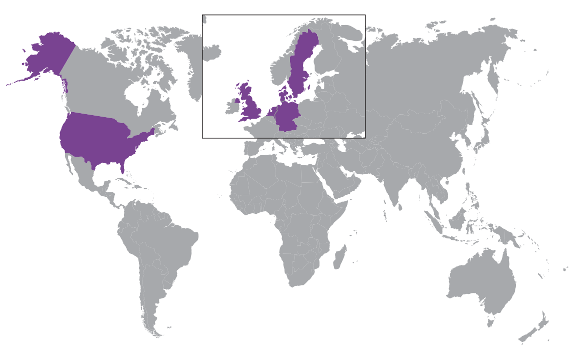
FORMPIPE
ANNUAL REPORT
2017

This is Formpipe

Formpipe is a software company that was founded in 2004 and has offices in Sweden, Denmark, the UK, the Netherlands, Germany and the U.S. Today, the Group has around 230 employees and sales of MSEK 390. The Formpipe share is listed on the NASDAQ Stockholm exchange.

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).

Formpipe offers a unique position to the ECM market, with a stable and profitable customer base with a high percentage of recurring revenues that provides resources for investing in new markets and developing new offerings. As the ECM market continues to grow, the future looks bright for Formpipe's competitive products and solutions.



The year in brief

Q1

Formpipe strengthens the margin relative to the year-before period for the fourth consecutive quarter.

Formpipe signed agreements with three municipalities for Long-Term Archive, for an order value of MSEK 6.3.

Formpipe received orders for the CCM product Lasernet through a British partner. The total order value was MSEK 4.5.

Q2

Formpipe signed an agreement with Hillerød Municipality regarding the product Acadre as a cloud service. The order was worth MSEK 4.4.

Formpipe conducted more business as cloud services (SaaS), an increase that is now noticeable throughout the product portfolio.

Q3

Formpipe signed an agreement with Furesø Municipality regarding Acadre as a cloud service. The total order value was MSEK 3.6.

In the third quarter, around 20 new cloud service transactions were made.

Q4

The total recurring revenues, including support and maintenance revenues, now amount to 50 per cent of the company's total revenues and cover 70 per cent of the company's fixed operating expenses.

The Board of Directors proposes an increase of the dividend to SEK 0.50 per share.

Recurring revenues

70%

The recurring revenues cover 70 per cent of fixed operating expenses

Cash flow

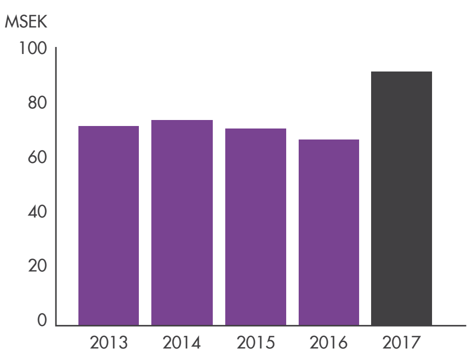
MSEK 95

Positive cash flow from operating activities of MSEK 95.1.

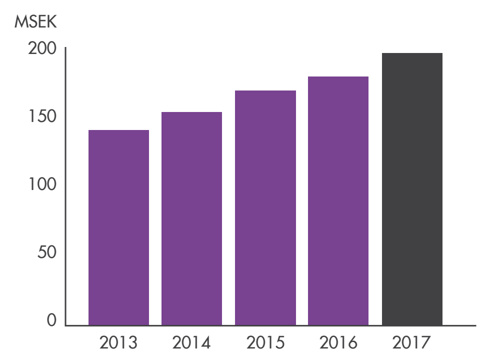
The year in brief

	2017	2016
Net sales, MSEK	390.2	378.7
System revenues, MSEK	248.3	248.2
EBITDA, MSEK	85.8	88.0
EBITDA–adj, MSEK	48.9	50.8
Operating profit, MSEK	37.7	29.7
Profit after tax, MSEK	24.8	22.8
Earnings per share	0.48	0.43
Dividend per share	0.50	0.30

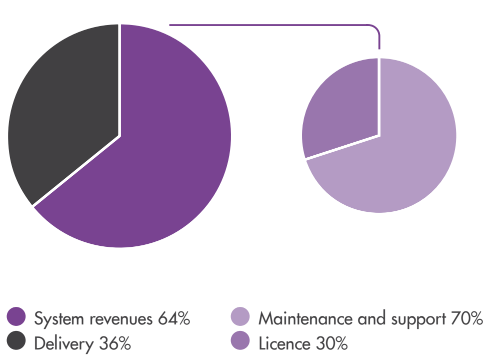
Cash flow from operating activities



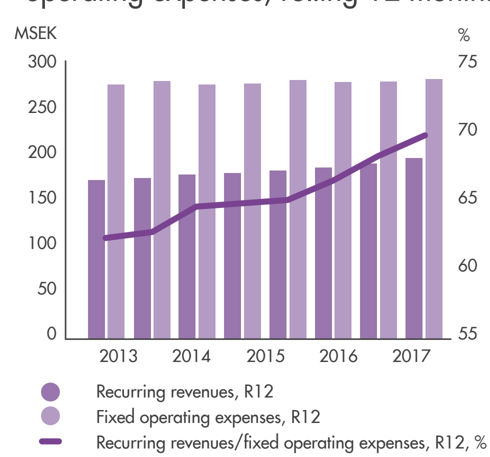
Recurring revenues



Distribution of revenue types



Recurring revenues in relation to fixed operating expenses, rolling 12 months



Contents

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 2017 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

FINANCIAL CALENDAR
Interim report January–March
24 April 2018
Annual General Meeting
25 April 2018
Interim report January–June
13 July 2018
Interim report January–September
23 October 2018

Formpipe.

Comments from the CEO

2017 was a good year for Formpipe with a strong cash flow, higher recurring revenues and a clear trend where we increasingly sell our products as cloud services.

The positive trend that an increasing share of our business is done as a cloud service (Software as a Service - SaaS) has been further reinforced. We have probably seen the start of a paradigm shift from traditional licence sales to SaaS sales. We have indeed supplied our software as a service for many years, but it was first in 2017 that it became a significant part of our sales. The transfer to SaaS deals is clear; we made 110 SaaS deals in 2017, comprising 35 per cent of new sales, compared with 25 in 2016, accounting for 7 per cent of new sales. We deem that we will successfully increase this share further in the future.

A SUSTAINABLE AND PROFITABLE GROWTH

This clear shift from traditional licence sales to cloud services reduces the dependence on individual licence sales; it provides us stable and predictable cash flows, which increases the long-term ability to manage the business. However, in the short term, this shift counteracts the objective of increasing our margins, but despite this, we succeed in increasing our operating profit compared with the previous year. This is a significant sign of strength.

This positive development is a result of improvement in all operating components. Measures in areas in which we have had challenges have had a result and we are entering 2018 with even better circumstances.

STRONG CASH FLOW AND HIGHER DIVIDEND

As usual, we are reporting a strong cash flow and our net debt is now down below MSEK 10. This creates conditions to increase the dividend to our owners and reinvest in the business at the same time that we continue to repay our debt.

STRONG PARTNERSHIP

We have long had a close cooperation with Microsoft and it is becoming increasingly commercially tangible. Our product Lasernet is now in Microsoft AppSource and is thereby available for download and sale for Microsoft's customers globally. The fact that Microsoft has approved and supports our products is a general stamp of quality and creates security in the choice of us as a supplier. We are working for several of our products to be made available through this channel in the future, which will benefit both us and Microsoft and their customers.

SECURITY IN FOCUS

In our largest market, the public sector, a great deal of focus is currently on information security and new legal requirements – there is a general increase in incidents, such as data breaches, fraud and the distribution of harmful code. To improve information security, well-tried and reliable products are needed for information management. Right now, huge requirements are placed on security in the procurements being done in the public sector. We have come far in the security work at Formpipe both in terms of methodology and in our products – so far that we believe that we have a competitive advantage in the public procurements coming up in the next year. During the year, we have also seen that our customers are beginning to make investments in data quality to e.g. be able to comply with the EU's new General Data Protection Regulation (GDPR) regarding the protection of personal data. There, we see that our new product, Quality Control, has potential in 2018.

IMPRESSIVE EMPLOYEES

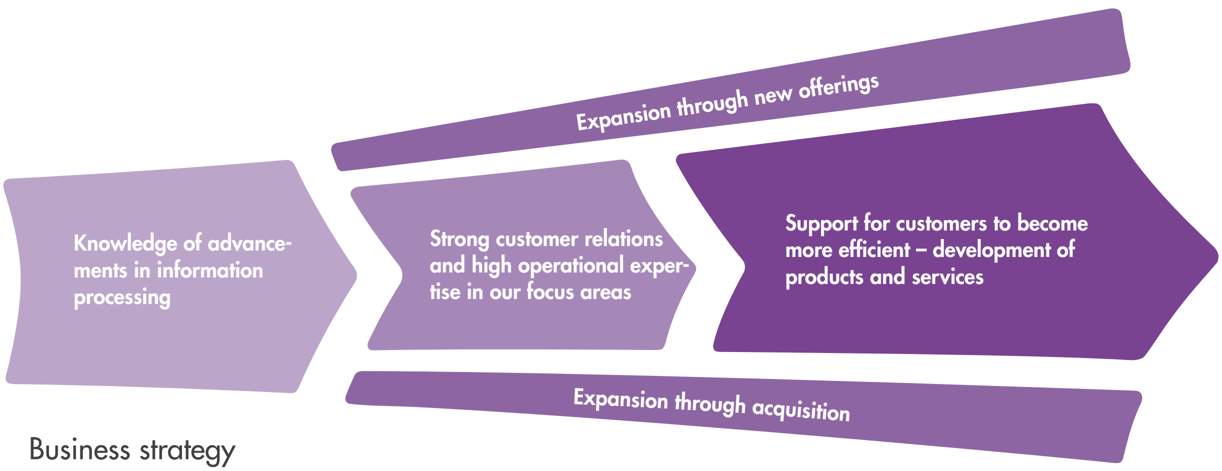
The success we are now achieving would not be possible without fantastic employees. I am incredibly proud of our corporate culture, where I am often impressed by the commitment, the expertise and the constructive attitudes that our employees demonstrate. I am convinced that this is the most important component to be able to generate value for our customers, partners and shareholders.

Christian Sundin
CEO, Formpipe

“We are entering 2018 with even better circumstances”

Unique industry knowledge and stable business model

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.



Business strategy

STRATEGIC OBJECTIVES

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

BUSINESS MODEL

Formpipe develops and provides efficient information management software. The Company focuses on ECM solutions for document and records management, workflow automation, e-archiving, quality management and input and output data management. By offering superior product quality and industry-leading expertise, Formpipe helps its customers realise cost savings and efficiencies. Formpipe implements its software through certified partners and the Company's delivery organisation. Services are supplied as cloud services, hosting solutions or on-site installation at customers' premises. This business model contributes to a balanced delivery capacity and the advancement of industry knowledge.

HIGH SHARE OF RECURRING REVENUES

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

Formpipe also provides its products as cloud services (Software as a Service) 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.

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.

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. Formpipe provides simple and innovative solutions that provide the customers maximum value for their investments.

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 KNOWLEDGE

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

EFFECTIVE ORGANISATION AND HIGH LEVELS OF EXPERTISE

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

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

CORE VALUES

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

Enterprise Content Management

ECM is used to create, store, distribute, automate, relocate, archive and manage information, data and metadata regarding e.g. scanned documents, e-mail, reports, records, business documents or information from other source systems.

The goal is to be able to refine and analyse content from one or more sources, to thereby provide the right insights by the right people receiving relevant information 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.

A CHANGING MARKET

For some time, the ECM market has been changing from ECM as a back-end system, where the emphasis was placed on storage, management and control of information, to instead shift to being integrated, function-oriented services, often cloud-based, 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. The trend is moving from a single ECM suite to a cluster of cohesive products and services that share information through common interfaces for integration.

SERVICES THAT ADDRESS SPECIFIC PROCESSES

A driving factor for this change is that we today are accustomed to obtaining fast access to new services and products. As buyers, we increasingly want to order a service that performs a specific process, without actually caring very much about the technology behind it. Increasing numbers of deals are made directly from the business, as an SaaS service, without going through a strenuous purchasing process. Version management, sharing and control of content and documents, which ECM product suite are good at and are a prerequisite for good information management, is increasing seen as standard functions, as a digital infrastructure for information.

CLOUD-BASED SOLUTIONS

An important part of the change of the ECM market is also that the development is moving increasingly towards cloud-based solutions, where the customers pay for what is used and where costs for development, operations, maintenance, upgrade and support are included in the running agreement. Gartner estimates that the revenues from SaaS will increase by 21 per cent in 2018 to reach 37 per cent of the total sales of software in 2021.

IN LINE WITH FORMPIPE'S REALITY

This development is well in line with Formpipe's reality 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 development of service modules that can process information both from Formpipe's existing systems and other systems.

ECM CONCEPT BEGINNING TO CHANGE

Due to these changes in the ECM market, the analyst and consulting firm Gartner has chosen to redefine the ECM concept and changed it to Content Services. The analyst firm Forrester has made changes in its definition of the ECM market. The well-established industry organisation AIIM, which supports the member companies with regard to digitalisation and information management – and by the way coined the term ECM – has now begun to talk about Intelligent Information Management.

GARTNER'S DEFINITION OF CONTENT SERVICES

According to Gartner, Content Services are: "A set of services and microservices, embodied either as an integrated product suite or as separate applications that share common APIs and repositories, to exploit diverse content types, and serve multiple constituencies and numerous use cases across an organisation". (Reinventing ECM: Introducing Content Services Platforms and Applications, Gartner 2016).

Gartner divides Content Services into three parts:

- Content services platforms
- Content services applications
- Content services components

For a comprehensive description of these three categories, read Gartner's report: Reinventing ECM: Introducing Content Services Platforms and Applications.

GROWTH MARKET

The ECM market includes systems and services that process, analyse and improve utilisation of both structured and unstructured information and data.

Analyst and consulting firm Gartner's forecast for the global market is an average annual growth of 17.6 per cent in 2016-2021[1]. The Content Services market has a total addressable forecast market in 2018 with system revenues of USD 13.7 billion[2].

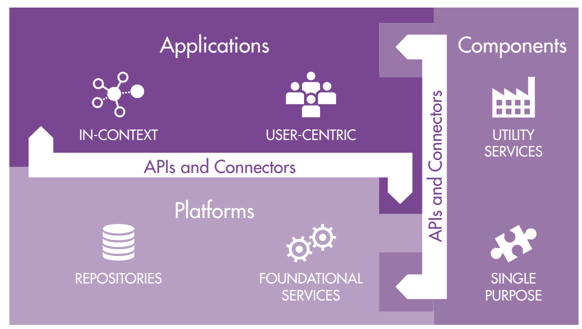
DRIVING FORCES

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 the collective amount of information at companies and organisations, 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 data and ECM is a highly prioritised area.

FUTURE

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

1) Gartner. Forecast Analysis: Enterprise Application Software, Worldwide, 3Q17
2) Gartner, Enterprise Software Markets, Worldwide, 2014-2021, 4Q17 Update

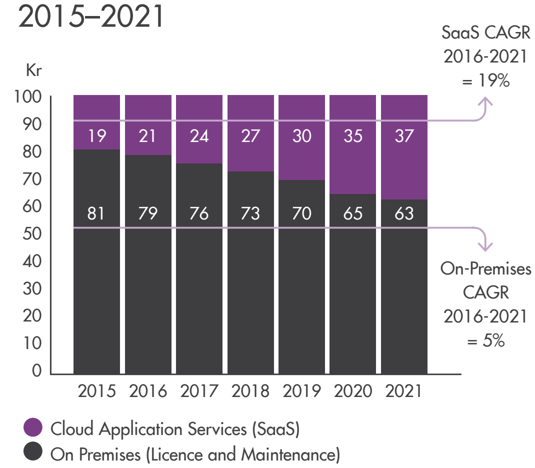


Source: Gartner (December 2017)

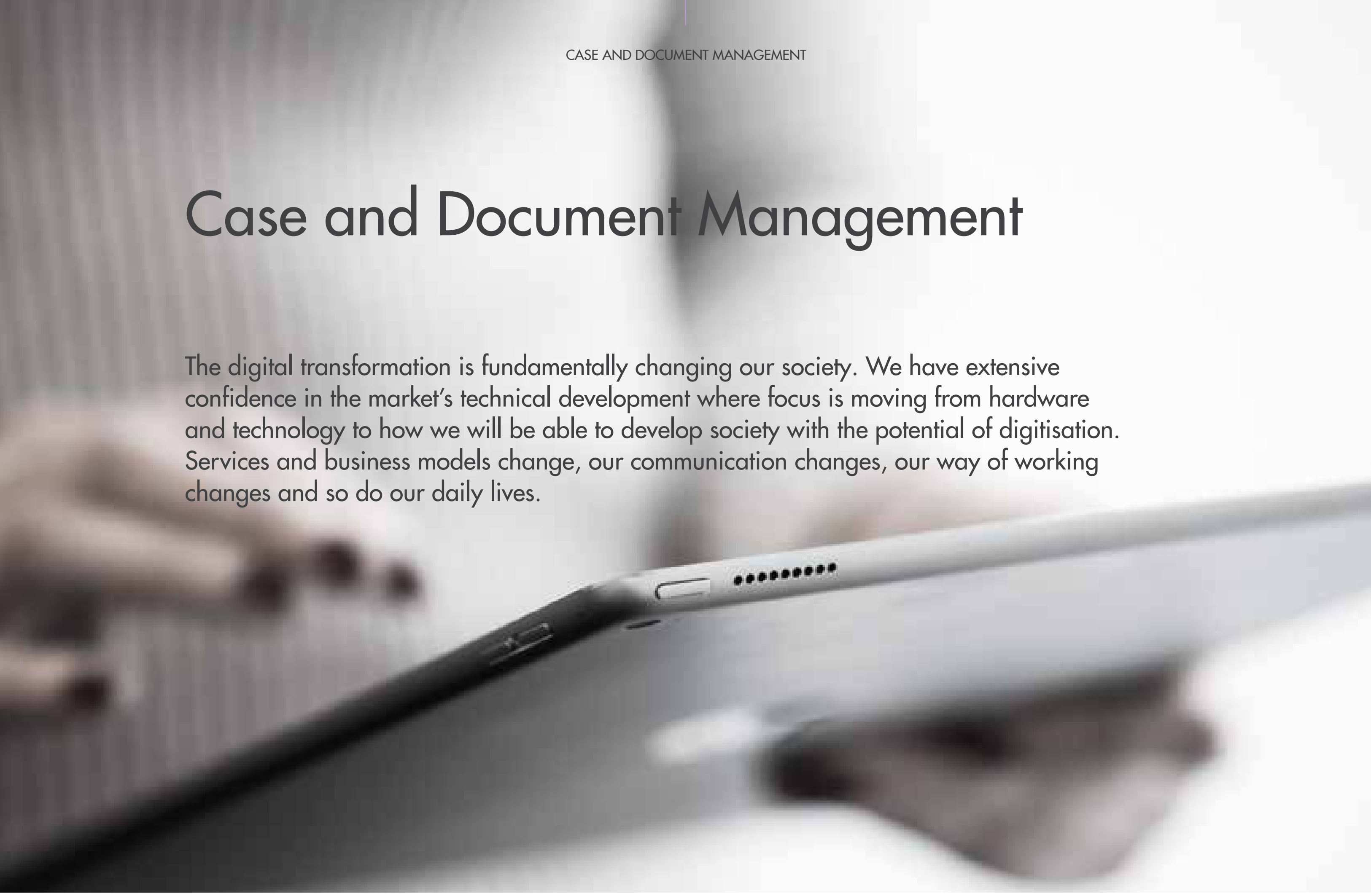
Formpipe's offerings in ECM:

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

Software revenue – on premises versus SaaS, 2015–2021



Source: Gartner (December 2017)



Case and Document Management

The digital transformation is fundamentally changing our society. We have extensive confidence in the market's technical development where focus is moving from hardware and technology to how we will be able to develop society with the potential of digitisation. Services and business models change, our communication changes, our way of working changes and so do our daily lives.

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.

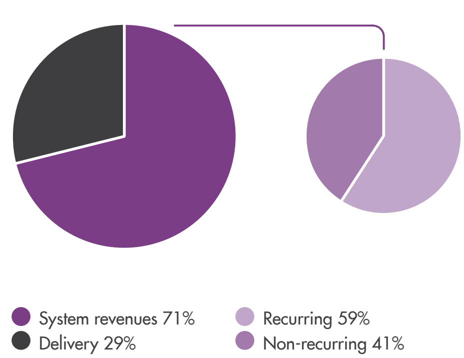
In the area of Case and Document Management, Formpipe addresses the public sector in Sweden and Denmark, as well as the industries of Life Science and Legal.

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 revenue

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, Hvidovre Municipality, Sønderborg Municipality, Syddjurs Municipality, the Swedish Tax Agency, Svenska Kraftnät, the Swedish Transport Agency, Stockholm County Council, Stockholm University, University of Gothenburg and MKB Fastighets AB.

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.

QUALITY CONTROL

A product to continuously manage and monitor data quality from operating systems and network disks.

Life Sciences

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.

The Life Science sector is governed by strict rules from the FDA (U.S. Food and Drug Administration), EMA (European Medicines Agency) and clear industry rules for quality assurance, 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 been 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 2017, 63 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 the above countries, but assesses that there are conditions to broaden the offering geographically in the future.

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 CASE

Entirely new insight into data with Quality Control

In Hvidovre Municipality, Quality Control by Formpipe keeps track of personal data and data from file servers and case management systems so that it is not spread outside the organisation. Quality Control provides tools for the proactive work on the organisation's data quality at the same time that it effectively prepares the organisation for GDPR.

When Hvidovre Municipality chose Quality Control, it was primarily because they wanted to improve the quality of the municipality's data, but also to prepare the organisation for the EU's new General Data Protection Regulation (GDPR).

"The project's original idea was to create higher data quality and improve security concerning our document management, archiving and publication of public information. But we quickly saw a connection to the municipality's overall security project in connection with the preparations for GDPR," explains Søren Ladefoged, IT and Digitisation Manager at Hvidovre Municipality.

"The system becomes extra relevant considering GDPR. In May 2019, we are entering a new era that is driving us to an entirely new, and much more active approach to data quality than before," continues Søren.

DATA QUALITY HAS NOW GAINED A REAL VALUE

With Quality Control, Hvidovre Municipality has had a chance to view data quality in a new way, explains Søren Ladefoged.

"Quality Control is an effective tool that meets many of the wishes and needs we have regarding our daily work. When we continuously verify data quality, a high level of trust in our data is created, which means that we can use it as a concrete asset."

Sanne Nielsen, Coordinator for Document and Case Management at Hvidovre Municipality, is of the same opinion:

"Quality Control has given us an entirely new awareness of how we should handle data and a concrete support for our general processing in terms of registration. It's simply a brilliant system."

GDPR REQUIRES NEW INSIGHTS CONCERNING DATA

Quality Control continuously searches through data in Hvidovre's case management system and on the organisation's file servers. The system provides the employees a current status concerning their information and concrete guidance to proactively – with a few clicks – be able to correct errors in their data, based on their own set rules. At the same time, managers and management can receive continuous reports on the organisation's current data quality.

Quality Control can virtually be connected to any system or source of data, such as Exchange, OneDrive, Navision, etc.

Søren Ladefoged sees many other areas of improvement ahead:

"I see extensive potential in Quality Control and the possibility that we can integrate even more data sources in the long term.

The initial requirements for Hvidovre were to get an overview of the data quality on the file servers.

"The security aspect was the reason that we chose to implement Quality Control on our file servers too. We were simply in need of getting a concrete and documentable overview of what was on our file servers, something that is required in connection with the EU's new GDPR also giving the user the right to have his or her personal data deleted," explains Sanne Nielsen.

EVERY EMPLOYEE IS GIVEN THE POSSIBILITY TO TAKE RESPONSIBILITY

In Hvidovre Municipality, the users are positive to Quality Control, continues Sanne Nielsen:

"The system is simple and clear for our users and the receipt has been positive across all departments in the organisation. That we also on our own can adjust both our rules for the control of data and associated guides makes the work very clear for the administrators – one knows exactly what must be done when a suggested measure is flagged from the system."

"The employees gain the possibility of self control, help for self-help that encourages everyone to take responsibility for his or her work with data quality," adds Søren Ladefoged.

READY FOR THE EU'S GENERAL DATA PROTECTION REGULATION

Even if the journey of getting ready for GDPR is long and requires major organisational changes, Hvidovre Municipality feels that Quality Control is a major step in the right direction:

"I am certain that we are far better equipped for the EU's new GDPR with this system and to meet growing requirements on secure handling of public data," says Sanna Nielsen.

EXTENSIVE LEARNING POTENTIAL AND BRIGHT FUTURE

Søren Ladefoged sees great learning potential with the system:

"Looking ahead, the system should make itself superfluous for every part where one applies rules for data. Proposed measures, notices from the system, teach the employees how to work with data quality, which should ultimately lead to general data practices changing over time and the notices becoming fewer and fewer – to ultimately become uncommon."

This is a conclusion Sanna Nielsen also agrees with:

"This will change and improve every aspect of our work with data quality in the future," concludes Sanne.

QUALITY CONTROL

Efficient and reliable protection against personal data going astray.
Continuously scans data sources of choice:
file servers, document and management systems, Exchange, Sharepoint, etc.

Makes it easy to track and delete personal data with just a few clicks.

Simple and intuitive system that can be continuously adapted by the organisation on its own.

Meets needs and requirements at both public and private organisations.

Helps live up to GDPR and sets a new standard for data quality and traceability.

Customer Communications Management (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.

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.

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, and in 2017 also with representation in the USA.

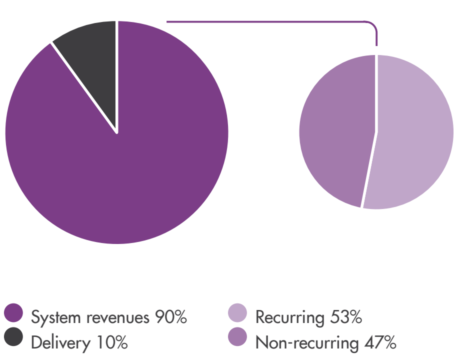
ONE OF THE FIRST ON MICROSOFT APPSOURCE

In 2016, Lasernet was launched on the cloud version of Microsoft's ERP system Dynamics 365. It was the first CCM product to be launched on this platform and several customers are up and running. Formpipe also became a member of Microsoft's Technology Adoption Program and in 2017 was one of the first software companies to launch a CCM product on the AppSource platform. On AppSource, Microsoft customers can find certified applications for their products, such as AX, and download them to their environments. By being present in AppSource, Formpipe ensures a global market presence for Lasernet for Dynamics 365.

Share of net revenue

16%

Distribution of revenue types



Product:

LASERNET

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

PARTNERS

In 2017, Formpipe continued to establish business in the market for Microsoft Dynamics AX, which is currently one of the market's fastest growing business systems and is seen as an innovative challenger. 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.

One of the leading Microsoft Solutions suppliers in the Netherlands, Pulse, chose Lasernet over a number of other actors in the market. There were two reasons that Pulse felt that Lasernet was the right choice. First was the product's rapid technical development in the past two years when Lasernet was built into Dynamics and is seen as a leader in the market. Second was Formpipe's organisation and how well the two parties worked together to ensure the start of a good partnership. Pulse can now offer its customers a complete hosting solution for Lasernet, which includes all releases of Dynamics and follows Microsoft's technical roadmap.

Hiljon te Boome from Pulse explains:

"It is important that our partners reflect a market idea that is about commitment to our customers; that we are future-oriented and flexible and don't just deliver the expected expertise and a good product offering, but that we can also infuse the process with a lot of joy and enthusiasm. We are proud to now offer Lasernet to our customers as a part of our standard 365 implementations. We believe that it will provide significant advantages to our customers, with saved time, money and a competent cloud-based CCM solution."

CUSTOMER CASE

Rapid effect and long-term advantages of Lasernet

The company Direct Conversion chose Formpipe's CCM product Lasernet after having been impressed by how well Lasernet was integrated with Microsoft Dynamics AX. The installation was implemented in just two weeks and the company has now streamlined its digital customer communication.

In 2016, the company invested in a new ERP software to streamline the work and the choice was the ERP platform Microsoft Dynamics AX. During this project, new documents were developed based on standard formats in Dynamics AX, such as purchase orders, order confirmations and delivery notes to name a few.

TIME-CONSUMING AND A RISK TO THE BRAND

Even if these documents maintained an acceptable standard, there was a need for greater flexibility and freedom in terms of design and modification of templates. They wanted to create a more creative design and give the users a possibility of changing the documents on their own. As it worked, consulting efforts were now needed from a professional AX developer, which proved both time-consuming and expensive. There was also a limit in the number of different formats that were available, which restricted the users. This caused delays and made the handling of customer communications difficult and unnecessarily time consuming.

In addition, they felt that there was a risk that the feeling of professionalism and the brand were weakened because it was not possible to create customer-oriented communications that were consistent, correctly adapted and formatted.

FINDING THE RIGHT SOLUTION

One year after the AX implementation, the decision was made to rebrand the company, which was the triggering factor to review all processes concerning the handling of customer communication.

"The rebranding meant that all documents must be reviewed and changed, which was a huge task. We reviewed documents that came from AX and made estimates of how much time it took to produce them. It was clear that the current software did not meet our needs and that we had to find a system that could support us in the work of bringing our business documents in line with our image – and that we could design them internally," explains Roland Neal, Operations Director at Direct Conversion.

"Lasernet's good reputation was already clear to us from the beginning since our delivery partner for AX had already recommended Formpipe to us from the beginning. So we contacted Formpipe directly and after an initial discussion, we met the Lasernet team for a demo and a review of our specific needs. We heard that the product has a track record of several years when it comes to integration with all major ERP systems and we got to see how Lasernet interacts with Microsoft Dynamics AX, with a focus on how they would solve our problems," continues Roland.

REAPING THE BENEFIT

After the implementation of Lasernet, Direct Conversion was able to facilitate the rebranding process and easily create professionally formulated documents with connections to AX, without having to wait for a costly consultant to become available. In addition to the short-term gains, Lasernet also provided long-term advantages.

"Although we made a significant investment in Lasernet, the software will pay for itself. To achieve what we did with Lasernet, we would have been forced to procure a consultant-customised solution to support the current AX environment. That would have been both more expensive and could not maintain the same quality, now and in the future, thanks to Formpipe's membership in Microsoft's Technology Adoption Program (TAP), which makes it possible for the company to test its products towards Microsoft's new products, before the regular version is released to the public," concludes Roland Neal.

Direct Conversion

Empowered X-RAY Imaging

Company: Direct Conversion
Industry: Digital X-rays for the markets of dental, medicine and industry
Head office: Stockholm
Business in the countries: Sweden, UK, Finland

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.

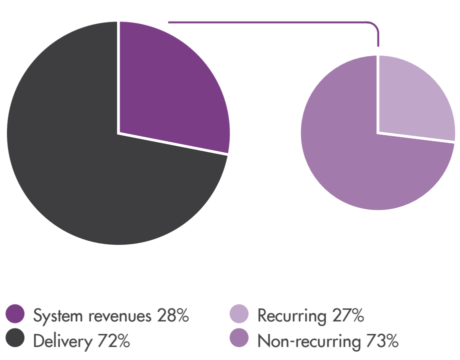
Formpipe's Grants Management products are currently sold to the public sector and it is the leading system with national authorities. Formpipe sees an increase in the demand for Grants Management products and assesses that there are conditions to broaden the offering. The Danish Agricultural Agency uses Formpipe's product TAP for the EU's Common Agricultural Policy (CAP); they have signed a longer agreement with Formpipe for support and further development of the solution.

Examples of customers include the Danish Energy Agency, the Danish EPA, the Danish Agricultural 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 revenue

26%

Distribution of revenue types



Product:

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.

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.

Formpipes 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.

Ministry of Environment and Food of Denmark
The Danish Agricultural Agency

Structured Data Archiving

Structured data archiving is the ability to index and move important operating data from active business systems, or from 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 USD 287 million, with an average annual growth of 10 per cent[1]. The 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 often increase their use.

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

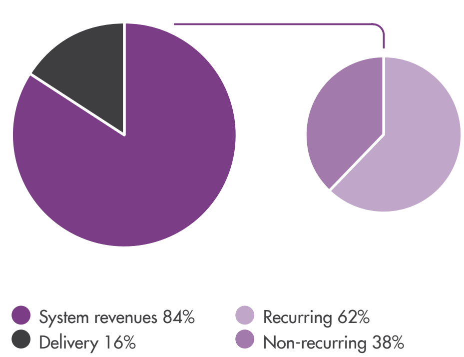
GREATER DEMAND IN SEVERAL INDUSTRIES

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 revenue

6%

Distribution of revenue types



Major savings when old systems are closed

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.

Product:

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.

"What should be done when a system has reached its end of life and the information in this system must be preserved?"

CUSTOMER CASE

Long-Term Archive at the County Council Archives

Information that will be finally archived in Stockholm County Council is delivered to the County Council Archives. The amount of digital information to be preserved is increasing and the County Council Archives subordered a product for e-archives in 2016. The winning tender came from Formpipe, with the product Long-Term Archive.

Martin Olsson is the Administrative Manager at the County Council Archive. We had the opportunity to hear his view of e-archives and what is driving development towards digital long-term preservation.

"The most fundamental driver for e-archiving is of course the fact that the amount of digital information is rapidly growing, which means that we need methods, tools and a sustainable environment that guarantees a secured preservation of digital information over time," says Martin.

"As an archiving agency, it is part of our mission to preserver and care for digital information as well, so that it is legible, for all time actually. We are governed by the Archives Act, as well as our task of making the archives available. We need to create possibilities for citizens and researchers to conduct structured searches of large amounts of information, as well as innovative new solutions on information management and e-services.

"Another driving factor is that there are ageing systems out in operations and organisations, systems that are expensive to manage that become an obstacle to streamlining and modernising the IT infrastructure. The question is simply what should be done when a system has reached end of life and the information in this system has to be preserved, meaning when the information is to be preserved longer than the life of the system," continues Martin.

FUTURE OF DIGITAL PRESERVATION

"Looking ahead, it will be natural to think of "digital preservation" at the same time that a document or other information object is created. It will also be a given when a system that is to manage preservation information is designed. Digital preservation will be included as a natural part of the information's life cycle," says Martin. "One concrete question for the future is the format issue and what capacity the future's digital formats require of e-archive products, such as 3D and multimedia."

COUNTY COUNCIL ARCHIVE EARLY ADOPTION OF E-ARCHIVES

The County Council Archive has worked with e-archives for a long time and was early to adopt e-archives for e.g. record documents – but the conditions have changed over the years.

"When we began with e-archives, we built our own solution on standard components since we could not find any finished commercial products. Today, there is Long-Term Archive, for example, for suborders and procurement. We have made the strategic decision to primarily invest in one product, which means not continuing development of our existing solution or developing a new one on our own. The decision was made based on a needs situation where it was important to be able to increase the number of delivery types (e.g. case information, accounting information) compared with the existing solution," says Martin.

It was in connection with this that the County Council Archive placed a suborder from the SKL Kommentus Inköpscentral (SKI) framework agreement, "E-archive 2013".

"Long-Term Archive was the winning tender after a process that included RFI (Request for Information) with demonstrations and a subsequent suborder. It was a comprehensive assessment where important components were manageability, scalability, search possibilities, adaptability in terms of information structures and self-descriptive storage," explains Martin.

"In the future, we plan to increase the number of defined delivery types and thereby expand the scope for what information Long-Term Archive will receive to enable closure of older systems and relief of others. We also plan to streamline our accessibility – the functions for searching and retrieving information are important elements, as well as integrating with other IT components," concludes Martin.


"Teamwork is something that really represents us in support."

Administration Manager close to the customer

Daniel Olsson

Lives: Borensberg, outside Linköping
Age: 30
Profession: Administration Manager
Family: Partner and two children from a previous relationship
Recreation: Watching sports and cooking
Employed at Formpipe since: February 2017

HOW DID YOU END UP AT FORMPIPE, WHAT DID YOU FIND ATTRACTIVE?

I have a friend, Martin, who already worked at Formpipe and had a lot of good things to say about the company. Then a position opened up as an administration manager and Martin though that it was a good match for me. So I applied and that's how it happened.

WHAT DID YOU DO BEFORE?

When I joined Formpipe, I had worked as an application specialist for SharePoint at a global company for several years. I spent two of those years in Japan, where I worked with several IT projects. It as a wonderfully exciting time where I learned an incredible amount both professionally and culturally. Adapting to an entirely different world where people do things in a completely different way than you are used to. It think I have great use for this in my role today. You understand that people can do things in many ways, but still arrive at similar solutions. No way is wrong.

WHAT DOES YOUR ROLE LOOK LIKE TODAY?

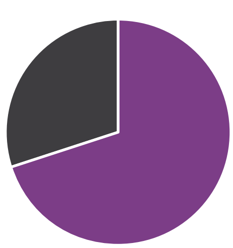
Today, I work as an administrative manager. It gives me the possibility of keeping close contact with our customers and being there as an extended arm for them in towards the support department and delivery department. This may be a matter of listening to the customer's requirements and translating them into solution proposals and new business for Formpipe, which is both exciting and stimulating. It's important to understand the customer's, sometimes somewhat stressful, workday when challenges arise.

DESCRIBE WHAT MOTIVATES YOU TO WORK AT FORMPIPE

At Formpipe, we have a fantastic corporate culture and I already felt like a member of the team from day 1. I work with colleagues who always help out and jump in when necessary. This means that I go to work feeling good. I often also have a great deal of fun at work.

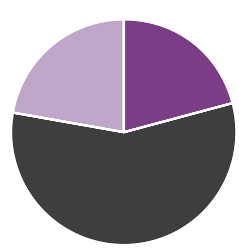
Teamwork is something that really represents us in support. Everyone helps out and makes sure that the customer always gets the best possible support.

Percentage women and men



Men 70%
Women 30%

Employees by age group



< 35 years, 21%
35-50 years, 57%
> 50 years, 22%

Link between users and technology

Marte Sandvik

Lives: Vasastan, Stockholm
Age: 37
Profession: Product Manager, Meetings Plus
Family: Partner and two children, ages 3 and 6
Recreation: Skiing and ice skating in the winter, sea and boat in the summer, family and friends!
Employed at Formpipe since: May 2016

HOW DID YOU END UP AT FORMPIPE, WHAT DID YOU FIND ATTRACTIVE?

During my parental leave with my second child, I thought quite a bit about what I wanted to continue with and I felt that it was time for new challenges. However, I felt that I wanted to return to familiar business area where I could contribute by experience and expertise. I worked with software for document and case management before and really enjoyed it. I had heard a lot of good things about Formpipe before so I simply sent an e-mail to the public sector business area manager and asked if there were any opportunities open. I'm incredibly happy that I sent that e-mail!

WHAT DID YOU DO BEFORE?

I studied systems science at Örebro University and then worked with software similar to what Formpipe offers in a similar product-oriented role. As a product specialist, pre-sale and product manager. I remember that I wrote that "I would like to serve as the link between the users and the technology" in my first job application and that is actually still true!

WHAT DOES YOUR ROLE LOOK LIKE TODAY?

Today, I work as the product manager for Meetings Plus, Formpipe's product for digital management and publication of meetings and minutes. My work consists of both placing requirements on functionality in the product towards our developers, cooperating with support to help existing customers and supporting salespeople and account managers in their work to present and sell the product.

I have realised that this is exactly the role for me. Working with one or more products and doing many different activities. As the link between the users and the technology. I have always had the view that one should understand the underlying technology to be able to present functionality to the users in a reliable way and one should understand the users and their needs to develop the best solution. Only then can one make a good product. And I feel that I have that opportunity at Formpipe!

DESCRIBE WHAT MOTIVATES YOU TO WORK AT FORMPIPE

There are many factors that motivate me to work at Formpipe I was quickly impressed by Formpipe's set of products. Here, there is a holistic perspective and products that handle the customers' information process "from beginning to end". Portal bas with its easily configurable forms for input data management, Platina and W3D3 for record keeping and other process management, Meetings Plus as an aid in the decision-making process and Long-Term Archive as a well-established e-archive. And that there are products for the entire process of course means that there is knowledge for the entire process.

Also being able to work with a group of colleagues who are so good at what they do and are so committed and proud of what they do motivates me. One is inspired to learn more and do more. It is without a doubt that the mood at the office affected my choice of employers. Right when I came through the door, I felt that here the employees are a focus. One shouldn't underestimate the value of joint breakfasts, Friday coffee breaks and the billiard table in the lounge. It's set up for a good atmosphere!


"One is inspired to learn
more and do more."

Our share

The Formpipe share is listed on the Nasdaq Stockholm exchange, with the short name FPIP. Market value at year-end was MSEK 734.

Equity totals SEK 5,187,302.50 for 51,873,025 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 2017

In 2017, the Formpipe share price rose from SEK 9.75 to the closing price of SEK 14.15 on 29 December. The highest price paid for the year was SEK 15.00. The lowest price paid was SEK 9.50 on 4 January. A total of 15 million shares were traded in 2017 at a value of SEK 200 million.

APPROPRIATION OF PROFITS

The Board of Directors proposes that the Annual General Meeting on 25 April 2018 resolve to approve a dividend of SEK 0.50 (0.30) per share, which entails a total dividend of MSEK 25.9 (15.4). 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 25 April 2017 resolved to offer staff a new share-related incentive programme based on warrants. This programme includes 500,000 warrants and a duration of three years.

SHAREHOLDERS

The schedule of shareholders and ownership structure of Formpipe is based on data from Euroclear as of 29 December 2017. The twenty largest shareholders represent 70.9 (69.3) per cent of the equity. In all, Formpipe had approximately 2,000 shareholders as of the date above.

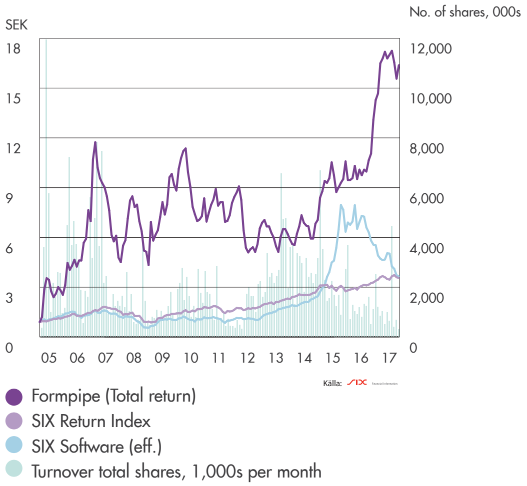
Development of share capital

Year	Month	Transaction	Number of shares	Total number 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
2017	Jun	New share issue share option redemption	599,417	59,941.70	51,873,025	0.10
		Equity, 31/12/2017	**51,873,025**	**5,187,302.50**	**51,873,025**	**0.10**

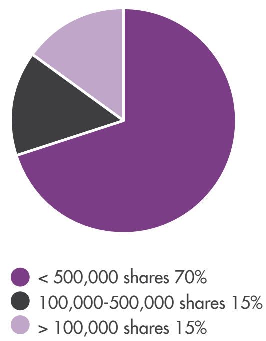
Ownership structure total shares 31/12/2017

Shareholders	Holdings, no.	Holdings, %
Aktiebolaget Grenspecialisten	5,296,351	10.21%
Swedbank Robur Microcap	3,063,848	5.91%
Humle Småbolagsfond	3,047,500	5.87%
Ubs Switzerland Ag/Clients Account	3,000,000	5.78%
Försäkringsaktiebolaget Avanza Pension	2,743,729	5.29%
Handelsbankens Nordiska Småbolagsfond	2,564,063	4.94%
Wernhoff, Thomas	2,550,000	4.92%
Andra AP-Fonden	2,339,762	4.51%
Carnegie Micro Cap	2,027,000	3.91%
Seb Life International	1,985,000	3.83%
Seb Life International	1,191,442	2.30%
Seb Sverigefond Småb. Ch/Risk	1,025,800	1.98%
Sundin, Christian	988,312	1.91%
Aktia Nordic Micro Cap	863,798	1.67%
Six Sis Ag, W8imy	807,418	1.56%
Alfredson, Joakim	771,735	1.49%
Andersson, Willmar	700,921	1.35%
Jonsson, Christer	675,035	1.30%
Bny Mellon Sa/Nv (Former Bny), W8imy	646,256	1.25%
Blomdahl, Håkan	500,000	0.96%
Seb Life International	498,506	0.96%
Nordnet Pensionsförsäkring AB	481,468	0.93%
Jensen, Ingvar	464,000	0.89%
AB Wallinder & Co	376,632	0.73%
Svenska Handelsbanken AB For Pb	359,620	0.69%
Colmtown Management Limited	349,800	0.67%
Gunnarsson, Mikael	340,411	0.66%
Nordlander, Bo	318,159	0.61%
Gilstring, Kåre	300,000	0.58%
Karlsson, Carl Mårten	292,582	0.56%
Other	11,303,877	21.79%
Total	**51,873,025**	**100.00%**

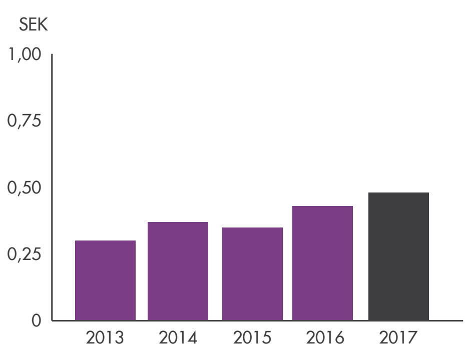
The Formpipe share – total return



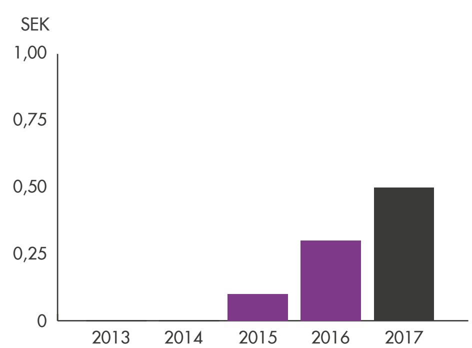
Distribution of shareholdings



Earnings per share



Dividend per share



Key ratios

MSEK	2017	2016	Group 2015	2014	2013
Sales*					
Net sales	390.2	378.7	349.3	307.0	276.0
System revenues	248.3	248.2	236.0	215.7	191.2
Maintenance and Support	174.6	167.5	157.8	143.2	131.8
Licensing	73.7	80.8	78.4	72.4	59.4
Consulting and other	142.0	130.5	113.0	91.3	84.8
Recurring revenues	195.2	178.6	168.4	152.8	140.4
Growth and distribution*					
Sales growth, %	3.0%	8.4%	13.8%	11.2%	45.6%
Growth in system revenues, %	-0.1%	5.4%	9.4%	12.8%	36.0%
Share of net sales, system revenues, %	63.6%	65.7%	67.6%	70.3%	69.3%
Share of net sales, recurring revenues, %	50.0%	47.2%	48.2%	49.8%	50.9%
Margins*					
Operating margin before depreciation and items affecting comparability (EBITDA), %	22.0%	23.2%	21.1%	21.2%	22.2%
Operating margin (EBIT), %	9.7%	7.8%	5.7%	6.6%	10.9%
Profit margin, %	6.4%	6.0%	5.2%	5.9%	6.5%
Return on capital*					
Return on operating capital employed, %	9.8%	7.5%	4.8%	4.9%	7.3%
Return on capital employed, %	8.9%	7.3%	4.6%	4.7%	7.2%
Return on equity, %	7.0%	6.9%	5.8%	6.3%	6.3%
Return on total capital, %	5.7%	5.1%	3.2%	5.4%	4.7%
Capital structure					
Operating capital	373.9	393.5	397.6	425.1	405.6
Capital employed	456.6	454.4	435.2	453.2	425.8
Equity	363.1	346.2	315.1	307.6	264.1
Interest bearing net debt (+)/cash (-)	9.4	45.6	79.1	116.9	141.5
Debt/equity ratio, %	53.7%	53.3%	51.0%	46.7%	44.6%
Cash flow and liquidity					
Cash flow from operating activities	95.1	72.2	73.6	76.8	74.6
Cash flow from investing activities	-41.3	-35.7	-39.9	-45.5	-34.2
Cash flow from financing activities	-32.3	-13.0	-22.0	-26.1	-23.8
Cash flow for the year	21.5	23.6	11.7	5.2	16.7
Free cash flow	53.9	33.4	29.8	38.7	44.6
Cash and cash equivalents	82.7	60.9	37.7	26.0	20.3
Personnel					
Total staff, annual average, count	231	235	242	236	226
Total staff at year-end, count	231	230	239	245	226
Share data					
Total shares at year-end, thousands	51,873	51,274	50,143	50,143	48,935
Average total shares before dilution, thousands	51,623	50,803	50,143	49,539	48,935
Average total shares after dilution, thousands	52,128	51,203	50,592	49,539	48,935
Earnings per share before dilution, SEK	0.48	0.43	0.35	0.37	0.30
Earnings per share after dilution, SEK	0.48	0.43	0.35	0.37	0.30
Equity per average total shares	7.03	6.82	6.28	6.21	5.40

* Refers to remaining operations.

Management Report

The Board of Directors and the Chief Executive Officer of Formpipe Software AB (publ), registration number 556668-6605, hereby present their Management Report for the fiscal year 2017.

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.

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 Software as a Service – SaaS (also known as cloud services), where the customer pays a regular fee for licence rights and the maintenance contract. Delivery revenues are continuously recognised during the project.

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

The majority of Formpipe's customers are in the public sector, a sector that has come a long way in its use of ECM products. 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. Formpipe also has offers directed at private actors, mainly in the industries Life Science and Legal, which like the public sector have high demands on documentation and traceability, and an entirely industry-independent offering in Customer Communication Management.

FINANCIAL YEAR 2017

The 2017 financial year was characterised by the transition of new sales from traditional licences with maintenance agreements to Software as a Service (SaaS, cloud, OnDemand, etc.). Formpipe has long offered its software as SaaS, but it was not until 2017 that the customers' preference clearly shifted over. The change has negative consequences on the short term for sales, earnings and cash flow. The company assesses that the recognised revenues for the year are around SEK 23 million lower than what would have been the case if all of the SaaS contracts sold during the year had been sold as traditional licences. However, on the longer term, this shift is positive for the company as it entails higher recurring revenues per customer at the same time that Formpipe has a strong history of retaining its customers for a long time.

Despite the challenges that this transition entailed in 2017, the Group had earnings in line with the previous year. The efficiency enhancement measures that were carried out regarding underachieving parts of the operations went well and these areas are now conducted with lower risk and are providing more stable earnings.

Sweden

Formpipe's business with the public sector in Sweden has continued to be characterised by the two major circumstances that also had a considerable impact on the previous year, the roll-out of document management systems for all of the City of Stockholm's administrations and the high level of activity in the area for digital long-term archiving.

The roll-out to the City of Stockholm continues according to plan and the first administrations went live during the year. Now, the project is in a phase for the broad roll-out of the standard functionality for the other administrations. In the course of the project, it came forth that the customer sees possibilities to use the system broader than intended in the procurement, which is why continuous inquiries for further adaptations have been submitted. Formpipe's ambition to fulfil the customer's wishes to the furthest possible extent has occasionally entailed a high burden on the company's resources, but is essentially very positive and leads to higher annual revenues from this important and long-term customer.

The large sales successes the company had in 2016 with the product Long-Term Archive entailed challenges during the year in the form of introduction projects that have grown in complexity. In the wake of the security debate that followed the revelations of deficiencies in the handling of security in the outsourcing of computer systems at the Swedish Transport Agency, there was a clear uncertainty among the contracting authorities. On the relatively immature market, the requirements developed very rapidly for new procurements and on-going projects were also affected by the prevailing uncertainty. For Formpipe, this has meant that it has taken longer than planned to get new customers up and running, which in turn has entailed a delay in the revenues from these customers. Positive effects from this are that the products have been forced to undergo rigorous security tests that show that Formpipe's products meet the very highest standards.

Denmark

Denmark is the segment in which the SaaS transition has been the clearest. SEK 14 million of the SEK 23 million that the Group estimates the year's revenue to have decreased by is attributable to the Denmark segment, primarily from the Lasernet product area.

In 2017, Lasernet (Customer Communications Management, CCM) experienced a strong transition towards SaaS sales, driven by Microsoft's explicit stake on Dynamics365 and Azure. For the past few years, Lasernet has been developed to be offered in cloud environments, which has entailed a clear advantage over existing competitors. During the year, the cooperation with Microsoft has been strengthened and the product is offered today in Microsoft's AppSource. Lasernet continues to develop strongly internationally, driven by the successes for Microsoft's ERP systems: Dynamics365, 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 an integrated 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.

After several years of declining profitability, Formpipe's business with the Danish municipal market began to see positive signals. In part, the effects have begun to be visible from the structural measures made internally where the operation has been adapted to the prevailing market situation and, in part, positive news has come from authorities where the Danish Social Appeals Board made the assessment in a statement that the association construction that Danish municipalities use to offer their members IT systems conflict with current Danish law.

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.

Life Sciences

Also within the Life Science business area, we see that the customers are increasingly choosing the SaaS alternative over traditional licences. This entails a somewhat slower rate of increase in the revenues for the business area, but on the other hand contribute to higher stability as the recurring revenues steadily increase. Further cost savings were made during 2017, which had the desired effect, and the business area showed for the first time positive earnings in the fourth quarter. With the lower cost levels and growing recurring revenues, the outlook is bright for 2018.

OUTLOOK FOR 2018

2018 will entail a continued shift to increasing SaaS sales as both customers and suppliers see advantages with this way of buying IT systems. The transition will continue to affect the company's sales and earnings negatively throughout the year, but contributes to increasing recurring revenues and profitability in the longer term.

Demand in the public sector is expected to remain relatively stable. 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.

In the wake of the events at the Swedish Transport Agency, the IT procurements in the public sector have seen increasing requirements on security, both in the products themselves and among suppliers and subcontractors, such as operating partners, etc. This development essentially entails higher costs for Formpipe and other IT suppliers to the public sector in the form of higher product development costs, more expensive and more complex infrastructure solutions, deeper background checks of subcontractors and their staff, etc. In connection with Formpipe's historically high rate of development, where security has been an important component, the company is well-positioned now that these requirements are strengthened further. The procurements of the recent years have show that Formpipe is the first choice when the customers have high requirements and ambitions with their IT agenda.

Recent years have shown that digital long-term preservation is highly current in the public sector, but it is becoming increasingly clear that it is also a prioritised area of investment for actors in the private sector. The product Long-Term Archive is generic and meets a need that exists in all organisations given the ever growing amount of information, and the continuous need to upgrade and replace IT systems. With Long-Term Archive, Formpipe has a strong product offering that is both geographically and industry independent.

At the end of 2017, the cooperation with Microsoft was deepened. Mainly for the product Lasernet, which is already approved and included in Microsoft AppSource, but Microsoft also showed an extensive interest in Long-Term Archive, which they see has the right prerequisites for driving volumes to their cloud platform Azure. The cooperation with Microsoft is potentially very interesting and can facilitate Formpipe's growth in the private sector and internationally.

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 now calls the market for ECM Content Services and their forecast for the market globally shows an average annual growth of 17.6 per cent in 2016-2021[1]. The Content Services market has a total addressable forecast market in 2018 with system revenues of USD 13.7 billion[2].

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.

1) Source: Gartner. Forecast Analysis: Enterprise Application Software, Worldwide, 3Q17
2) Source: Gartner, Enterprise Software Markets, Worldwide, 2014-2021, 4Q17 Update

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

Annual General Meeting 2017

- The Annual General Meeting re-elected the Board members Bo Nordlander (Chairman), Martin Henricson and Peter Lindström, and elected Åsa Landén Ericsson and Annikki Schaeferdiek as new Board members.
- The employee incentive programme offered after the AGM was fully subscribed.
- SEK 0.30 per share (0.10) was distributed to shareholders, comprising a dividend totalling SEK 15,382,082 (5,014,340).

Higher number of shares

By utilising warrants issued to the staff in the programme from 2014, a total of 599,417 new shares were issued. After the increase, the number of shares and votes in the company amounted to 51,873,025 and the company's share capital was SEK 5,187,302.50.

Significant orders

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

COMMENTS ON THE INCOME STATEMENT

Historic development

Formpipe's first financial year was 2005. 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 and 2016. In 2017, sales grew by more than 3 per cent and profitability was virtually unchanged from the year before. In 2017, both sales and profitability were negatively impacted by the transition to a higher share of sales according to the SaaS model where all revenues are allocated to periods over the term of the agreement and no licence revenue is recognised in the first period. The company assesses that the revenues would have been around MSEK 23 higher for the year if all newly signed SaaS agreements would have been sold as traditional licences instead.

Revenues

Net sales for the period totalled MSEK 390.2 (378.7), which is equivalent to an increase of 3 per cent. System revenues were on the same level as the previous year, amounting to MSEK 248.3 (248.6). Total recurring revenues for the period increased by 9 per cent from the previous year and amounted to MSEK 195.2 (178.8), corresponding to 50 per cent of net sales. Currency exchange rate effects have had a positive effect of MSEK 3.1 on net sales compared with the previous year.

Expenses

Operating expenses for the year increased by 2 per cent over the previous year, amounting to MSEK 353.0 (345.9).

A large part of Formpipe's operating expenses are linked with staff, and staff expenses for the year totalled MSEK 208.6 (203.9), an increase of 2 per cent. The number of employees at year-end was 231 (230), and the average for the year was 231 (235). The distribution of personnel along with salaries and other remunerations appears in Note 7.

Cost of sales totalled MSEK 61.0 (52.4) and consists primarily of third-party providers of consulting and products and sales commissions to partners.

Other expenses amounted to MSEK 71.7 (71.6).

Capitalised development work at the company's own expense during the year amounted to MSEK 36.9 (37.2).

During the year, items affecting comparability amounted to MSEK 0.4 (-3.1) and relate to organisational restructuring in an amount of MSEK -0.9, impairment of goodwill attributable to the acquisition of GxP Ltd. In 2014 in an amount of MSEK -4.3 and revaluation of the additional purchase consideration from the same acquisition in an amount of MSEK 5.6.

Depreciation for the year amounted to MSEK 48.5 (55.3).

Net financial items amounted to an expense of MSEK 4.8 (2.1) and consist of interest expenses of MSEK 3.9 (4.7) and exchange-rate differences as an expense of MSEK 0.9 (income: 2.6).

Tax expense for the year amounted to MSEK 8.1 (7.2).

Profit

Operating profit before depreciation and items affecting comparability (EBITDA) for the year amounted to MSEK 85.8 (88.0), with an EBITDA margin of 22.0 (23.2) per cent. Currency exchange rate effects have had a positive effect of MSEK 0.9 on EBITDA compared with the previous year (see Note [10]).

Operating profit for the year totalled MSEK 37.7 (29.7), which corresponds to an operating margin of 9.7 (7.8) per cent.

Profit before tax was MSEK 32.9 (27.5), corresponding to a margin of 8.4 (7.3) per cent.

Profit for the year including minority interests totalled MSEK 24.8 (22.8), which corresponds to a profit margin of 6.4 (6.0) per cent and is distributed per share according to the table below.

Earnings per share	2017	2016
Total outstanding shares at year-end	51,873,025	51,273,608
Average total shares before dilution	51,873,025	50,802,689
Average total shares after dilution	52,187,501	51,202,646
Profit or loss for the year attributable to Parent's shareholders, KSEK	24,832	21,877
Earnings per share attributable to shareholders of the Parent Company:		
- per number of shares outstanding, SEK	0.48	0.43
- per average total shares before dilution, SEK	0.48	0.43
- per average total shares after dilution, SEK	0.48	0.43

Parent Company

Net sales for the Parent Company totalled MSEK 152.8 (139.4), and profit for the year was MSEK 16.0 (23.5). This profit includes profit from interests in Group companies in an amount of MSEK 1.2 (2.9), and appropriations of MSEK -6.6 (-).

COMMENTS ON THE STATEMENT OF FINANCIAL POSITION

Investments and business combinations

Total investments for the period January-December amounted to MSEK 41.3 (38.8), 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 37.9 (37.2) 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 as at year-end. During the year, goodwill concerning the acquisition of GxP Ltd. In 2014 was impaired by GBP 0.4 million (MSEK 4.3).

Property, plant and equipment and financial assets

Investments in property, plant and equipment and financial assets amounted to MSEK 3.4 (1.6) and mainly comprised computer and office equipment, and deposits for rented premises.

Financial position and liquidity

Cash and cash equivalents

Cash and cash equivalents amounted to MSEK 82.7 (60.9) at the end of the period. The company has an overdraft facility totalling MSEK 33.3 (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 92.1 (106.5), after which the company's net liabilities were MSEK 9.4 (45.6).

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

Deferred tax assets

The Group's deferred tax asset pertaining to accumulated tax loss carryforwards amounted to MSEK 14.9 (17.3) at the end of the period. At the end of the period, the Group has accumulated loss carryforwards of MSEK 1.8 (2.3) which are not yet capitalised.

Equity

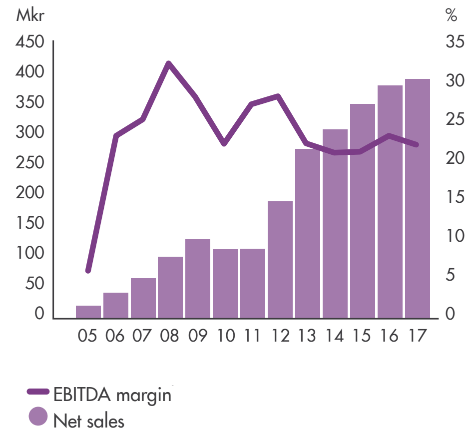
Equity at year-end was MSEK 363.1 (346.2), corresponding to SEK 7.00 (6.75) per outstanding share. Value changes in the Swedish krona has impacted the value of the Group's net assets in foreign currency by MSEK 6.4 (7.0) from the previous year-end.

Interest-bearing liabilities

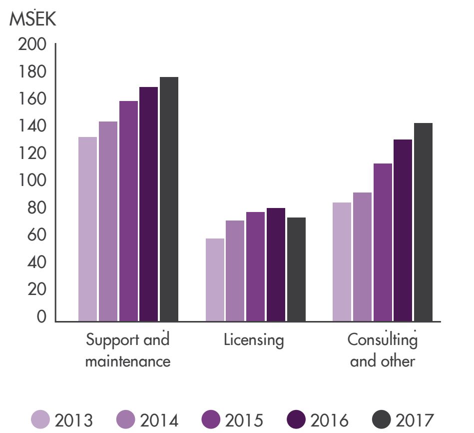
In connection with the acquisition of the Traen Group in 2012, Formpipe took out an interest-bearing loan of MSEK 63.0 and MDKK 103.2 for the purpose of refinancing the existing loan debt at Traen and to finance portions of the transaction. In 2015, the loan was renegotiated because the debt had become considerably less and with the aim of providing Formpipe greater flexibility in the use of its positive cash flow. According to the new agreement, the loan will be repaid in an amount of MSEK 5.2 and MDKK 8.6 per year.

At year-end, interest-bearing debt totalled MSEK 92.1 (106.1), allocated as MSEK 28.9 (34.1) and MDKK 47.3 (55.9).

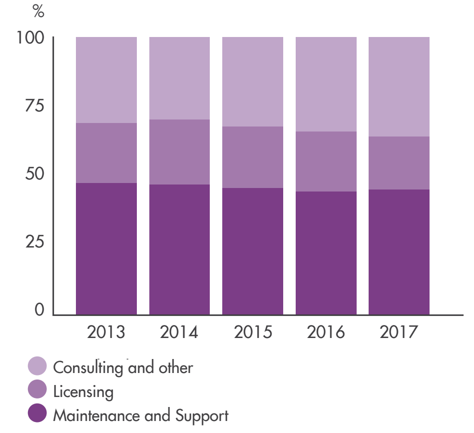
Net sales and profitability



Sales growth by revenue type



Sales revenue distribution



Debt/equity ratio
The Group's equity ratio was 54 (53) per cent at year-end.

COMMENTS ON THE CASH FLOW STATEMENT

Cash flow from operations amounted to SEK 95.1 (72.2) million.

Annual cash flow from investing activities amounted to MSEK -41.3 (-35.7), of which proceeds for divested operations amounted to MSEK 3.1, investments in intangible assets amounted to MSEK 37.9 (37.2) and investments in property, plant and equipment and financial assets amounted to MSEK 3.4 (1.6).

Cash flow from financing activities amounted to MSEK -32.3 (-13.0) and is comprised of repayments of interest-bearing liabilities of MSEK 17.3 (16.1), paid-in proceeds for shares as a result of redemption of the personnel's warrant programme of MSEK 3.8 (7.4), paid proceeds for the buy-back of warrants of MSEK 3.3 (0.6), paid-in premiums from a new warrant programme for the personnel of MSEK 0.4 (0.3) and paid dividends totalling MSEK 16.0 (6.6) including minority interests.
The Group's total cash flow for the year amounted to MSEK 21.5 (23.6).

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 50 (47) per cent of Formpipe's net sales of MSEK 390.2 (378.7). 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. A significant shift was noted in 2017 when more and more customers choose to buy licences based on a SaaS model rather than a traditional licence with associated annual maintenance. This shift affected the company's sales, earnings and cash flow negatively during the year and is forecast to have a negative effect on 2018 as well as the trend looks to be lasting. Beyond 2018, the positive effects of the higher recurring revenues from SaaS are forecast to begin exceeding the negative effects from the unrealised revenues from traditional licences. In the long term, this is very positive for the company as it increases the share of recurring revenues and thereby reduces the fluctuation and the risk in earnings and profit.

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 work-force 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, which amounted to MSEK 32.9 (27.5), with changes to several factors:

Sensitivity analysis	Change	Effect on pre-tax profit, MSEK
Demand for licences	+/– 5%	+/- 3.7
Demand for delivery	+/– 5%	+/- 7.1
Staff expenses	+/– 5%	–/+ 10.4
STIBOR/CIBOR*	+/– 100 bps	–/+ 0.9
DKK/SEK	+/– 5%	+/- 0.4
GBP/SEK	+/– 5%	–/+ 0.3
USD/SEK	+/– 5%	–/+ 0.0

* 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.

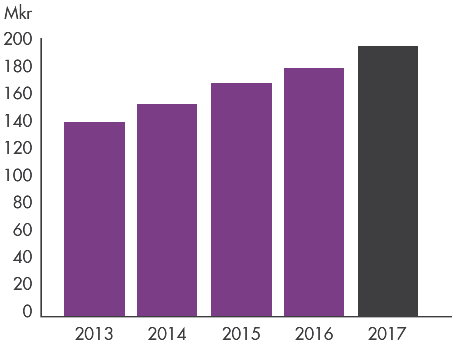
Further explanation of the risks and uncertainty factors to which the company is exposed can be found under Note [4].

GUIDELINES ON REMUNERATION FOR SENIOR EXECUTIVES

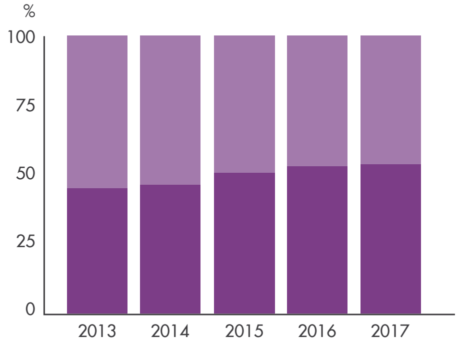
The AGM resolved to approve the proposal of the Board for guidelines to remuneration for the company's Chief Executive Officer and other senior executives as follows. The AGM resolution principally agrees with previously applied policies for remuneration. The guidelines apply for agreements that are made after the 2017 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.

Recurring revenues



Debt/equity ratio



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 fixed 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 2018 Annual General Meeting for remuneration to senior executives remain unchanged from 2017.

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 5,187,302.50 at year-end 2017, allocated to 51,873,025 shares.

As of 31 December 2017, Formpipe had three warrant programmes outstanding for a total of 1,500,000 warrants registered for employees. The warrants can increase the total shares outstanding and voting rights in the company by a maximum of 2.9 per cent. A new share issue in connection with the redemption of the 2015/2018 warrant programme may result in an increase in share capital by no more than SEK 150,000 and 500,000 shares. 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. A new share issue in connection with the redemption of the 2017/2020 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 2017.

At the end of 2017, 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	195,581,899
Profit for the year	16,045,655
	211,627,554
The Board of Directors proposes:	
To pay a dividend of SEK 0.50 per share to shareholders, totalling	25,936,513
To be carried forward	185,691,042
	211,627,554

The Board of Directors proposes that the Annual General Meeting on 25 April 2018 resolve to approve a dividend of SEK 0.50 (0.30) per share, which entails a total dividend of SEK 25,936,512.50 (15,382,082.40).

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 (48) per cent.

Group equity was MSEK 363.1 (346.2) at the end of the period and net liabilities were MSEK 9.4 (45.6).

CORPORATE GOVERNANCE REPORT

The Formpipe Corporate Governance Report is on page [58] of this Annual Report.

Sustainability Report

This is Formpipe's statutory sustainability report for the 2017 financial year.
The report comprises the Parent Company Formpipe Software AB and its subsidiaries.

BUSINESS

Formpipe Software AB (publ) is the Parent Company in a corporate group with eight wholly owned subsidiaries and one subsidiary owned at 65 per cent. The Group conducts operations in six different countries. In addition to the main markets of Sweden and Denmark, the company is also in the UK, the Netherlands, Germany and the USA.

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). 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.

Formpipe's business model is presented by the Management Report on page 33.

FORMPIPE'S ROLE IN A LONG-TERM SUSTAINABLE SOCIETY

Formpipe's operations aim to build long-term sustainable communities and administrations. Formpipe has the ambition to be a driving actor in the digitisation of public administrations and private organisations. Through Formpipe's offerings, the long-term conditions are improved for our customers, our customers customers (citizens) and the environment. By utilising modern information technology, working life and the day-to-day are made more efficient and easier. Time is freed up for individuals, which in the long term provides a higher quality of life. Monotonous work is replaced by machinery. The environmental footprint decreases as a result of less travel and lower resource utilisation in the form of paper, printing, storage, transports, etc.

Formpipe's operations are run from a long-term sustainable perspective where all of the company's stakeholders' needs are met.

CORE VALUES

Formpipe's core values are of major significance to the entire organisation and permeate our way of acting, interacting, making decisions and managing the work in the future. The five core values together form the basis of Formpipe's Code of Conduct and is a guide from both the short and long term perspective.

Pride
We are proud of our company, our products and our work. We are proud of delivering quality in everything we do.

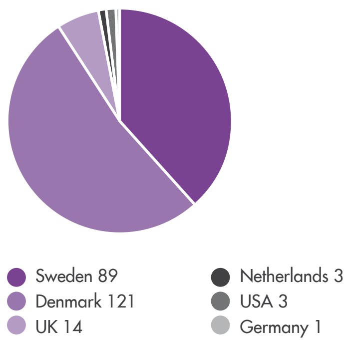
Respect
We act respectfully in our cooperation with each other and with our customers. We respect different views and handle conflicts with openness and understanding.

Trust
We are reliable and honest; those who work with us will be able to rely on us keeping our promises. This applies to both external and internal stakeholders.

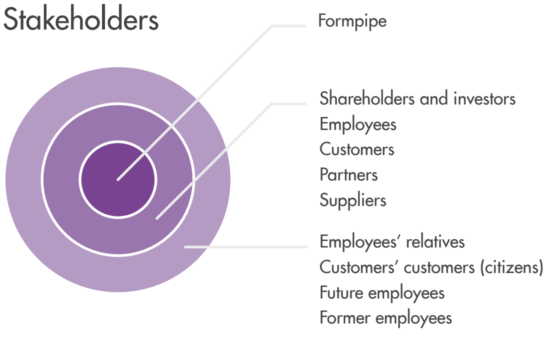
Teamwork
We have an open and direct communication to create understanding and teamwork. We actively work to both provide and seek information to help each other.

Enjoyment
We strive to make every workday a rewarding experience for ourselves, our colleagues and our customers. It should be enjoyable to work at and with Formpipe.

Employees by country



Stakeholders



SUSTAINABILITY OBJECTIVES

Formpipe's operations are conducted based on three objectives related to long-term sustainability.

1. Minimise negative environmental impact
2. Be a role model from social and ethical perspectives
3. Generate value for the company's stakeholders

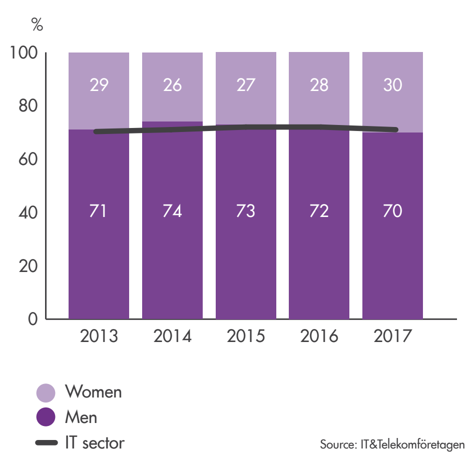
It is Formpipe's conviction that long-term value creation builds on an aggressive and successful approach to these points.

SUSTAINABILITY-RELATED RISKS

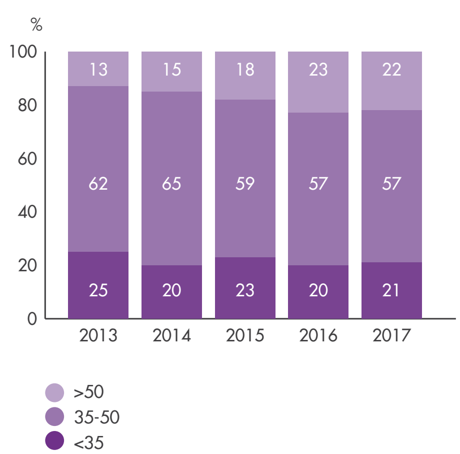
For a supplier like Formpipe, with customers mainly in the public sector, the pharmaceuticals industry and law firms, it is a pure hygiene factor to be a credible representative for these issues. The clear risks are both on the customer side, where a supplier does not qualify in procurements, and on the personnel side, where the company has difficulty attracting and keeping competent personnel. In extension, this leads to degraded financial conditions and in the long term even threatens the company's existence.

Area	Policy/Guidelines	Target	Result
Energy use	In our work to safeguard the environment, we shall make deliberate choices and strive to reduce electricity consumption by, for example: – Use suppliers who offer green electricity. – Turn off computers, screens and lighting when not used. – Use premises of the right size	-	-
Sustainable IT	By maintaining the IT equipment, we increase its lifespan and reduce the need for replacements. All electronic waste is collected and source sorted to be recycled in the best way. Centralised operations with virtual servers reduce the energy use and save resources	-	-
Travel	We strive to travel as little as possible and use web meetings, webinars, etc. We mainly provide support remotely, which further reduces our need to travel and means that we can be even faster and more efficient when we find solutions for our customers. In the cases we nonetheless need to travel, these journeys shall take place in an environmentally friendly and cost-effective manner.	-	-
Materials and recycling	Formpipe has a deliberate environmental thinking with regard to the purchase of office materials, food and other products. The company strives to purchase energy-saving office machines and otherwise, products that are environmentally labelled, organic, locally produced and recyclable. Formpipe works for greater recycling of materials and source sorting, such as e.g. paper and glass. Copying/printing takes place on double-sided sheets and in black and white to the furthest possible extent. The company strives to choose environmentally adapted packaging and to not used disposable items.	-	-

Percentage women and men



Employees by age group



STEERING DOCUMENTS

Guidance and control functions for compliance to sustainability objectives are in the company's policies regarding: Corporate Social Responsibility (CSR), the Personnel Handbook, Salaries, Equality Plan, Sexual harassment preparedness plan, Information Security, IT Security, Quality Assurance.

ENVIRONMENTAL IMPACT

Formpipe shall safeguard a sustainable environment for current and future generations by limiting negative environmental and climate impact to the furthest extent possible in our operations. In addition to this, Formpipe's products shall make it easier for the customer and the customer's stakeholders to in turn minimise environmental impact.

PERSONAL AND SOCIAL CONDITIONS

A socially sustainable society is an equal and fair society where people live a good life with good health, without unjust differences. A tolerant society where people's equal worth is in focus, which requires that people feel trust and confidence in each other and are involved in the development of society.

Social sustainability is of crucial importance for democratic society and is absolutely necessary from a socio-economic perspective. A socially sustainable society withstands strains, is adaptable and inclined to change. At Formpipe, we safeguard each other and live according to our core values: pride, respect, teamwork, trust and enjoyment. We know that if our employees thrive and have fun together, we will deliver good products and our customers will be satisfied. This will also ultimately lead to us achieving better financial results and Formpipe will remain in the market as the high-quality supplier we are.

Area	Policy/Guidelines	Target	Results
Gender distribution, diversity and non-discrimination	Both managers and employees have a responsibility to contribute to creating a good working climate at Formpipe and resolving any situations that may arise. Formpipe's basic philosophy regarding diversity and equality is that we shall employ qualified employees and promote equal rights and opportunities regardless of: – gender, – transgender identity or expression, – ethnic background – religion or other faith, – disability, – sexual orientation or – age. This approach permeates the entire company and affects the entire organisation.	The goal is to always be better than the IT industry in general and Formpipe permits no kinds of discrimination, whether direct or indirect.	Gender distribution: 30% women. 29% in the industry Source: IT&Telekom-företagen.
Diversity on the Board	Formpipe strives to meet the guidelines set in the Swedish Corporate Governance Code, which is administered by the Swedish Corporate Governance Board (SCGB), with regard to the Board of Director's composition.	An even gender distribution should be strived for. The goal of the SCGB is for listed companies to achieve 40 per cent women by 2020.	Gender distribution: 40% women. 33% women on average in listed companies in 2017. Source: Swedish Corporate Governance Board.
Staff	Formpipe constantly works on taking responsibility where our employees thrive, can influence their work situation and be given the opportunity for personal development. We measure our employees commitment, motivation and satisfaction by annually conducting an employee survey. At Formpipe, we stimulate health promotion efforts by offering fitness benefits, good agreements with various gym facilities and group activities on the theme of fitness. This together with a good working environment, from both a psychosocial and physical perspective, are sustainable efforts that lead to better health and to preventing sickness absence.	Our employee index shall always be at least 10% higher than similar companies.	Employee index compared with comparable companies. > +10% Source: Zondera
Community involvement	Every year, Formpipe allocates an amount for charity. This amount is then distributed during the year depending on events in the world.	-	-

BUSINESS ETHICS

With customer in public administration, Life Science and Legal, extensive requirements are set on good business ethics. Formpipe takes this extremely seriously and finds support in our core values: Pride, Respect, Trust, Teamwork and Enjoyment.

Area	Policy/Guidelines	Target	Profit
IT security and data integrity	Formpipe's customers set extensive requirements on IT security and data integrity, which means that this area is a critical success factor for the company. Formpipe is and has been successful in this area and works continuously with IT and information security based on recognised guidelines, such as ISO 27001.	-	-
Customer satisfaction and product quality	Good customer satisfaction and product quality are a prerequisite for being the customers' first choice and a long-term actor in a competitive market. Formpipe annually conducts a customer survey and reacts to deviations that may indicate some form of dissatisfaction. In the customer surveys, space is also provided for future-oriented suggestions from customers on product improvements or product development. Besides customer surveys, there are active user associations for the larger products that provide collective input to the products' development plan.	The respective business units formulate and conduct their customer surveys based on their respective needs.	-
Corruption, bribes and money laundering	Formpipe does not offer, does not request and does not accept bribes or other illegal payments to win or keep business. Formpipe strives to only do business with business partners who conduct business that is consistent with legislation and whose business is financed in a legal manner. Formpipe does not promote money laundering and in accordance with the spirit of the core values follows the general guidelines on combating money laundering that exist in applicable laws and conventions against corruption and money laundering.	-	-
Human rights	Formpipe supports and respects human rights regardless of where we work and we follow the UN Guiding Principles on Business and Human Rights and the UN framework for reporting guiding principles.	-	-

Consolidated income statement

KSEK	Note	2017	2016
Net sales		**390,240**	**378,723**
Operating expenses			
Cost of sales		-61,036	-52,439
Other costs	6	-71,710	-71,588
Staff expenses	7	-208,604	-203,856
Own work capitalised		36,869	37,204
Operating profit before depreciation and items affecting comparability (EBITDA)		**85,759**	**88,044**
Items affecting comparability	14, 27	398	-3,118
Depreciation		-48,482	-55,261
Operating profit (EBIT)		**37,674**	**29,665**
Income from financing activities	8, 10	226	2,748
Expenses from financing activities	8, 10	-5,006	-4,890
Profit/loss after financial items		**32,894**	**27,523**
Tax on profit/loss for the year	9, 23	-8,057	-7,173
Profit for the year from remaining operations		**24,837**	**20,350**
Profit attributable to divested operations	11	-	-
Capital gains attributable to divested operations	11	-	2,434
Profit/loss for the year		**24,837**	**22,784**
Of which attributable to:			
Shareholders of the Parent Company		*24,832*	*21,877*
Non-controlling interests		*5*	*907*
Total		*24,837*	*22,784*
Other comprehensive income			
Items that may be reclassified to profit/loss			
Currency differences		6,393	7,045
Other comprehensive income for the period, net after tax		6,393	7,045
Total comprehensive income for the year		**31,230**	**29,830**
Of which attributable to:			
Shareholders of the Parent Company		*31,225*	*28,922*
Non-controlling interests		*5*	*907*
Total		*31,230*	*29,830*

KSEK		2017	2016
Earnings per share, calculated on earnings attributable to shareholders of the Parent Company during the year (expressed in SEK per share)	12		
- before dilution		0.48	0.43
- after dilution		0.48	0.43
– before dilution, remaining operations		0.48	0.38
– after dilution, remaining operations		0.48	0.38
– before dilution, divested operations		0.00	0.05
– after dilution, divested operations		0.00	0.05
Average total shares before dilution, thousands		51,623	50,803
Average total shares after dilution, thousands		52,128	51,203

Consolidated balance sheet

KSEK	Note	31/12/2017	31/12/2016
ASSETS			
Non-current assets			
Intangible assets	14		
Capitalised expenditure		133,758	134,688
Goodwill		329,045	327,307
Other intangible non-current assets		2,267	8,400
Total intangible non-current assets		**465,071**	**470,396**
Property, plant and equipment	15		
Other equipment		4,596	4,075
Total property, plant and equipment		**4,596**	**4,075**
Financial assets	16		
Other financial assets		2,964	1,682
Total non-current financial assets		**2,964**	**1,682**
Non-current liabilities	23		
Deferred tax assets		14,937	17,332
Total non-current liabilities		**14,937**	**17,332**
Total non-current assets		**487,567**	**493,484**
Current assets			
Work in progress		7,309	8,470
Current liabilities			
Trade and other receivables	17, 18	66,898	62,503
Other receivables		288	151
Accruals and prepaid income	19	31,556	23,746
Total current liabilities		**98,743**	**86,400**
Cash and cash equivalents	17, 20	82,663	60,890
Total non-current assets		**188,715**	**155,760**
TOTAL ASSETS		**676,281**	**649,244**

KSEK	Note	31/12/2017	31/12/2016
EQUITY			
Share capital	21	5,187	5,127
Other paid-in capital		194,729	193,829
Revaluation reserves		17,892	11,499
Retained earnings		145,243	135,793
Total equity attributable to shareholders of the Parent		**363,051**	**346,249**
Non-controlling interests		2,079	2,706
Total equity		**365,130**	**348,954**
LIABILITIES			
Non-current liabilities			
Borrowing from credit institutions	22	74,828	88,963
Deferred tax liabilities	23	21,691	20,366
Other non-current liabilities	17, 27, 28	618	6,624
Total non-current liabilities		**97,137**	**115,953**
Current liabilities			
Borrowing from credit institutions	22	16,625	16,518
Trade and other payables	17	24,106	14,970
Current tax liabilities		3,730	4,113
Other liabilities	24	20,384	17,754
Accrued expenses and deferred income	25	149,168	130,982
Total current liabilities		**214,013**	**184,337**
Total liabilities		**311,150**	**300,290**
TOTAL EQUITY AND LIABILITIES		**676,281**	**649,244**

Consolidated statement of changes in equity

		Equity attributable to shareholders of the Parent						
KSEK	Note	Share capital	Other paid-in capital	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Equity on 1 January 2016		**5,014**	**186,709**	**4,454**	**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	12	-	-	-	-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**
Equity on 1 January 2017		**5,127**	**193,829**	**11,499**	**135,793**	**346,249**	**2,706**	**348,954**
Comprehensive income								
Earnings for the period		-	-	-	24,832	24,832	5	24,837
Other comprehensive income items		-	-	6,393	-	6,393	-	6,393
Total comprehensive income		**-**	**-**	**6,393**	**24,832**	**31,225**	**5**	**31,230**
Transactions with shareholders								
Dividends	12	-	-	-	-15,382	-15,382	-632	-16,014
New share issue	21	60	3,782	-	-	3,842	-	3,842
Warrant buy-back	21	-	-3,282	-	-	-3,282	-	-3,282
Paid-in premiums for staff share option programme	21	-	400	-	-	400	-	400
Total transactions with shareholders		**60**	**900**	**-**	**-15,382**	**-14,422**	**-632**	**-15,054**
Equity on 31 December 2017		**5,187**	**194,729**	**17,892**	**145,243**	**363,051**	**2,079**	**365,130**

Parent Company income statement

KSEK	Note	2017	2016
Net sales		**152,794**	**139,446**
Operating expenses			
Cost of sales		-24,119	-17,780
Other costs	6	-32,072	-28,229
Staff expenses	7	-66,399	-65,265
Depreciation		-6,246	-6,298
Total operating expenses		**-128,836**	**-117,573**
Operating profit/loss		**23,958**	**21,873**
Profit from participating interests in Group companies	8, 10	1,168	2,921
Income from financing activities	8, 10	5,283	8,545
Expenses from financing activities	8, 10	-3,407	-4,130
Profit/loss after financial items		**27,003**	**29,208**
Appropriations		-6,601	-
Tax on profit/loss for the year	9, 23	-4,356	-5,712
Profit/loss for the year		**16,046**	**23,496**

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

Parent Company balance sheet

KSEK	Note	31/12/2017	31/12/2016
ASSETS			
Non-current assets			
Intangible assets	14		
Capitalised expenditure		1,639	2,053
Goodwill		108	255
Customer contracts		13,106	17,548
Total intangible non-current assets		**14,852**	**19,856**
Property, plant and equipment	15		
Other equipment		967	1,164
Total property, plant and equipment		**967**	**1,164**
Financial assets			
Shares in subsidiaries	16	257,137	262,644
Interest-bearing loans to group companies		67,167	83,830
Total non-current financial assets		**324,304**	**346,473**
Total non-current assets		**340,123**	**367,493**
Current assets			
Current liabilities			
Interest-bearing loans to group companies		11,376	6,990
Trade and other receivables	18	21,551	25,101
Current tax assets		-	82
Loans to group companies		25,239	25,894
Other receivables		72	104
Accruals and prepaid income	19	21,201	14,121
Total current liabilities		**79,439**	**72,292**
Cash and cash equivalents	20	65,908	45,369
Total non-current assets		**145,347**	**117,661**
TOTAL ASSETS		**485,470**	**485,154**

KSEK	Note	31/12/2017	31/12/2016
EQUITY			
Restricted equity			
Share capital	21	5,187	5,127
Other contributed capital		17,691	17,691
Total restricted equity		**22,878**	**22,818**
Non-restricted equity			
Distributable reserves		163,582	162,682
Retained earnings		32,000	23,886
Profit/loss for the year		16,046	23,496
Total non-restricted equity		**211,628**	**210,064**
Total equity		**234,505**	**232,882**
Untaxed reserves			
Tax allocation reserves		6,601	-
Total untaxed reserves		**6,601**	**-**
LIABILITIES			
Non-current liabilities			
Borrowing from credit institutions	22	74,828	88,963
Other non-current liabilities		-	5,589
Total non-current liabilities		**81,429**	**94,552**
Current liabilities			
Borrowing from credit institutions	22	16,625	16,518
Trade and other payables		14,613	8,715
Tax liability		4,923	-
Liabilities to group companies		43,788	50,688
Other liabilities	24	13,628	13,151
Accrued expenses and deferred income	25	75,958	68,647
Total current liabilities		**169,536**	**157,720**
Total liabilities		**250,965**	**252,272**
TOTAL EQUITY AND LIABILITIES		**485,470**	**485,154**

Statement of changes in equity – Parent Company

		Restricted equity		Non-restricted equity		
KSEK	Note	Share capital	Other contrib-uted capital	Distributable reserves	Other non-restricted equity	Total equity
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	12	-	-	-	-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**
Equity on 1 January 2017		**5,127**	**17,691**	**162,682**	**47,382**	**232,882**
Comprehensive income						
Profit/loss for the year		–	–	–	16,046	16,046
Total comprehensive income		**–**	**–**	**–**	**16,046**	**16,046**
Transactions with shareholders						
Dividends	12	-	-	-	-15,382	-15,382
New share issue	21	60	-	3,782	-	3,842
Warrant buy-back	21	-	-	-3,282	-	-3,282
Paid-in premiums for staff share option programme	21	-	-	400	-	400
Total transactions with shareholders		**60**	**-**	**900**	**-15,382**	**-14,422**
Equity on 31 December 2017		**5,187**	**17,691**	**163,582**	**48,046**	**234,505**

Cash flow statement

		Group		Parent Company	
KSEK	**Note**	**2017**	**2016***	**2017**	**2016**
Cash flow from operating activities					
Operating profit/loss		37,674	29,665	23,958	21,873
Items not affecting cash flows					
– Depreciation/amortisation		48,481	55,261	6,246	6,279
– Other items		-1,156	-3,061	284	1,018
Other items affecting liquidity					
Profit from participating interests in Group companies		-	-	1,168	2,921
Interest revenue		271	195	4,368	5,457
Interest expense		-4,054	-4,855	-2,548	-4,130
Income tax paid		-5,880	-3,760	649	-290
Cash flow from operating activities before changes in working capital		**75,336**	**73,445**	**33,108**	**33,128**
Increase (-)/decrease (+) in work in progress		1,398	3,563	-	-
Increase (-) / decrease (+) trade receivables		-3,486	-10,830	8,074	-16,379
Increase (-) / decrease (+) other current receivables		-7,678	-7,007	-10,917	-20,580
Increase (+) / decrease (-) trade payables		8,987	-2,730	6,165	2,597
Increase (+) / decrease (-) non-current liabilities		20,584	13,090	620	25,844
Cash flow from changes in working capital		**19,804**	**-3,913**	**3,942**	**-8,518**
Cash flow from operating activities		**95,140**	**69,532**	**37,050**	**24,610**
Cash flow from investing activities					
Purchase consideration, divested operations	11, 27	-	3,121	-	-
Investment in intangible non-current assets	14	-37,881	-34,516	-674	-22,104
Investment in property, plant, and equipment	15	-2,147	-1,390	-371	-673
Investment in financial assets	16	-1,235	-190	12,277	9,935
Cash flow from investing activities		**-41,263**	**-32,975**	**5,642**	**-12,842**
Cash flow from financing activities					
New share issue	21	3,842	7,538	3,842	7,538
Issue of warrants	21	400	265	400	265
Warrant buy-back		-3,282	-570	-3,282	-570
Repayment of loans	22	-17,275	-13,597	-14,332	-9,783
Dividend paid	13	-16,014	-6,593	-15,382	-5,014
Cash flow from financing activities		**-32,329**	**-12,957**	**-22,153**	**-7,564**
Cash flow for the year		**21,549**	**23,600**	**20,539**	**4,204**
Currency translation differences for cash and cash equivalents		224	-380	-	-
Cash and cash equivalents at start of year		60,890	37,670	45,369	41,165
Cash and cash equivalents at year-end	20	**82,663**	**60,890**	**65,908**	**45,369**

* 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 2017.

NOTE 1 GENERAL INFORMATION

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

The Group has offices in Sweden, Denmark, the Netherlands, Germany, the UK and the USA and primarily sells its products in Sweden and Denmark.

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

On 28 March 2018, the Board of Directors approved the consolidated financial statements for publication on 3 April 2018.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

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 2017 are assessed to have any substantial impact on the Group in this or future periods.

New standards, amendments and interpretations of existing 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 2017 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. According to IFRS 15, a revenue should be recognised when the customer gains control over the sold good or service and has the opportunity to use and receive benefit from the good or service, which differs from before when revenues were to be recognised when significant risks and benefits were transferred to the customer. 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 complete. The model for the Group's assessment of the effects followed 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 standard's 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

NOTE 2 Summary of significant accounting policies, cont.

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 and how these classes of revenue today and historically have been reported. The various revenue classes are assessed separately.

1. Licences – Revenue recognition at on specific time
2. Software as a service – Revenue recognition over time
3. Support and maintenance – Revenue recognition over time
4. Implementation – Revenue recognition after time spent

The effect Formpipe sees after the evaluation work that will affect the Group's revenue recognition is mainly future agreements with customers. Formpipe sees that customers will increasingly strive for a different invoicing model in relation to the agreements and the actual transfer of control. Upon such deviations, revenue recognition will be adjusted from the invoicing model to meet the principles of IFRS 15. It will also place new requirements on the Group's agreement management, processes and controls, as well as compensation and bonuses attributable to agreement that will deviate from the invoicing model. For the Group, the introduction of IFRS 15 will also entail new and more extensive disclosure requirements regarding revenue recognition.

- 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.

Non-controlling interests in the subsidiaries' earnings and equity are recognised separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet.

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.

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.

NOTE 2 Summary of significant accounting policies, cont.

Foreign currency translation

Functional and presentation currency

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

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 tests annually or more often if events or changed circumstances indicate a possible loss in value, to identify possible impairment requirements. Goodwill is recognised at cost less accumulated impairment losses. 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.

In impairment testing, goodwill acquired in a business combination is allocated to each of the acquirer's cash-generating units, or groups of

NOTE 2 Summary of significant accounting policies, cont.

cash-generating units, that is expected to benefit from the synergies of the combination. Each unit or group of units to which goodwill has been allocated corresponds to the lowest level in the Group at which the goodwill in question is monitored for internal management, which for the Formpipe Group is the operating segment level.

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

Goodwill and intangible assets that have an indefinite useful life or intangible assets that are not ready for use are not amortised, but rather impairment tested annually or upon an indication of a value decrease. Assets that are subject to depreciation are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The impairment made corresponds to the amount by which the book value of the asset exceeds its recovery value. The recoverable amount is the higher of the asset's fair value less selling cost or its value in use. For impairment testing, assets are grouped at the lowest levels at which there are separate identifiable cash flows (cash generating units). All assets, except financial assets and goodwill, that have been previously impaired are tested annually on the statement of financial position date to determine if they should be reversed.

FINANCIAL ASSETS AND LIABILITIES

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

(a) Financial assets and liabilities measured at amortised cost

Financial assets measured at their amortised cost are loans and receivables that are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They comprise Trade receivables, Other receivables and Cash and cash equivalents included in current assets unless the item has a settlement date more than 12 months after the statement of financial position date, in which case they are classified as non-current assets. Financial liabilities measured at amortised cost comprise Borrowings and Trade payables in the balance sheet where cost is its fair value at acquisition date. Borrowings correspond to the amount received less any transaction costs.

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

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

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

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

Purchases and sales of financial assets and liabilities are recognised on the trade date; that is, the date the Group commits itself to purchase 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 the least extent possible.

NOTE 2 Summary of significant accounting policies, cont.

At the statement of financial position date, the company measures whether there is objective evidence of the asset or group of financial assets being impaired.

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 PAYABLES AND OTHER LIABILITIES

Trade and other payables are initially reported at fair value and thereafter at amortised cost applying the effective interest method. The amounts are not hedged and most often paid within 30 days. Trade payables and other liabilities are classified as current liabilities if they are due for payment within one year or less. If not, they are taken up as non-current liabilities. The carrying amount for trade payables and other liabilities is presumed to correspond to their fair value, since these items are current by 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.

CURRENT AND DEFERRED INCOME TAX

The tax expense for the period comprises current tax calculated on the period's tax profit according to current tax rates. The current tax expense is adjusted with changes in deferred tax assets and liabilities related to temporary differences and unutilised tax loss carryforwards.

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

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

Benefits on termination of employment

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

Profit-sharing and bonuses

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

NOTE 2 Summary of significant accounting policies, cont.

PROVISIONS

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

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

REVENUE

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

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

Sale of goods

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

Sale of services

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

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

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

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

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

Interest income

Finance income is recognised as revenue allocated over the term using the effective interest method.

LEASING

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

DIVIDENDS

Dividends to the Parent'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 may holds no derivative instruments to hedge risk exposures.

Risk management is done by a central finance unit following policies established by the Board of Directors. The Formpipe Software Finance Policy is approved by the Board for one year at a time. The Finance Policy sets the guidelines for managing financial risks within the Group. The Formpipe Software 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 Software Swedish operations have their currency flows nearly exclusively in SEK, there is no need for currency hedging.

NOTE 3 Financial risk management, cont.

With regard to the Danish business, Formpipe opts to hedge currency against the DKK for individually material known payments, through futures contracts at the Group level.

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

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

If the SEK had been weakened/strengthened by 10 per cent relative to the reporting currencies in the Group's foreign subsidiaries, with all other variables constant, the profit for the year and equity for the Group for 2017 and 2016 would have been affected as per the table below.

	2017		2016	
KSEK	Profit/loss for the year	Equity	Profit/loss for the year	Equity
SEK strengthened by 10%	554	-27,034	-2,780	-24,826
SEK weakened by 10%	-554	24,956	2,780	24,826

(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 28,880 (34,138) with a variable interest rate linked to STIBOR and KDKK 47,300 (55,900) 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 98 (113).

(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 2017. The bank loan achieves a bullet time at 30 April 2019, which occurs in interval number two, where these bank loans are renegotiated and the repayment period is determined for the remainder of the bank loan. Repayment in 2019 until the bullet time amounts to KSEK 8,312 at the closing day rate. The bank loans in the table below have been assumed to have the same repayment rate as the current one with the closing day rate.

The trade payables and other liabilities within the interval < 1 year in the table below falls due for payment in full within 2018.

The company's net debt (interest-bearing liabilities less cash and cash equivalents) amounted to KSEK 9,409 (45,626) at year-end.

KSEK	< 1 yr	1-2 yrs	2-5 yrs	< 5 yr
2017				
Bank borrowings	16,625	16,625	49,872	8,331
Trade payables and other liabilities	48,220	-	-	-
Total	**64,845**	**16,625**	**49,872**	**8,331**
2016				
Bank borrowings	16,518	16,518	73,028	-
Trade payables and other liabilities	36,837	-	-	-
Total	**53,355**	**16,518**	**73,028**	**-**

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 2017 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 ACCOUNTING ESTIMATES AND ESTIMATES FOR ACCOUNTING PURPOSES

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

The Group makes judgements and assumptions concerning the future. These result in accounting estimates, which, by definition, rarely correspond with actual outcome. The estimates and assumptions that involve a noteworthy risk of significant adjustments to the book values of assets and liabilities during the next financial year are discussed below.

IMPAIRMENT TESTING OF GOODWILL

The Group conducts annual impairment testing of goodwill. The recoverable amount for cash-generating units is measured by calculating value in use. Value in use is judged based on forecast future cash flows for each of the cash-generating units. Impairment testing involves assumptions about expected growth, gross margins and discount rates, as specified in Note 14.

CUSTOMER RELATIONSHIPS, TECHNOLOGY AND BRAND NAMES

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

CAPITALISED EXPENDITURE

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

DEFERRED TAX ASSETS

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

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 which products are 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.

NOTE 5 Segment information, cont.

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

		2017			2016		
Company name	**Domicile**	**Sweden**	**Denmark**	**Life Sciences**	**Sweden**	**Denmark**	**Life Sciences**
Formpipe Software AB	Sweden	x		x	x		x
Formpipe Software Intelligo AB	Sweden	x			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 Lasernet 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	x			x

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.

2017	**Sweden**	**Denmark**	**Life Sciences**	**Eliminations**	**Continuing operations**	**Divested operations**	**Group**
Sales, external	170,308	208,870	11,062	-	390,240	-	390,240
Sales, internal	4,960	3,776	677	-9,413	-	-	-
Total sales	**175,268**	**212,646**	**11,739**	**-9,413**	**390,240**	**-**	**390,240**
Expenses, external	-120,001	-172,288	-12,192	-	-304,481	-	-304,481
Expenses, internal	-4,785	-3,944	-684	9,413	-	-	-
Total expenses	**-124,786**	**-176,233**	**-12,876**	**9,413**	**-304,481**	**-**	**-304,481**
EBITDA	**50,482**	**36,414**	**-1,137**	**-**	**85,759**	**-**	**85,759**
Items affecting comparability					398	-	398
Capital gain divested operations					-	-	-
Depreciation					-48,482	-	-48,482
EBIT					**37,674**	**-**	**37,674**
Net financial items					-4,780	-	-4,780
Tax					-8,057	-	-8,057
Profit/loss for the year					**24,837**	**-**	**24,837**

2016	**Sweden**	**Denmark**	**Life Sciences**	**Eliminations**	**Remaining 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**
Items affecting comparability					-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**

ASSETS

NOTE 5 Segment information, cont.

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.

2017	Sweden	Denmark	Life Sciences	Group
Capitalised expenditure	56,787	72,578	4,392	133,758
Goodwill	96,521	224,746	7,778	329,045
Other intangible assets	-	-	2,267	2,267
Total	**153,309**	**297,325**	**14,437**	**465,071**

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

GROUP-WIDE INFORMATION

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

2017 Continuing operations	Sweden	Denmark	Life Sciences	Group
Licences	38,320	32,820	2,554	73,694
Maintenance and Support	91,249	80,336	3,002	174,588
Delivery services	40,739	95,714	5,506	141,958
Total	**170,308**	**208,870**	**11,062**	**390,240**

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

GEOGRAPHIC DISTRIBUTION OF EXTERNAL REVENUES

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

2017 Continuing operations	Sweden	Denmark	Life Sciences	Group
Nordic region	154,232	175,619	3,856	333,707
UK	43	14,690	5,612	20,344
Rest of Europe	1,662	17,128	232	19,023
North America	14,340	932	1,362	16,635
Rest of world	32	500	-	532
Total	**170,308**	**208,870**	**11,062**	**390,240**

2016 Continuing operations	Sweden	Denmark	Life Sciences	Group
Nordic region	138,607	180,089	3,585	322,281
UK	392	14,010	5,355	19,758
Rest of Europe	2,987	15,829	160	18,976
North America	15,584	728	947	17,259
Rest of world	2	446	-	448
Total	**157,572**	**211,103**	**10,048**	**378,723**

INFORMATION ABOUT CUSTOMERS

The Group is domiciled in Sweden. Revenues from external customers in the Sweden segment amount to KSEK 170,308 (157,572), total revenues from external customers in the Denmark segment amount to KSEK 208,870 (211,103) excluding divested operations and total revenue from external customers in the Life Science segment amount to KSEK 11,062 (10,048).

Revenues of KSEK 84,835 (80,803) refer to a single external customer and are attributable to the Denmark segment.

NOTE 6 AUDITOR'S REMUNERATION

	Group		Parent Company	
	2017	**2016**	**2017**	**2016**
PricewaterhouseCoopers AB				
Audit assignment	785	702	240	270
Auditing services other than audit assignment	238	277	106	12
Tax consultancy	55	-	55	-
Other services	80	98	80	23
Total PricewaterhouseCoopers AB	**1,158**	**1,077**	**481**	**305**
Other auditors				
Audit assignment	244	201	-	-
Group total	**1,402**	**1,278**	**481**	**305**

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.

The audit assignment amounts to KSEK 1,029, of which KSEK 240 is for PwC Sweden. Audit activities in addition to the audit assignment amount to KSEK 238, of which KSEK 106 is for PwC Sweden. Tax consultancy services amount to KSEK 55, of which KSEK 55 is for PwC Sweden. Other services amount to KSEK 80, of which KSEK 80 is for PwC Sweden.

NOTE 7 STAFF, MANAGEMENT AND BOARD OF DIRECTORS

Salaries and other employee benefits for all employees identified for the Parent Company and subsidiaries	2017	2016*
Parent Company		
Salaries and other benefits	41,447	43,041
Pension cost	4,752	4,810
Social security contributions	14,738	14,686
Subsidiaries		
Salaries and other benefits	126,601	122,952
Pension cost	7,718	7,469
Social security contributions	4,684	4,779
Group		
Salaries and other benefits	168,048	165,994
Pension cost	12,470	12,279
Social security contributions	19,422	19,465

* The amounts attributable to the 2016 financial year in the table below have been corrected against the previous year's annual report regarding subsidiaries and the Group due to summation error.

	Group		Parent Company	
Number of employees at year-end	**2017**	**2016**	**2017**	**2016**
Formpipe Software Stockholm	77	73	77	73
Formpipe Software Lasernet A/S, DK	12	12		
Formpipe Software A/S, DK	109	114		
Formpipe Lasernet Ltd, UK	3	2		
Formpipe Intelligo AB, Stockholm	12	12		
Formpipe Life Science Ltd, UK	11	11		
Formpipe Software Benelux B.V., NL	3	3		
Formpipe Inc, USA	3	2		
Formpipe Lasernet GmbH, DE	1	1		
Total staff	**231**	**230**	**77**	**73**
Average staff	**231**	**235**	**75**	**56**

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
2017					
Bo Nordlander (Chair)	350	-	-	-	350
Peter Lindström	175	-	-	-	175
Martin Henricson	175	-	-	-	175
Annikki Schaeferdiek	175	-	-	-	175
Åsa Landén Ericsson	175	-	-	-	175
Christian Sundin (CEO)	2,040	221	518	124	2,903
Other senior executives, 3 persons	4,556	189	358	56	5,160
Total	**7,646**	**410**	**877**	**180**	**9,113**
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 2016	**7,370**	**1,198**	**837**	**196**	**9,601**

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	**2017**	**2016**	**2017**	**2016**
Women	2	2	2	2
Men	3	3	3	3

Boards of Directors for subsidiaries	Women 2017	Men 2017	Women 2016	Men 2016
Formpipe Software Lasernet A/S, DK	-	3	-	3
Formpipe Software Holding A/S, DK	-	3	-	3
Formpipe Software A/S, DK	-	3	-	3
Formpipe Lasernet Ltd, UK	-	3	-	1
Formpipe Intelligo AB, SE	-	3	-	3
Formpipe Software Benelux B.V., NL	-	2	-	1
Formpipe Life Science Ltd, UK	-	1	-	1
Formpipe Inc, USA	-	1	-	1
Formpipe Lasernet GmbH, DE	-	2	-	1

The Board of Directors in subsidiaries received no remuneration for 2017. 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, including CEO	**2017**	**2016**	**2017**	**2016**
Women	–	–	–	–
Men	2	2	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. New rules regarding Board fees begin to apply after the 2018 AGM when the fee may not be invoiced in the future. Compensation for the Board fee will then be handled through the company's regular salary administration.

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	
	2017	**2016**	**2017**	**2016**
Income from financing activities				
Dividends received from subsidiaries	-	-	1,168	2,921
Interest income	226	195	5,003	5,457
Other financial income	-	-	-	-
Exchange rate differences	-	2,554	280	3,088
Total financial revenues	**226**	**2,748**	**6,452**	**11,465**

	Group		Parent Company	
	2017	**2016**	**2017**	**2016**
Expenses from financing activities				
Interest expense bank borrowings	-2,525	-2,975	-2,525	-2,975
Other interest expenses	-341	-352	-181	-2
Exchange rate differences	-917	-	-	-
Other financial expenses	-1,222	-1,563	-700	-1,152
Total financial expenses	**-5,006**	**-4,890**	**-3,407**	**-4,130**

NOTE 9 INCOME TAX

	Group		Parent Company	
	2017	2016	2017	2016
Current tax	6,528	8,184	4,356	2,077
Deferred tax	1,529	-1,011	-	3,635
	8,057	**7,173**	**4,356**	**5,712**
Current tax, divested operations	-	700	-	-
Deferred tax, divested operations	-	-	-	-
	8,057	**7,873**	**4,356**	**5,712**

Deferred tax refers to capitalisation of tax loss carryforwards of KSEK 1,363 (2,777), utilisation of accumulated tax loss carryforwards from previous years totalling KSEK -1,894 (-5,399) and deferred tax expenses attributable to intangible assets of KSEK -551 (3,633) and revaluation effects of a changed tax rate of KSEK -446 (-).

At the end of the period, the Group has accumulated losses of MSEK 8.7 (8.0) where that related to loss carryforwards are not capitalised in the Group. All other loss carryforwards in the Group are capitalised as deferred tax assets, also refer to Note 23.

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

	Group		Parent Company	
	2017	2016	2017	2016
Profit before tax, remaining operations	32,894	27,523	20,402	29,208
Profit before tax, divested operations	-	3,180	-	-
Anticipated tax rate according to the current Swedish tax rate of 22 per cent	7,237	6,755	4,488	6,426
Effect of other tax rates for foreign subsidiaries	-1,646	9,536	-	-
Non-taxable income	-275	-4,279	-275	-776
Non-allowable expenses	192	635	143	62
Difference between accounting and tax depreciation	2,536	1,499	-	-
Tax attributable to previous years	379	137	-	-
Tax attributable to intangible assets	551	-3,633	-	-
Effect of subsidiaries' tax rates	446	-	-	-
Capitalised loss carryforwards	-1,363	-2,777	-	-
Tax expense	**8,057**	**7,873**	**4,356**	**5,712**

The weighted effective tax rate was 24.5 (25.6) per cent.

NOTE 10 EXCHANGE RATE DIFFERENCES – NET

	Average exchange rate Jan-Dec		Rate at statement of financial position date 31 Dec.	
Exchange rates (against SEK)	2017	2016	2017	2016
DKK	1.29	1.27	1.32	1.29
EUR	9.63	9.47	9.85	9.57
GBP	10.99	11.57	11.10	11.18
USD	8.54	8.56	8.23	9.10

	Group		Parent Company	
Exchange rate differences were recognised in the income statement as follows:	2017	2016	2017	2016
Other revenues and expenses – net	-242	-381	7	-377
Financial items – net	-917	2,554	280	3088

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.

The Group realisation result only comprises the purchase consideration for the operations and amounted to MSEK - (3.1). 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	2017	2016
Net sales	-	-
Operating expenses		
Cost of sales	-	-
Other costs	-	-
Staff expenses	-	-
Items affecting comparability	-	-
Capital gain divested operations	-	3,134
Total operating expenses	**-**	**3,134**
Operating profit/loss	**-**	**3,134**
Tax on profit/loss for the year	-	-700
Profit for the year from remaining operations	**-**	**2,434**

Cash flow from operating activities for divested units amounted to KSEK - (-). In addition to this, sales proceeds were received in an amount of KSEK - (3,134). In 2017, the capital gain regarding divested operations amounted KSEK - (3,134), which relates to the purchase consideration in its entirety.

NOTE 12 EARNINGS PER SHARE

BEFORE DILUTION

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

	2017	2016
Profit or loss for the year attributable to shareholders of the Parent		
From remaining operations	24,832	19,443
From divested operations	-	2,434
	24,832	**21,877**
Weighted average outstanding common shares (thousands)	51,623	50,803
Earnings per share before dilution (SEK per share)		
From remaining operations	0.48	0.38
From divested operations	-	0.05
	0.48	**0.43**

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 Company for the entire year), for an amount corresponding to the monetary value of the subscription rights that are tied to outstanding share options. The total shares calculated as above is compared to the total shares that could have been issued (assuming all share options are exercised).

NOTE 12 Earnings per share, cont.

	2017	2016
Weighted average outstanding common shares (thousands)	51,623	50,803
Adjustments for:		
– share options 2013 to 2016 (thousands)	-	134
– share options 2014 to 2017 (thousands)	221	266
– share options 2015 to 2018 (thousands)	150	-
– share options 2016 to 2019 (thousands)	134	-
– share options 2017 to 2019 (thousands)	-	-
Weighted average total common shares used in calculating earnings per share after dilution (thousands)	**52,128**	**51,203**
Earnings per share after dilution (SEK per share)		
From remaining operations	0.48	0.38
From divested operations	-	0.05
Earnings per share after dilution (SEK per share)	**0.48**	**0.43**

NOTE 13 DIVIDEND PER SHARE

The Board of Directors proposes that the Annual General Meeting on 25 April 2018 resolve to approve a dividend of SEK 0.50 (0.30) per share, which entails a total dividend of SEK 25,936,512.50 (15,382,082.40).

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 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
Amortisation	-	-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 amortisation	-	-247,971	-43,366	-2,679	-6,248	-300,264
Carrying amount	**327,307**	**134,688**	**7,402**	**554**	**444**	**470,396**

	Goodwill	Capitalised expenditure	Customer relations	Technology	Brand names	Total
Financial year 2017						
Opening carrying amount	327,307	134,688	7,402	554	444	470,396
Exchange rate differences	5,991	1,923	-9	-6	-8	7,891
Purchases	-	37,881	-	-	-	37,881
Amortisation	-	-40,734	-5,456	-218	-436	-46,844
Impairment losses	-4,253	-	-	-	-	-4,253
Closing carrying amount	**329,045**	**133,758**	**1,937**	**330**	**-**	**465,070**
At 31 December 2017						
Cost	**329,045**	**427,339**	**51,883**	**3,285**	**6,759**	**818,310**
Accumulated depreciation	-	-293,580	-49,946	-2,955	-6,759	-353,240
Carrying amount	**329,045**	**133,758**	**1,937**	**330**	**-**	**465,071**

Capitalised expenditures represent essentially only product development.

NOTE 14 Intangible assets, cont.

PARENT COMPANY	Goodwill	Capitalised expenditure	Customer contracts	Total
Financial year 2016				
Opening carrying amount	404	3,028	-	3,432
Purchases	-	85	22,019	22,104
Assumed cost through merger	55,986	25,296	-	81,282
Amortisation	-149	-1,095	-4,471	-5,715
Assumed amortisation through merger	-55,986	-25,261	-	-81,247
Closing carrying amount	**255**	**2,053**	**17,548**	**19,856**
At 31 December 2016				
Cost	60,785	31,438	22,019	114,242
Accumulated amortisation	-60,530	-29,385	-4,471	-94,386
Carrying amount	**255**	**2,053**	**17,548**	**19,856**
Financial year 2017				
Opening carrying amount	255	2,053	17,548	19,856
Purchases	-	674	-	674
Amortisation	-147	-1,088	-4,443	-5,678
Closing carrying amount	**108**	**1,639**	**13,106**	**14,852**
At 31 December 2017				
Cost	60,785	32,112	22,019	114,916
Accumulated amortisation	-60,677	-30,473	-8,914	-100,064
Carrying amount	**108**	**1,639**	**13,106**	**14,852**

IMPAIRMENT TESTING OF INTANGIBLE ASSETS AND GOODWILL FOR THE GROUP

Group goodwill at year-end was KSEK 329,045 (327,307). Goodwill is not amortised according to plan, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate possible impairment. 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 (96,521) for Sweden, KSEK 224,746 (218,630) for Denmark and KSEK 7,778 (12,156) Life Science.

In the second quarter, an impairment was made of the remaining purchase consideration recorded attributable to the acquisition of GXP Ltd., now Formpipe Life Science Ltd., of GBP 0.5 million, corresponding to KSEK 5,507. In connection with this, impairment tests were done where an impairment requirement was noted with regard to goodwill related to the Life Science segment and amounted to GBP 0.4 million, equivalent to KSEK 4,314. In connection with the Group's impairment test in the fourth quarter, no further impairment requirement was noted for any of the Group's cash generating units, which relate to the Group's segments. During the 2016 financial year, no impairment requirements were noted for any of the Group's cash generating units.

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	2017	2016
Segment		
Sweden, %	11%	11%
Denmark, %	11%	11%
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.

The estimated value for segments and CGU Denmark exceeds the book value, which presupposes a sustainable earnings improvement from the 2017 level. The profit for 2017 was impacted strongly negatively impacted by the transition towards SaaS sales, which however will provide a positive earnings development over time, which is why a risk of impairment is not deemed to exist.

NOTE 15 PROPERTY, PLANT AND EQUIPMENT

CONSOLIDATED	Other equipment	Total
Financial year 2016		
Opening carrying amount	3,898	3,898
Exchange rate differences	75	75
Purchases	2,424	2,424
Assumed cost through merger	-	-
Divestment and disposals	-8,444	-8,444
Depreciation	-2,256	-2,256
Assumed depreciation through merger	-	-
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**
Financial year 2017		
Opening carrying amount	4,075	4,075
Exchange rate differences	84	84
Purchases	2,147	2,147
Divestment and disposals	-1,930	-1,930
Depreciation	-1,637	-1,637
Reversed accumulated depreciation on disposals	1,858	1,858
Closing carrying amount	**4,596**	**4,596**
At 31 December 2017		
Cost	19,789	19,789
Accumulated depreciation	-15,193	-15,193
Carrying amount	**4,596**	**4,596**

PARENT COMPANY	Other equipment	Total
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**
Financial year 2017		
Opening carrying amount	1,164	1,164
Purchases	371	371
Depreciation	-568	-568
Closing carrying amount	**967**	**967**

NOTE 15 Property, plant and equipment, cont.

At 31 December 2017		
Cost	9,185	9,185
Accumulated depreciation	-8,218	-8,218
Carrying amount	**967**	**967**

NOTE 16 FINANCIAL NON-CURRENT ASSETS

	Parent Company	
Shares in subsidiaries	**2017**	**2016**
Opening cost	262,644	326,169
Merger of wholly owned subsidiaries	-	-63,525
Impairment of shares in subsidiaries	-5,507	-
Closing accumulated cost	**257,137**	**262,644**

	Group		Parent Company	
Other non-current financial assets	**2017**	**2016**	**2017**	**2016**
Interest-bearing loans to group companies	-	-	67,167	83,830
Other financial assets	2,964	1,682	-	-
Closing value, financial assets	**2,964**	**1,682**	**324,304**	**346,473**

In 2016, 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 financial year, the remainder of the contingent purchase consideration regarding the 2014 acquisition of GXP Limited (now Formpipe Life Science Ltd) was impaired by GBP 0.5 million, corresponding to KSEK 5,507. The contingent purchase consideration was booked as a non-current liability on the Parent Company balance sheet. The impairment of the remainder 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	**2017**	**2016**	**2017**	**2016**
Mortgages	310,329	300,321	310,329	300,321

The Group had the following subsidiaries at the end of the period. All subsidiaries are consolidated in the Group.

Subsidiaries	**Domicile**	**Business**	**Legal form**	**Co. reg. no.**	**Ownership %**	**Carrying amount**
Formpipe Software 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%	17,606
Formpipe Inc.	USA	Software sales	Limited Liability Company	141194334	100%	-

During the 2016 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.

The non-controlling interest in Formpipe Intelligo AB is not material and is unchanged from the previous year. Sales for Formpipe Intelligo AB throughout the financial year amounted to KSEK 25,160 (28,756). 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 2017	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	67,186	-	67,186
Cash and cash equivalents	82,663	-	82,663
Total	**149,849**	-	**149,849**
Liabilities in the statement of financial position			
Borrowings	91,453	-	91,453
Other non-current liabilities	-	618	618
Trade receivables and other liabilities excluding non-financial liabilities	24,106	-	24,106
Total	**115,559**	**618**	**116,178**

31 December 2016	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	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**

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	
	2017	2016	2017	2016
Trade and other receivables	66,898	62,503	21,551	25,101
Total	**66,898**	**62,503**	**21,551**	**25,101**

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

As at 31 December 2017, trade receivables were KSEK 66,898 (62,503). They were distributed as follows: KSEK 22,998 (28,271), KDKK 29,216 (24,613), KGBP 197 (101) and KUSD 60 (49). No impairment was deemed necessary for the total trade receivables of KSEK 66,898. The age analysis of trade receivables is as follows:

	Group		Parent Company	
Past due trade receivables on the statement of financial position date	2017	2016	2017	2016
Less than 3 months	13,341	8,433	3,903	1,886
More than 3 months	-50	719	-476	-23
Total	**13,290**	**9,152**	**3,427**	**1,863**

As at 31 December 2017, the Group had no doubtful debts and so no provisions for doubtful trade receivables are reported as at 31 December 2017, 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	
	2017	2016	2017	2016
Pre-paid insurance	815	564	694	437
Prepaid IT expenses	7,552	4,232	3,459	659
Prepaid rent	1,927	1,139	968	996
Prepaid sales and marketing expenses	365	226	19	109
Accrued income	18,511	14,705	15,856	11,717
Other	2,386	2,879	206	203
Total	**31,556**	**23,746**	**21,201**	**14,121**

NOTE 20 CASH AND CASH EQUIVALENTS

	Group		Parent Company	
	2017	2016	2017	2016
Cash and cash equivalents	82,663	60,890	65,908	45,369
Total	**82,663**	**60,890**	**65,908**	**45,369**

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 2015	**50,143**
New share issue - share option redemption	1,130
At 31 December 2016	**51,274**
New share issue – share option redemption	599
At 31 December 2017	**51,873**

Total shares outstanding are 51,873,025 (51,273,608), par value SEK 0.1 (0.1) per share. All shares issued are fully paid up.

SHARE-RELATED COMPENSATION

On 26 April 2017, 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 11 May 2020 to 22 May 2020 at a price of SEK 15.80 per new share. The paid-in option premiums totalling SEK 400,000 were recognised as an increase in Other paid-in capital.

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 entitled 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.

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

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

	2017		2016	
	Average redemption price in SEK per share	Share options (total)	Average redemption price in SEK per share	Share options (total)
At 1 January	**8.08**	**2,000,000**	**7.06**	**3,000,000**
+ Allocated	15.80	500,000	9.97	500,000
– Forfeited	-	-	-	-
– Exercised	6.41	-599,417	6.67	-1,130,206
– Expired	6.41	-400,583	6.67	-369,794
As of 31 December	**11.77**	**1,500,000**	**8.08**	**2,000,000**

NOTE 21 Share capital, cont.

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

		Share options	
	Exercise price	**2017**	**2016**
19/05/2017	6.41	-	1,000,000
20/05/2018	9.54	500,000	500,000
17/05/2019	9.97	500,000	500,000
22/05/2020	15.80	500,000	-
		1,500,000	**2,000,000**

The weighted average fair value of the options allocated during 2017, determined using the Black-Scholes Pricing Model, was SEK 0.80 (0.53) per option. Significant input data to the model included the weighted average share price of SEK 13.17 (8.31) as of the grant date, exercise of the exercise price of SEK 15.80 (9.97) per new share, volatility of 25 (25) per cent, estimated time to expiry of the warrants of 1,086 (1,080) 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	**2017**	**2016**
Bank borrowings	74,828	88,963
Total non-current	**74,828**	**88,963**
Currency		
Bank borrowings	16,625	16,518
Total current	**16,625**	**16,518**
Total borrowings	**91,453**	**105,481**

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 2.93 (2.99) 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 2017, the remaining amount of KSEK - (584) 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:

	2017	**2016**
DKK	62,573	71,353
SEK	28,880	34,128
Total	**91,453**	**105,481**

Between the Group and the bank, there are a number of agreed covenants that the Group must fulfil. Continuous follow-up takes place of these covenants with the bank and no covenants have been broken during the term of the bank loan. The Group has credit facilities totalling KSEK 33,283 (32,649), 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.

Below is the Group's reconciliation of liabilities originating from the financing activities in the Group's cash flow statement, which pertains to the column Liabilities to credit institutions, and a reconciliation of the Group's net debt. Liabilities to credit institutions affected the cash flow as per below.

	Cash and cash equivalents	**Borrowing from credit institutions**	**Other non-current liabilities**	**Total**
Net debt at 31 December 2015	**37,670**	**116,751**	**-**	**-79,081**
Cash flow	23,600	-16,096	-	39,696
Exchange rate differences	-380	2,499	-	-2,879
Other non-cash items	-	2,328	1,034	-3,362
Net debt at 31 December 2016	**60,890**	**105,482**	**1,034**	**-45,626**
Cash flow	21,549	-16,297	-416	**38,261**
Exchange rate differences	224	-978	-	1,202
Other non-cash items	-	3,246	-	-3,246
Net debt at 31 December 2017	**82,663**	**91,453**	**619**	**-9,409**

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.

	2017	2016
Deferred tax assets	14,937	17,332
Deferred tax liabilities	21,691	20,366

Gross changes to deferred tax assets are as follows:	2017	2016
Opening balance	**17,332**	**23,680**
Change due to reclassification	-1,658	-4,440
Unutilised loss carryforwards	1,894	-5,399
Loss carried forward, not reported previously	1,363	2,777
Revaluation due to changed tax rates in USA	-446	-
Exchange rate differences	240	714
Closing balance	**14,937**	**17,332**

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 carryforwards	Other	Total
At 31 December 2015	**23,680**	**-**	**23,680**
Change due to reclassification	-4,440	-	-4,440
Unutilised loss carryforwards	-5,399	-	-5,399
Loss carried forward, not reported previously	2,777	-	2,777
Exchange rate differences	714	-	714
At 31 December 2016	**17,332**	**-**	**17,332**
Change due to reclassification	-1,658	-	-1,658
Unutilised loss carryforwards	1,894	-	-1,935
Loss carried forward, not reported previously	1,363	-	1,379
Revaluation due to changed tax rates in USA	-446	-	-430
Exchange rate differences	240	-	249
At 31 December 2017	**14,937**	**-**	**14,937**

Deferred tax assets are recognised as tax loss carryforwards to the extent to which it is probable that they can be utilised against future taxable profit. As of the end of the year, there is a tax loss carryforward in the Denmark segment amounting to KSEK 2,224 (-) and in the Life Science segment, there is a loss carryforward amounting to KSEK 6,407 (8,161) where a related tax loss carryforward is not capitalised in the Group. In 2017, KSEK 1,894 (5,399) of the tax loss carryforwards were utilised, and KSEK 1,363 (2,777) was capitalised.

The entire amount capitalised during the year is deemed to be able to be used next year after joint taxation in the UK. In addition, the changed tax rates in the USA have required a revaluation of the capitalised tax loss carryforward by KSEK -446 (205). The taxable amount at 31 December 2017 was KSEK 14,937 (17,332).

Gross changes to deferred tax liabilities are as follows:	2017	2016
Opening balance	**20,366**	**25,224**
Change due to reclassification	1,658	-1,681
Recognised in income statement	-551	-3,633
Exchange rate differences	217	456
Closing balance	**21,691**	**20,366**

Of the deferred tax liabilities of KSEK 21,691, a total of KSEK 4,338 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 2015	**25,224**	**-**	**25,225**
Change due to reclassification	-1,681	-	-1,681
Recognised in income statement	-3,633	-	-3,633
Exchange rate differences	456	-	456
At 31 December 2016	**20,366**	**-**	**20,367**
Change due to reclassification	1,658	-	1,658
Recognised in income statement	-551	-	-533
Exchange rate differences	217	-	200
At 31 December 2017	**21,691**	**-**	**21,692**

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 1,266 (2,061) during the year and is attributable to amortisation of capitalised development costs in an amount of KSEK 4,288 (3,844). Own work capitalised increased the deferred tax liability by KSEK 4,396 (3,771).

NOTE 24 OTHER LIABILITIES

	Group		Parent Company	
Current liabilities	**2017**	**2016**	**2017**	**2016**
Value-added tax	18,403	15,773	12,466	12,103
Other current liabilities	1,980	1,981	1,162	1,048
Total other current liabilities	**20,384**	**17,754**	**13,628**	**13,151**

NOTE 25 ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent Company	
	2017	**2016**	**2017**	**2016**
Staff-related accrued expenses	30,571	28,717	12,939	11,782
Prepaid income	111,503	97,589	59,149	54,335
Other accrued expenses	7,093	4,676	3,871	2,531
Total	**149,168**	**130,982**	**75,958**	**68,647**

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 756 (401).

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

	2017	**2016**
Within 1 year	949	766
Between 1 and 5 years	1,280	1,203
More than 5 years	-	24
Total	**2,229**	**1,993**

NOTE 27 ITEMS AFFECTING COMPARABILITY

	Group	
	2017	2016
Provision for restructuring	-863	-3,118
Revaluation of purchase consideration	5,574	-
Impairment of goodwill	-4,314	-
Total	**398**	**-3,118**

Provisions for restructuring were made during the year in an amount of KSEK 863 (3,118) with regard to organisational changes in the Danish operations.

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, the remainder of this was revalued (reduced9 by GBP 0.5 million (-), corresponding to KSEK -5,574 (-) of which no additional purchase consideration is still booked as a liability. In connection with this, impairment tests were done where an impairment requirement was noted with regard to goodwill related to the Life Science segment and amounted to GBP 0.4 million, equivalent to KSEK 4,314.

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 Software AB.
- Natural persons (and family members thereof) who directly or indirectly own a significant proportion of voting shares in Formpipe Software AB 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 Software 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

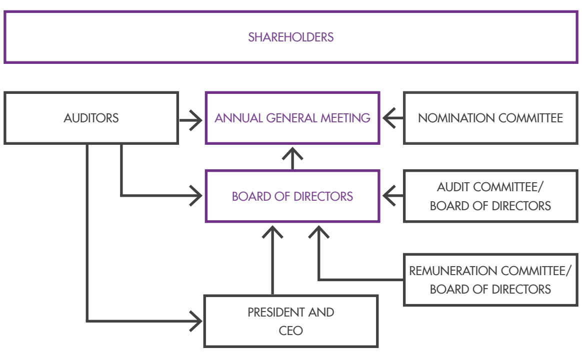
In 2016, the subsidiaries Formpipe Software Linköping AB, Formpipe Software Uppsala AB and Formpipe Software Skellefteå AB were merged into the Parent Company Formpipe Software AB through absorption of wholly owned subsidiaries. Assets and liabilities were taken over by the Parent Company according to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

Income statement	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

INTRODUCTION

Formpipe Software AB (publ) ("Formpipe") is a Swedish Public Limited company domiciled in Stockholm. In 2017, 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 2017 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.



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:

- Swedish Companies Act
- The Nasdaq Stockholm Rule Book for Issuers
- Applicable accounting legislation
- Swedish Corporate Governance Code

Examples of internal regulations

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

SHAREHOLDERS

On 31 December 2017, Formpipe had approximately 2,000 shareholders owning a total of 51,873,025 shares. The largest single shareholder as of 31 December 2017 was Aktiebolaget Grenspecialisten, holding 10.2 per cent of voting rights and equity. The 20 largest shareholders owned a total of 70.9 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 2017

The Formpipe Annual General Meeting was held on 25 April 2017 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 2016 financial year.
- Re-election of the Board members Bo Nordlander (Chairman), Martin Henricson and Peter Lindström, and election of Åsa Landén Ericsson and Annikki Schaeferdiek 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 2018

The Formpipe Annual General Meeting of Shareholders 2018 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 2018 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 normally also has individual meetings with all Board members. The the Nomination Committee applied rule 4.1 in the Swedish Corporate Governance Code and the policy for diversity for the Board in its work. Diversity is an important factor in the nomination work of the Nomination Committee. The Nomination Committee continuously strives for an even gender distribution and diversity in terms of competence, experience and background on the Board, which is also reflected in the current composition. 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 2017 AGM resolved that the nomination committee for the 2018 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. Documented shareholding through pension or endowment insurance can be taken into account. 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 2018 AGM are:

- Peter Larsson, Chairman of the Nomination Committee, representing a shareholder group consisting of himself, Thomas Bill, Martin Bjäringer, Carl Rosvall and Lars Sveder, 7,033,770 shares
- Jens Ismunden, representing AB Grenspecialisten, 5,296,351 shares.
- Staffan Ringvall, representing Handelsbanken Fonder, 2,564,063 shares
- Bo Nordlander, Chair of Formpipe Software AB, 318,159 shares

ARTICLES OF ASSOCIATION

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

BOARD OF DIRECTORS

The job of the Board of Directors

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

Responsibilities of the Board

The Board of Directors at Formpipe has overall operational responsibility for the company's organisation and management, and to ensure that guidelines for managing company assets and funds are appropriate for their purpose. The Board is responsible to ensure the company is governed in accordance with the laws and ordinances, as well as the issuer rules of which the Swedish Code of Corporate Governance is part. The Board is also responsible for developing and monitoring the Group's strategies by means of plans and targets, decisions on acquisitions and divestments of companies, major investments, recruitments and remuneration to the Group executive, along with regular monitoring of operations over the year. The Board 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 2017

The AGM on 25 April 2017 re-elected Bo Nordlander, Chairman, Martin Henricson, Board member, and Peter Lindström, Board member, and elected Åsa Landén Ericsson and Annikki Schaeferdiek as new Board members. The Board has held 10 meetings recorded in minutes, which considered the company's financial positions and reporting, the focus of business operations, acquisitions, market assessments, strategic alternatives and organisational issues.

The Board Chair

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

The composition of the Board of Directors

Formpipe normally holds 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. In addition to the CEO, the company's CFO also attends as the secretary. The table below specifies the members of the Board of Directors and their assessment in regard to their independence in relation to the company and shareholders.

The Board's work plan

The Board's work plan was approved on 25 April 2017 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 25 April 2017.

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 25 April 2017. During 2017, the committees have held separate meetings to address these issues (two meetings each in the audit committee and remuneration committee).

Board of Directors	Participation/total meetings Board meetings	Aud. committee	Rem. committee	Deemed independent	Other
Bo Nordlander Chairman of the Board since 2013 Board member since 2009 Year of birth: 1956 Shareholding: 318,159	1010	Yes	Yes	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.
Martin Henricson Board member since 2016 Year of birth: 1961 Shareholding: 50,000	1010	Yes	Yes	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: 30,000	1010	Yes	Yes	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.
Annikki Schaeferdiek Board member since 2017 Year of birth: 1969 Shareholding: -	7, 7	Yes	Yes	Yes	Annikki holds a Master of Science in Engineering from the Institute of Technology at Linköping University. Annikki has 20 years' experience from the IT/telecom industry. Annikki worked among other things in Berglin for a small technology firm, as the CEO of Netwise, and the Business Area Manager of Ericsson's Multimedia unit and since 2010 runs her own company Syster P that makes jewellery and fashion accessories with sales in some 15 countries. Other assignments: member of the Boards of Proact IT AB and Syster P AB.
Åsa Landén Ericsson Board member since 2017 Year of birth: 1965 Shareholding: 7,500	7, 7	Yes	Yes	Yes	Åsa holds an MSc. in Industrial Economics from Chalmers University of Technology and an MBA from INSEAD. Åsa has more than 25 years' experience in senior positions in the IT and telecom sector. She is currently the President and CEO of C.A.G. Group AB. Earlier assignments include the CEO of the systems integrators Cygate AB, the CEO of the IT consulting firm Enfo BI & Analytics, President and CEO of ENEA AB, CEO of Scanpix Sweden AB, Board member of ENEA AB, Rejlers AB and Acando AB. Other assignments: member of the Boards of Grant Thornton Sweden AB (adj), Lindebergs Intressenter AB (adj) and Rhenman Global Opportunities Asset Management AB.

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

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: 988,312
Share options: 517,055

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

The latest valid instruction to the CEO was passed by the Board on 25 April 2017. 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 2017 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 2017 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 fixed 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 2018 Annual General Meeting for remuneration to senior executives remain unchanged from 2017.

REMUNERATION

Remuneration to the Board

The 2017 AGM resolved that the total remuneration to the members of the Board for the current year shall be KSEK 1,050, of which KSEK 350 is for the Board Chair and KSEK 175 for each member (Note 7).

Remuneration to the CEO and senior executives

Christian Sundins fixed remuneration in 2017 amounted to KSEK 2,040 and the variable remuneration amounted to KSEK 221 in accordance with set targets. In addition to this, pension in an amount of KSEK 518 and other remuneration amounting to KSEK 124 were expensed during the year (Note 7).

Remuneration to other senior executives

Basic salary for other senior executives for 2017 was KSEK 4,556. Variable remuneration for the same period totalled KSEK 189 and pension contributions were KSEK 358. Other remuneration totalled KSEK 56 (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 1,402 was paid in fees to the auditors and auditing company for 2017. 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, 28 March 2018

Bo Nordlander
Chair

Annikki Schaeferdiek
Board member

Martin Henricson
Board member

Åsa Landén Ericsson
Board member

Peter Lindström
Board member

Christian Sundin
Chief Executive Officer

Our auditor report was submitted on 28 March 2018
PricewaterhouseCoopers AB

Aleksander Lyckow
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 audited the annual accounts and consolidated accounts of Formpipe Software AB (publ) for the year 2017 except for the corporate governance report and sustainability report on pages 77-81 and 39-42, respectively. The company's annual report and consolidated financial statements are included in this document on pages 33-76.

In our opinion, the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent as at 31 December 2017, 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 2017, 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. Our opinions do not comprise the corporate governance report and the sustainability report on pages 77-91 and 39-42, respectively. 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.

Our opinions in this statement on the annual accounts and consolidated financial statements are consistent with the content of the supplementary report submitted to the parent company's and Group's Board of Directors in accordance with Article 11 of the Audit Regulation (537/2014).

Basis for the opinions

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. This includes, based on the best of our knowledge and conviction, that no prohibited services as referred to in Article 5.1 of the Audit Regulation (537/2014) have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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 on page 57 in the Management Report. Risk management is described in the corporate governance report on pages 77-81. In Note 5, a breakdown is made of the revenues from various products and services.

Formpipe's its 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.

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 done a reasonability assessment of the distribution of revenues by the respective revenue stream.
- 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 329 million is recognised in the form of goodwill tied to corporate acquisitions. This amount corresponds to nearly 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.

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 accounts and consolidated accounts and can be found on pages 1-32, 39-42 and 77-92. 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 and the Annual Accounts Act. 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.

The Board's Audit Committee shall, without it affecting the Board's responsibility and duties otherwise, monitor the company's financial reporting, among other things.

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 accounts and consolidated financial statements is available on the website of the Supervisory Board of Public Accountants: www.revisorsinspektionen.se/revisornsansvar. 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 2017 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 administration is available on the website of the Supervisory Board of Public Accountants: www.revisorsinspektionen.se/revisornsansvar. This description is a part of the audit report.

Auditor's review of the corporate governance report

It is the Board of Directors who is responsible for the corporate governance report on pages 77-81 and that it has been 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.

Auditor statement on the statutory sustainability report

It is the Board of Directors who is responsible for the sustainability report on pages 39-42 and that it has been prepared in accordance with the Annual Accounts Act.

Our review has been conducted in accordance with FAR's recommendation RevR 12 Auditor's statement on the statutory sustainability report. This means that our review of the sustainability 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 sustainability report has been prepared.

PricewaterhouseCoopers AB, Stockholm, was elected Formpipe Software AB (publ)'s auditor by the General Meeting on 25 April 2017 and has been the company's auditor since the General Meeting in April 2004.

Stockholm, 28 March 2018
PricewaterhouseCoopers AB

Aleksander Lyckow
Authorised Public Accountant

Board of Directors

Bo Nordlander
Chairman
Elected: 2009
Date of birth 1956
Shareholding: 318,159
Other board appointments: Chairman of the Boards of Time People Group AB (publ) and Exicom Software AB.

Annikki Schaeferdiek
Board member
Elected: 2017
Date of birth 1969
Other board appointments: member of the Boards of Proact IT AB and Syster P AB.

Martin Henricson
Board member
Elected: 2016
Date of birth 1961
Shareholding: 50,000
Other board appointments: Chairman of the Board of Episerver Group AB and the Board member Besedo Group AB.

Åsa Landén Ericsson
Board member
Elected: 2017
Date of birth 1965
Shareholding: 7,500
Other board appointments: member of the Boards of Grant Thornton Sweden AB (adj), Lindebergs Intressenter AB (adj) and Rhenman Global Opportunities Asset Management AB.

Peter Lindström
Board member
Elected: 2016
Date of birth 1970
Shareholding: 30,000

Senior executives

Senior management Sweden

Christian Sundin
Country Manager

Joakim Alfredson
CFO

Erik Lindberg
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 á Porta
Country Manager

Anders Stahl Eriksen
Head of BA Customer Communication Management

Carsten Kaas
Head of BA Case & Document Management

Life Science Management Group

Mark Stevens
Managing Director of BA Life Science

Christian Sundin
Group CEO
Elected: 2006
Date of birth 1971
Shareholding: 988,312

Joakim Alfredson
Group CFO
Elected: 2007
Date of birth 1975
Shareholding: 684,357

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.

Annual pace of recurring revenues
Recurring revenues for the last month of the period multiplied by 12 with the aim of obtaining the recurring revenue for the next 12 months attributable to agreements recognised as revenue at the end of the period.

EXPENSES

Fixed operating expenses
Other expenses and staff expenses

Operating expenses
Selling costs, other expenses, staff expenses, capitalised work for own account and depreciation/amortisation.

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

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 operating capital.

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

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

Return on total capital
Net operating profit plus 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 drugs.

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.

GDPR
General Data Protection Regulation, is a European regulation with the aim of strengthening and harmonising the protection of living, natural persons within the European Union in the processing of personal data.

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

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

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

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

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

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

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