder as of 31 December 2016 was Aktiebolaget Grenspecialisten, holding 10.3 per cent of voting rights and equity. The 20 largest shareholders owned a total of 69.2 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 2016

The Formpipe Annual General Meeting was held on 21 April 2016 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 2015 financial year.
- Re-electing Board members Bo Nordlander, Kristina Lindgren and Charlotte Hansson and electing Martin Henricson and Peter Lindström as new Board members.
- Electing Bo Nordlander as Board Chair.
- Authorisation to the Board to purchase and transfer treasury shares.
- Authorisation to the Board to buy-back warrants.
- Issuing of warrants for staff.
- Guidelines on remuneration of 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 2017

The Formpipe Annual General Meeting of Shareholders 2017 will take place on 25 April at the Company's premises in Stockholm. Information regarding shareholders providing notice of their intent to participate in the 2017 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 2016 AGM resolved that the nomination committee for the 2017 AGM shall consist of four members. The Chairman of the Board shall contact the three largest shareholders or shareholder groups in terms of votes (this refers to both directly registered shareholders and trustee-registered shareholders) according to Euroclear Sweden AB's print-out of the share register as of the last day of trading in June of the current year (i.e. the year when the AGM that established the current principles was held) and other reliable information that was provided to the Company at this time. These shareholders shall each appoint a representative, who with the Board Chair shall form the nomination committee for the mandate period to the next Annual General Meeting. The names of the nomination committee were published at the Company's website no later than six months before the Annual General Meeting. The complete description of nomination committee policies will be contained in the document 'Nomination committee's proposals and explanatory statement regarding the proposed members of the Board of Directors' prior to the 2017 AGM at www.formpipe.se.

The members of the nomination committee for the period prior to the 2017 AGM are:

- Jens Ismunden, Chair of the Nomination Committee, representing AB Grenspecialisten, 5,296,351 shares.
- Staffan Ringvall, representing Handelsbanken Fonder, 3,568,198 shares.
- Peter Larsson, representing a shareholder group consisting of himself, Thomas Bill, Martin Bjäringer, Carl Rosvall and Lars Sveder, 4,894,693 shares.
- Bo Nordlander, Chair of Formpipe Software AB, 318,159 shares.

ARTICLES OF ASSOCIATION

The Articles of Association stipulate that Formpipe is a Public Limited Company, which shall conduct business, directly or indirectly, in the specified fields and with all activities compatible therewith: consulting operations regarding Internet and Intranet solutions; consulting operations regarding information, management, and data processing; development and design of computer software and related products and services, including sales thereof in combination with suitable hardware; administration and trade in securities and real estate. The share capital for Formpipe shall amount to not less than SEK 2,000,000 and no more than SEK 8,000,000. The number of shares shall be a minimum of 20,000,000 and a maximum of 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 2016

The AGM on 21 April 2016 re-elected Bo Nordlander, Chairman, Kristina Lindgren, Board member, and Charlotte Hansson, Board member, and Martin Henricson and Peter Lindström were elected as new Board members. The Board has held 11 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 five general meetings of the Board of Directors annually plus an inaugural meeting immediately after the Annual General Meeting. Additional Board meetings are held as necessary. The Board consists of five full members and no deputies. The CEO is not part of the Board of Directors, but attends all Board meetings as a speaker except when the CEO's performance is under evaluation. The CEO reports to the Board regarding the operative activities of the Group and ensures that Board members receive factual and relevant information for their decision-making processes. The table below specifies the members of the Board of Directors and their assessment in regard to their independence in relation to the Company and shareholders.

The Board's work plan

The Board's work plan was approved on 21 April 2016 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 21 April 2016.

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 21 April 2016. During 2016, the committees have held separate meetings to address these issues (two meetings 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: 876,379
Share options: 564,921

	Participation/total meetings				
Board of Directors	**Board meetings**	**Auditing Committee**	**Remuneration Committee**	**Deemed independent**	**Other**
Bo Nordlander Board Chair since 2013 and Board member since 2009 Year of birth: 1956 Shareholding: 318,159	11, 11	2, 2	2, 2	Yes	Bo conducts his own operations within BosseN Consulting AB. Bo was formerly the CEO of SIX Financial Information Nordic AB (2010-2016). 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	11, 11	2, 2	2, 2	Yes	Charlotte is the CEO of MTD Morgontidig Distribution KB. 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: –	11, 11	2, 2	2, 2	Yes	Kristina is the Head of Business Development at Öresundskraft AB in Helsingborg. 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.
Martin Henricson Board member since 2016 Year of birth: 1961 Shareholding: 50,000	8, 8	2, 2	2, 2	Yes	Martin has more than 20 years of experience in senior positions from international companies in IT/telecom, Internet and software, and is today the CEO of Outpost24 Group AB. Martin has a Bachelor of Science (behavioural science/accounting) and doctoral studies at Stockholm University.
Peter Lindström Board member since 2016 Year of birth: 1970 Shareholding: 8,000	8, 8	2, 2	2, 2	Yes	Peter has an executive MBA from the School of Economics and Management at Lund University and an electrical engineering degree from the Faculty of Engineering at Lund University. Peter is the Head of the New Business department and a part of the management group of Axis Communications AB (publ). Peter has more than 20 years' extensive experience from senior roles in the IT industry, both at a regional and global level.

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.

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 21 April 2016. 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 the year, 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 2016 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 2017 Annual General Meeting for remuneration to senior executives remain unchanged from 2016.

REMUNERATION

Remuneration to the Board

The 2016 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 fixed remuneration in 2016 amounted to KSEK 2,040 and the variable remuneration amounted to KSEK 814 in accordance with set targets. In addition to this, pension in an amount of KSEK 518 and other remuneration amounting to KSEK 174 were expensed during the year (Note 7).

Remuneration to other senior executives

Basic salary for other senior executives for 2016 was KSEK 4,480. Variable remuneration for the same period totalled KSEK 385 and pension contributions were KSEK 319. Other remuneration totalled KSEK 22 (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 1,278 was paid in fees to the auditors and auditing company for 2016. 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 generally accepted accounting principles and provide a true and fair view of the Parent'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, 30 March 2017

Bo Nordlander
Chair

Charlotte Hansson
Board member

Martin Henricson
Board member

Kristina Lindgren
Board member

Peter Lindström Board member

Christian Sundin
Chief Executive Officer

Our audit report was submitted on 31 March 2017
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.

STATEMENT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have carried out an audit of the Annual Report and consolidated financial statements for Formpipe Software AB (publ) for 2016 except for the corporate governance report on pages 65-69 in the printed version of this document. The Company's Annual Report and consolidated financial statements are included in this document on pages 25-70.

In our opinion, the Annual Report and consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act and, in all material respects, provide a true and fair view of the financial position of the Parent as at 31 December 2016, and of its financial performance and cash flows for the year in accordance with the Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the Annual Accounts Act and, in all material respects, presents a true and fair view of the Group's financial position as at 31 December 2016, and of its their financial performance and cash flows for the year in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The management report is consistent with the other parts of the Annual Report and the consolidated financial statements.

We therefore recommend that the General Meeting adopt the consolidated income statement and balance sheet and the income statement and balance sheet of the Parent.

Basis for the statements

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibility according to these standards is described in more detail in the section on Auditors' responsibility. We are independent in relation to the Parent and Group in accordance with generally accepted auditing standards in Sweden and have otherwise fulfilled our professional ethics responsibility according to these requirements.

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

OUR AUDIT APPROACH

Audit focus and scope

Formpipe develops software and sells licences, maintenance and consultation for these products. The Company's growth has been both organic and acquisition driven, the revenues are contractual and recurring to a relatively large extent. We structured our audit by determining the materiality level and assessing the risk of material misstatements in the financial statements. We paid particular attention to the areas where the CEO and Board made subjective judgements, such as important accounting estimates made based on assumptions and forecasts of future events, which are uncertain by nature. As in all audits, we also took into account the risk that the Board and the CEO neglect internal control, and among other things have considered if there is evidence of systematic deviations that have given rise to a risk of material misstatements as a result of improprieties.

We adapted our audit to carry out an appropriate review with the aim of being able to express an opinion on the financial statements as a whole, considering the Group's structure, accounting processes and controls and the industry within which the Group is active.

Materiality

The scope and focus of the audit was influenced by our assessment of materiality. An audit is structured to achieve a reasonable degree of certainty as to whether or not the financial statements contain any material misstatements. Misstatements can arise as a result of fraud or error. They are viewed as material if they individually or together can reasonably be expected to affect the financial decisions the users make based on the financial statements.

Based on professional judgement, we determined certain quantitative materiality figures, including for the financial statements as a whole. Using these and qualitative considerations, we determined the audit's focus and scope and our audit measures' nature, timing and scope, and to determine the effect of individual and joint misstatements on the financial statements as a whole.

PARTICULARLY SIGNIFICANT AREAS

Areas of particular significance to the audit are those that in our professional opinion were the most significant to the audit of the annual accounts and consolidated financial statements for the period in question. These areas are addressed within the scope of the audit of, and in our opinion on, the annual accounts and consolidated financial statements as a whole, but we make no separate statements regarding these areas.

Particularly significant areas

Period-allocation of revenues

Formpipe describes its revenue recognition in Note 2 on page 45. Risk management is described in the corporate governance report on pages 65-69. In Note 5, a breakdown is made of the revenues from various products and services.

Formpipe's revenue streams are divided into licence revenue, support and maintenance revenue and delivery revenue. Fair value of the respective revenue in an agreement (the allocation) does not always agree fully with the underlying agreement. This can be due to the formulation of the procurement documentation or to different designations/division being used in agreements with the customer. In these cases, Formpipe goes through the agreements, pricing, their deliveries and timetables for this. Then, fair value per commitment ha been assessed and the agreed price has then been allocated over the contract period and recognised as revenue according to this fixed model. Allocating fair value requires assessments, which in turn leads to an inherent subjectivities where faults can result in material misstatements in the financial statements. The risk primarily relates to the period in which the revenue shall be recognised, that is the period allocation.

How our audit took into account particularly significant areas

The most significant audit efforts that we conducted comprise:

- We have done a review of the Company's sales process with the aim of ensuring that relevant procedures and controls are implemented.
- We have reviewed on, a spot check basis, new agreements during the year with a focus on agreements near the end of the year.
- We have followed up possible credits after the account closing to ensure that the recognised sale is not adjusted out in subsequent periods.
- A review is done of manual book-keeping items to ensure that no unexplained adjustment items that affect revenues exist.
- A review is done that the reporting and disclosures in the Annual Report are in accordance with IAS 18 Revenues.

From this review, nothing has come forth to give rise to material observations being reported in the Auditing Committee.

Measurement of goodwill

Formpipe describes critical estimates and assumptions in Note 4 and impairment testing of goodwill in Note 14.

In Formpipe's statement of financial position, SEK 327 million is recognised in the form of goodwill tied to corporate acquisitions. This amount corresponds to more than 50 per cent of the total assets. Measurement of goodwill depends on the management's assessments. Management annually prepares an impairment testing of goodwill. This testing shows whether there are any impairment requirements (if book value exceeds fair value) or not. The assumptions and assessments relate in part to the future and pertain, for example, to the development of revenues and operating margin, investment needs and the applied discount rate. If the future development deviates negatively from assessments and assumptions made, an impairment requirement may arise even if this is not deemed to be the case as of the closing date. Formpipe's impairment testing shows that no impairment requirement exists.

How our audit took into account particularly significant areas

The most significant audit efforts that we conducted comprise:

- Gathered and reviewed Formpipe's model for impairment testing to assess the mathematical accuracy of the model and the reasonability of assumptions made.
- On a spot check basis, verified that data that was included in the impairment testing agrees with the Company's long-term plans per cash flow generating unit.
- Control of the reasonability of the applied discount interest rate.
- Implementation of sensitivity analyses where the effects of changes in assumptions and assessments are analysed to identify especially sensitive such assumptions and assessments.
- A review of disclosure requirements according to IAS 36 Impairment of Assets has been provided in the Annual Report.

The assumptions that form the basis of Formpipe's estimates are deemed to be within acceptable intervals.

Information other than the annual accounts and consolidated financial statements

This document also contains information other than the Annual Report and consolidated financial statements and can be found on pages 1-24. It is the Board and the CEO who have the responsibility for this other information.

Our opinion regarding the Annual Report and consolidated financial statements does not comprise this information and we make no statement confirming this other information.

In connection with our audit of the Annual Report and consolidated financial statements, it is our responsibility to read the information identified above and consider if the information to a material extent is inconsistent with the Annual Report and consolidated financial statements. In this review, we also take into account the information we collected otherwise during the audit and assess if the information otherwise appears to contain material misstatements.

If we draw the conclusion based on the work done regarding this information that the other information contains a material misstatement, we are obliged to report it. We have nothing to report in this respect.

Responsibilities of the Board of Directors and the Chief Executive Officer

It is the Board of Directors and the CEO that are responsible for the preparation of the Annual Report and consolidated financial statements and that they provide a true and fair view according to the Annual Accounts Act and, with regard to the consolidated financial statements, according to IFRS as adopted by the EU. The Board and CEO are also responsible for the internal control that they deem to be necessary to prepare Annual Report and the consolidated financial statements that do not contain any material misstatement, whether due to error or impropriety.

In preparing the Annual Report and consolidated financial statements, the Board and CEO are responsible for the assessment of the Company's and the Group's ability to continue the operations. They provide information, when appropriate, concerning conditions that may affect the ability to continue operations and to use the going concern assumption. The going concern assumption is not, however, applied if the Board and CEO intend to liquidate the company, cease operations or have no realistic alternative than to do either.

Auditor's responsibility

Our objectives are to achieve a reasonable degree of certainty whether or not the Annual Report and consolidated financial statements as a whole contain any material misstatements, whether due to error or impropriety, and to provide an audit report that contains our opinions. Reasonable certainty is a high degree of certainty, but is no guarantee that an audit done according to ISA and generally accepted auditing standards in Sweden will always discover a material misstatement if such exists. Misstatements can arise due to impropriety or error and are considered to be material if they individually or together can reasonably be expected to affect financial decisions that users make based on the Annual Report and consolidated financial statements.

A further description of our responsibility for the audit of the Annual Report and consolidated financial statements is available on the website of the Supervisory Board of Public Accountants: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is a part of the audit report.

STATEMENT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the Annual Report and consolidated financial statements, we also conducted an audit of the Board's and the CEO's administration for Formpipe Software AB (publ) for 2016 and of the proposed appropriation of the Company's profit or loss.

We recommend to the General Meeting of shareholders that the profit be dealt with in accordance with the proposal in the management report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

Basis for the opinions

We have conducted the audit in accordance with generally accepted accounting standards in Sweden. Our responsibility according to these standards is described in more detail in the section on Auditors' responsibility. We are independent in relation to the Parent and Group in accordance with generally accepted auditing standards in Sweden and have otherwise fulfilled our professional ethics responsibility according to these requirements.

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

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors has the responsibility for the proposal on the appropriation of the Company's profit or loss. In the event of a proposed dividend, this includes an assessment of whether the dividend is justifiable considering the requirements set by the Company's and Group's nature of operations, scope and risks on the size of the Parent Company's and the Group's equity, consolidation requirements, liquidity and position otherwise.

The Board is responsible for the Company's organisation and the management of its affairs. This includes continuously assessing the Company's and Group's financial situation, and ensuring that the Company's organisation is structured so that accounting, asset management and the Company's financial affairs otherwise are controlled in a satisfactory manner. The CEO shall take care of the operating management according to the Board's guidelines and instructions and take the actions necessary for the Company's bookkeeping to be performed in accordance with law and for asset management to be managed in a satisfactory manner.

Auditor's responsibility

Our objective regarding the audit of the management, and thereby our statement regarding discharge from liability, is to collect audit evidence to be able to assess with a reasonable degree of certainty if any Board member or the CEO to any material respect:

- took any action or committed any negligence that may lead to a liability to pay damages to the Company, or
- in any way acted counter to the Swedish Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective regarding the audit of the proposed appropriation of the Company's profit or loss, and thereby our statement regarding this, is to assess with a reasonable degree of certainty if the proposal is consistent with the Swedish Companies Act.

Reasonable certainty is a high degree of certainty, but no guarantee that an audit done in accordance with generally accepted auditing practices in Sweden will always discover actions or negligence that can lead to liability to pay damages to the Company, or that a proposed appropriation of the Company's profit or loss is not consistent with the Swedish Companies Act.

A further description of our responsibility for the audit of the management is available on the website of the Supervisory Board of Public Accountants: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is a part of the audit report.

Auditor's review of the corporate governance report

It is the Board of Directors that bears responsibility for the corporate governance report on pages 65-69 in the printed version of this document and in order for it to be prepared in accordance with the Annual Accounts Act.

Our review has been conducted in accordance with FAR's statement RevU 16 Auditor's review of the corporate governance report. This means that our review of the corporate governance report has another direction and is substantially more limited in scope than an audit conducted in accordance with the International Standards on Auditing and generally accepted auditing practice in Sweden. We consider that this review provides us adequate grounds for our opinions.

A corporate governance report has been prepared. Information in accordance with Ch. 6 Section 6 Paragraph 2 Items 2-6 of the Annual Accounts Act and Ch. 7 Section 31 Paragraph 2 of the same law is consistent with the Annual Report and consolidated financial statements and complies with the Annual Accounts Act.

Stockholm, 31 March 2017
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 BosseN Consulting AB.

PETER LINDSTRÖM

Board member
Elected: 2016
Date of birth 1970
MBA, School of Economics and Management, Lund University and engineer, Faculty of Engineering, Lund University
Shareholding: 8,000

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

MARTIN HENRICSON

Board member
Elected: 2016
Date of birth 1961
Bachelor of Science Stockholm University.
Shareholding: 50,000
Other board appointments: Chair Episerver Group AB.

SENIOR EXECUTIVES

SENIOR MANAGEMENT SWEDEN

Christian Sundin
Country Manager

Joakim Alfredson
CFO

Erik Lindeberg
Director of Business Development

Lina Elo
HR Director

Mauritz Wahlqvist
Head of BA Public Sector

Martin Söderberg
Head of Delivery

Mats Persson
Head of Products

Staffan Hugemark
Managing Director of BA Legal

SENIOR MANAGEMENT DENMARK

Thomas à Porta
Country Manager

Anders Stahl Eriksen
Head of BA Customer Communication Management

Ole Skydtsgaard Nielsen
Head of BA Grants Management

Carsten Kaas
Head of BA Case & Document Management

SENIOR MANAGEMENT LIFE SCIENCE

Mark Stevens
Managing Director of BA Life Science

Keith Williams
Director of Sales & Marketing of BA Life Science

CHRISTIAN SUNDIN

GROUP CEO
Date of birth 1971
Employed: 2006
Shareholding: 873,379
Share options: 564,379

JOAKIM ALFREDSON

GROUP CFO
Date of birth 1975
Employed: 2007
Shareholding: 684,357
Share options: 134,756

DEFINITIONS

Formpipe uses alternative performance measures (APM). Formpipe's APMs are calculated on the financial statements prepared in accordance with the applicable rules for financial reporting, and then adjusted by amounts being added to or deducted from the figures presented in the financial statements. Formpipe's APMs are presented below that are not explained in direct connection with their use.

SALES

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

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

GROWTH

Sales growth
Net sales growth as a percentage from the preceding year.

Growth in system revenues
System revenue growth as a percentage from the preceding year.

PROFIT

Items affecting comparability
Relate to items that are of a material nature and reported separately when they are considered to be different from the ordinary core business, and impede comparability with earlier periods. For example, acquisition-related items, restructuring-related items or impairments.

EBITDA adjusted
EBITDA excluding capitalised work for own account.

EBIT
Operating profit/loss

MARGINS

Operating margin before depreciation and items affecting comparability (EBITDA)
Operating profit/loss before depreciation and items affecting comparability as a percentage of sales.

Operating margin (EBIT)
Operating profit as a percentage of sales.

Profit margin
Profit for the year as a percentage of sales.

RETURN ON CAPITAL

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

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

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

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

CAPITAL STRUCTURE

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

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

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

Debt/equity ratio
Equity as a percentage of total assets.

CASH FLOW AND LIQUIDITY

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

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

SHARE DATA

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

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

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

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

GLOSSARY

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

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

CCM
With CCM products, content is produced, individualised, formatted and distributed from different systems and data sources to the format that best suits the Company in its communication with customers or other business partners.

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

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

EMA
European Medicines Agency – the Europe-wide drugs supervisory authority.

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

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

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

FPIP
The stock short name for Formpipe listed shares.

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

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

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

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

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

SOP
Standard Operating Procedures Detailed written steering documents used to produce uniform performance of specific functions. SOP is used widely in the pharmaceutical industry.

XML
Extensible Mark-up Language. A universal mark-up language used to exchange data between various data communication information processing systems.

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Formpipe.