FORMPIPE ANNUAL REPORT 2019

Contents

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Information may also be ordered from:
Formpipe, Box 23131, SE-104 35 Stockholm
and on info.se@formpipe.com

CONTACT PERSON FOR INVESTOR RELATIONS

CFO Joakim Alfredson
joakim.alfredson@formpipe.com

DISTRIBUTION POLICY

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FINANCIAL CALENDAR

Interim report January–March
28 April 2020
Annual General Meeting
30 June 2020
Interim report January–June
19 August 2020
Interim report January–September
27 October 2020

Formpipe.

This is Formpipe

● Formpipe's establishments in the world.

A DIGITAL TRANSFORMATION FOCUSED ON PEOPLE

Formpipe focuses on people in the digital transformation. We are a value-driven software company that develops products that provide the right person with the right information in the right context.

We build valuable relationships between data and people.

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 220 employees and sales of MSEK 394. 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 products for document and records management, workflow/automation, e-archives, data quality and management of customer communication.

Formpipe offers a unique position to the 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 market continues to grow, the future looks bright for Formpipe's competitive products and solutions.

The year in brief

The year in brief

	2019	2018
Net sales, MSEK	393.8	406.4
Software revenue, MSEK	275.4	267.8
Recurring revenues, MSEK	244.0	223.2
EBITDA, MSEK	100.7	99.7
EBITDA–adj, MSEK	64.4	65.4
Operating profit, MSEK	47.5	53.2
Profit/loss for the year, MSEK	35.0	39.9
Earnings per share, SEK	0.66	0.75
Dividend per share, SEK	0.60	0.60

Cash flow

MSEK 64

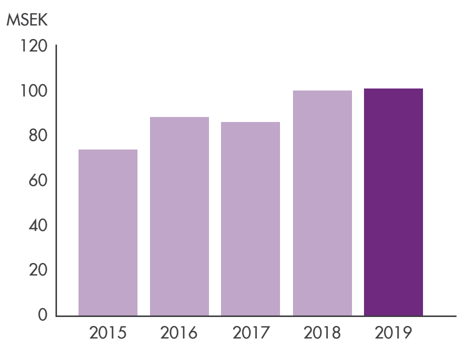
Positive cash flow from operating activities of MSEK 63.7

Recurring revenues

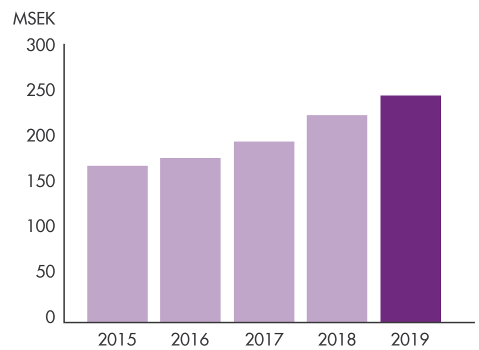
87 %

The recurring revenues cover 86,6 per cent of fixed operating expenses

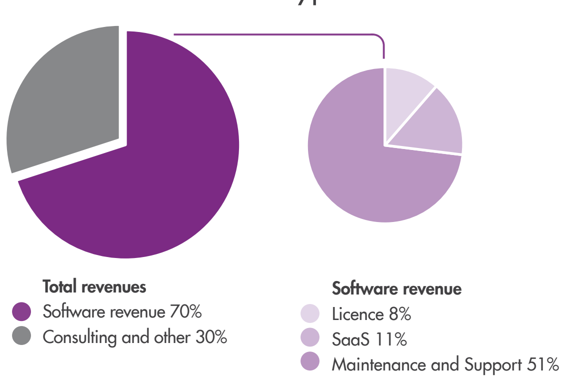
EBITDA



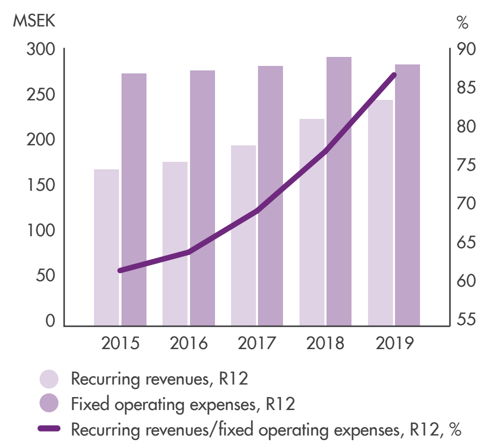
Recurring revenues



Distribution of revenue types



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



Comments from the CEO

2019 was the year that Formpipe became one. A year when we screened our own organisation and asked ourselves what we want to be and how we create the most value for our customers, shareholders and society in general.

From having conducted our business in smaller separate business units, we have now implemented an organisational structure with a focus on growth through cooperation and cross sales. A transformation where we focus our efforts on the market areas where we deem the growth potential to be the greatest. We view 2019 as a year of transformation, where we positioned ourselves for the future and there are many reasons that we can look to the future with confidence.

WE ARE GROWING IN MICROSOFT'S MARKETPLACES IN THE CLOUD

In the private sector, we see major growth potential and are reporting good growth and improved earnings. This success is primarily a result of our close cooperation with Microsoft and their offering in the cloud (Azure) regarding Microsoft Dynamics. Our product Lasernet is a natural complement to Dynamics and improves the customer experience through efficient document management. Microsoft helps us with the marketing of Lasernet among other things by us being presented on their marketplaces in the cloud, Azure Marketplace and Microsoft AppSource.

In addition to Lasernet, we also see potential to increase our offering with more of our products through this channel and through our partner network, such as our product Long-Term Archive that can make it easier for our customers to execute their cloud strategy. By providing Long-term Archive in Azure, we make it possible for our customers to move all of their business systems to the cloud without risking losing valuable information. Both Gartner and Microsoft point out this area (often called Cloud Migration or Application Retirement) as a significant growth area.

STRONG DRIVING FORCES AND MORE PROCUREMENTS

The driving forces for digitalisation of the public sector and society in general are clear; there is significant efficiency and automation potential. According to the employers' organisation Dansk Industri, modernisation and digitalisation of the public sector can free up DKK 20 billion by 2025. Similar conditions also apply in Sweden where a new authority for digital management has been created for this purpose, the Agency for Digital Government.

In both Denmark and Sweden, we note an increased market activity after a period with fewer procurements so the future looks bright. As an alternative to public procurement, our customers can also buy our products through several framework agreements; we have successfully ensured that we are present in all agreements that are relevant to us.

Now that we have organised ourselves to utilise the potential we see for cross-sales, we will be able to increase our offering to our customers both in Sweden and in Denmark. For example, some 40 municipalities in Denmark use our product for quality assurance of data (Quality Control). We assess that our Swedish customers will also benefit greatly from this product.

THE SHIFT TO THE CLOUD GIVES US ROOM TO MANOEUVRE

It is a well-known fact that a shift is under way in the market regarding how customers want to buy software. Software as a service (SaaS) is increasingly in demand rather than traditional licences. We see this shift happening in all customer segments and it is extra clear for our product Lasernet.

The transformation to a higher degree of SaaS is good for us and in line with our strategies. In the short term, growth is dampened and the margins are under pressure, but over time, it provides multiple positive effects. A scalable business model with a higher percentage of recurring revenues contributes to lower risk in the form of more stable and more predictable earnings and cash flow.

In recent years, we have successfully managed to combine the transformation to SaaS with improved margins. We are approaching the point that growth and margins are no longer under pressure from the transformation, but instead get help from the increasing volume of recurring revenues.

ACQUISITIONS

The structure we have now created also makes it easier for faster and more efficient integration of any future value-creating acquisitions.

INFORMATION SECURITY PRIORITISED

Information security is becoming increasingly important as a competitive advantage in all customer segments. The more digitalised society gets, the more valuable integrity, availability and secrecy are to our customers and their data. We have long lived with high standards from our customers in

authorities with above average security requirements. In 2019, we also became certified for the information security standard ISO 27001, a certification that only some ten of Sweden's thousands of IT companies have carried out.

COVID-19

We have paid particular attention to how the effects of COVID-19 may affect the Group's future development. It's still too early to determine the degree to which the pandemic will affect our business and our financial performance. Our business model with a large share of recurring revenues and the fact that our work is highly digitalised and thereby not as dependent on travel and physical meetings mean that we believe we have good chances of limiting the impact on our business. We have close contact with our customers to jointly plan how we can best support them during and after the pandemic. We have implemented safety measures for our employees to limit the spread of the virus. At the same time, we are focusing fully on continuing to deliver in our customer projects, and continuously working on the development of our business so that we stand strong when the market begins to recover.

WE ARE DOING IT TOGETHER

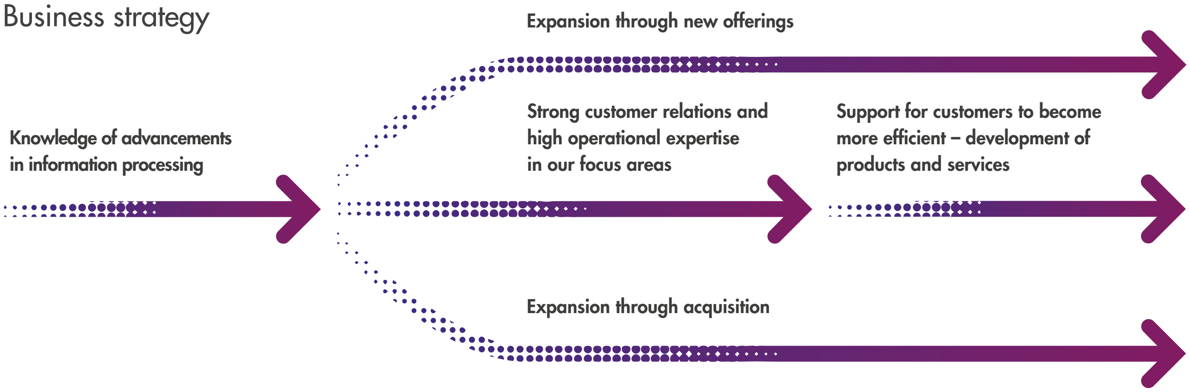
As mentioned, there are many reasons that we can look positively on our chances of creating increased value in the future. Lastly, I would like remind that our success depends on people. People who are inspired to be involved and create a digital society that is inclusive, sustainable and based on trust. Through close cooperation with our customers, we fulfil our mission to build valuable relationships between people and data. Always with a focus on people and with our core values as a compass. Thank you to all of our employees, customers, partners and shareholders!

Christian Sundin
CEO, Formpipe

We build valuable relationships between people and data

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 software and cloud services for organisations that place high demands on digital information management. Formpipe aims to grow both organically within select industries and through strategic acquisitions that reinforce our offering in Content Services Platforms.

BUSINESS MODEL

Formpipe develops and provides efficient information management software. The Company focuses on 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 continuously improved knowledge of the customer's industry needs.

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 right of use, 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 lead to more users and supplemental products are covered, 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 relevant 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 UNDERSTANDING

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

EFFECTIVE ORGANISATION AND HIGH LEVELS OF EXPERTISE

Formpipe is a decentralised organisation in which management promotes clear and open dialogue and makes timely decisions. Our business is knowledge intensive, with employees who possess a high level of expertise and dedication. We focus on attracting and developing top talent by fostering an open and stimulating corporate culture where employees are encouraged to grow and develop. The Company offers all employees participation in share-related incentive programmes. 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.

Information management and digital transformation

Data and information are more and more clearly the lifeblood of economic development: it is the foundation for many new products and services, which lead to productivity and resource efficiency gains in every sector of the economy. Being able to make use of the possibilities of digitalisation is one of the most important issues of our time.

RIGHT INFORMATION AT THE RIGHT TIME

Formpipe's products are 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 Enterprise Content Management (ECM) market that Formpipe has grown to become a market leader in the public sector and a strong actor in the private sector where we digitalise and improve the effectiveness of customer communication in sectors, such as retailing, manufacturing, life science, energy and water, as well as law.

FROM ENTERPRISE CONTENT MANAGEMENT TO CONTENT SERVICES

For some time, products on the ECM market have been changing from ECM as a centralised system, where the emphasis was on storage, management and control of information, to instead shift to being integrated and function-oriented services, often cloud-based, that focus on refining and analysing content from one or more sources. 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. Today, ECM is also called Content Services Platforms, according to the analyst and consulting firm Gartner's new definition.

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 complex and time-consuming purchasing process. Version management, sharing and control of content and documents, which ECM product suites are good at and are a prerequisite for good information management, is becoming a part of digital infrastructure for information.

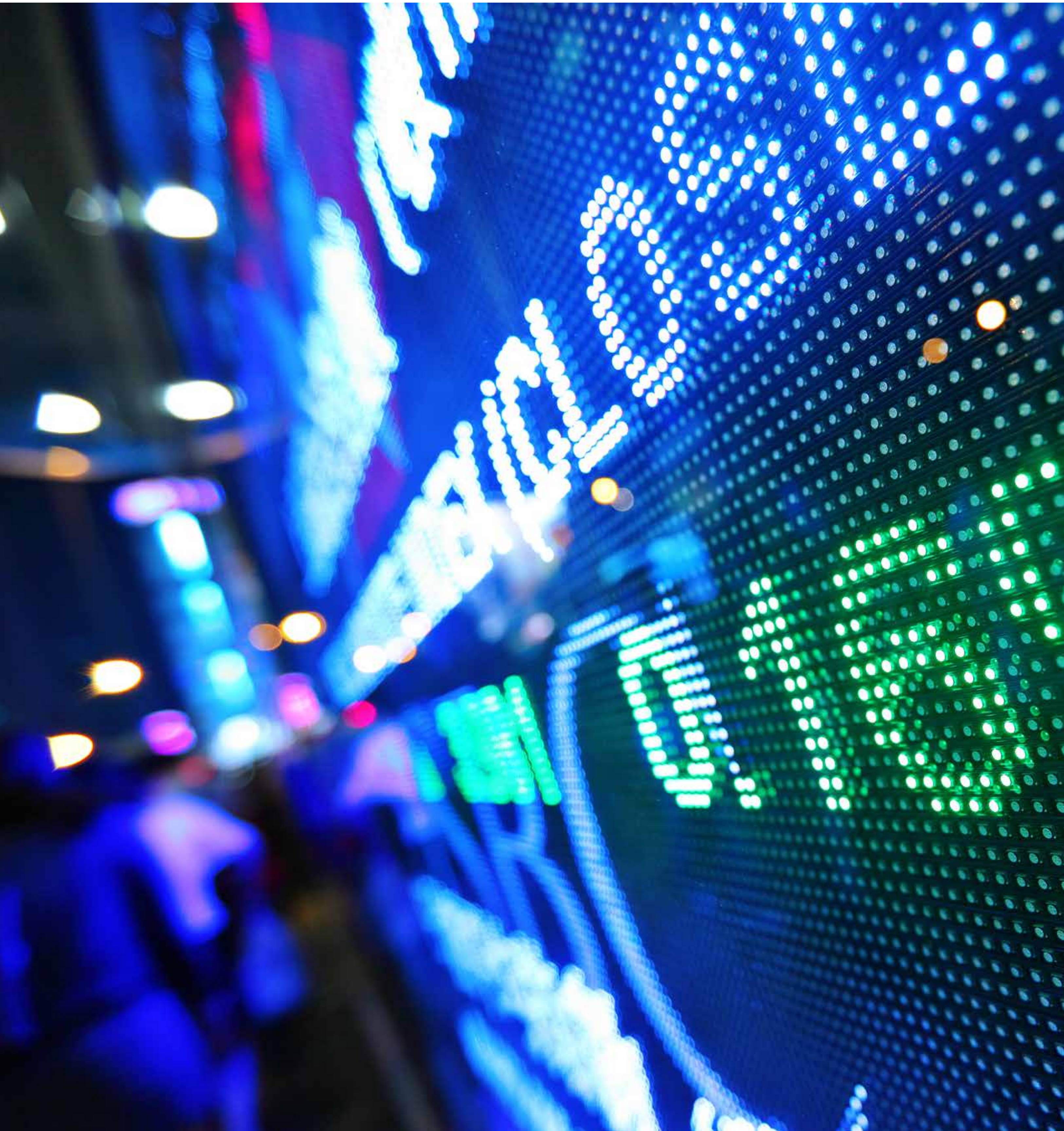
CLOUD-BASED SOLUTIONS

An important part of the change of the market is 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. The transition to Saas is taking place very quickly now and Gartner estimates that the SaaS revenues will reach up to 40 per cent of the total sales of software in 2022. Software and applications retain the highest share for the shift to the cloud during this period.

Cloud Shift Proportion by Category

	2018	2019	2020	2021	2022
System infrastructure	11%	13%	16%	19%	22%
Infrastructure software	13%	15%	17%	18%	20%
Application software	34%	36%	38%	39%	40%
Business process outsourcing	27%	28%	29%	29%	30%
TOTAL	**19%**	**21%**	**24%**	**26%**	**28%**

Source: Gartner (Aug 2018)



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.

GROWTH MARKET

The market for Content Services Platforms includes systems and services that process, analyse and improve utilisation of both structured and unstructured information and data. Gartner's forecast for the global market is an average annual growth of 9.4 per cent in 2018-2023. The Content Services market has a total addressable forecast market in 2021 with system revenues of USD 10.5 billion[1].

DRIVING FORCES

The growth in the 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.

Growth drivers tend to gain strength as the amount of data and information increases. The volume of data produced in the world is growing quickly, from 33 Zettabytes (ZB) in 2018 to an expected 175 ZB by 2025[2].

"If you could store 175 ZB on DVDs, you would get a pile of DVDs that could take you to the moon 23 times over or 222 times around the Earth."

DATA AND INFORMATION A KEY IN THE EU

Today, data and information are highlighted as key factors in the EU, not least as enablers for strong financial growth. This is an area where Europe is seen as being able to take the conductor's baton as a global leader and role model for the digital economy.

The EU's digital strategy[3] talks about a digital transformation that affects everyone. The digital strategy aims at getting this transformation to function for people and businesses, at the same time that it contributes to achieving the goal of a climate-neutral Europe by 2050. It brings up important incentives and plans for digitalisation that point out a direction and a context where companies like Formpipe have a given place. Companies that have knowledge, experience and technology to meet up in the shift to a digital society.

"Our society is generating a huge wave of industrial and public data, which will transform the way we produce, consume and live"

– Thierry Breton, European Commissioner for Internal Market

The value of the data economy (EU27)

2018	2025
€301 billion	€829 billion
(2.4% of EU GDP)	(5.8% of EU GDP)

The European Data Strategy Fact Sheet, European Commission, February 2020

[1] Enterprise Application Software, Worldwide, 4Q19 Update, Gartner
[2] International Data Corporation (IDC), 2018
[3] Shaping Europe's digital future, European Commission, Feb 2020

In the EU digital strategy, three focus areas are brought up to utilise the possibilities of digitalisation:

TECHNOLOGY THAT WORKS FOR PEOPLE

Here, it is highlighted that investments must be made in increasing digital competence, increasing the speed of super-fast broadband throughout Europe, and increasing Europe's capacity for super computers to develop innovative solutions.

A FAIR AND COMPETITIVE DIGITAL ECONOMY

The EU should make it possible for both innovative and fast growing start-ups and small and medium-sized enterprises to get access to financing to expand. It is desired for the EU's regulations to meet up the prerequisite for the new digital economy. There is also a desire to increase access to high-quality data. Creating an inner market for data will make the EU more competitive globally and enable innovative processes, products and services. Industrial and commercial data are the most important driving forces for the digital economy.

AN OPEN, DEMOCRATIC AND SUSTAINABLE SOCIETY

In this area, focus is on using technology to help Europe become climate neutral by 2050, to give citizens better control and protection of their information and to create a possibility to use European health data to promote targeted research, diagnosis and treatment.

A society that is driven by digital solutions that put people first, shape new opportunities for businesses and increase the development of reliable technology to promote an open and democratic society and a vital and sustainable economy.

Projected figures in 2025

530%

Increase of global data volume.
From 33 zettabytes in 2018 to 175 zettabytes.

€829 billion

Value of data economy in the EU27.
From €301 billion (2.4% of EU GDP) in 2018.

10.9 million

Data professionals in the EU27.
From 5.7 million in 2018.

65%

Percentage of EU population with basic digital skills.
From 57% in 2018.

Formpipe is divided into three business areas:

SWEDISH PUBLIC SECTOR

DANISH PUBLIC SECTOR

PRIVATE SECTOR

We contribute to building a smarter society

Formpipe is passionate that the digitalisation of the public sector shall create value for society and its citizens. By focusing on people, we contribute to a sustainable and inclusive digital society built on trust.

External factors that affect public operations change quickly. The operations must be able to adjust faster to be able to deliver according to expectations. An effective digitalisation is an important component to be able to continue providing world-class welfare.

AUTHORITIES

The Swedish Agency for Digital Government (DIGG) has analysed how the authorities make use of the possibilities of digitalisation. 57 authorities have submitted information on IT costs. The total operational costs for these authorities amount to SEK 202 billion and the IT costs amount to SEK 19.3 billion.[1] The IT costs as a share of the operational cost at the authorities increased between 2015 and 2017. At the same time, new investments in new solutions were essentially unchanged during the same period of time.

The conclusion is that authorities are spending a growing part of their IT costs on securing existing systems instead of developing new solutions. Similar criticism is also directed in a report from the Swedish National Audit Office (Outdated IT systems – obstacles to efficient digitalisation, 2019). The review shows that there are outdated IT systems at a large number of authorities. At many, several other systems are also outdated. According to the Swedish NAO, this is new knowledge and nobody has thereby had an overview of the extent of the problem in government administration.

In order to make progress in the digitalisation, we need to retire these old systems. Then, we first need to take care of the information in them. Secondly, the processes need to move into modern solutions with new technical possibilities.

Over time, there is a positive development of the authorities' digital maturity, but development is going slowly. Formpipe plays an important role in this context, by using knowledge and new technology to remove obstacles to effective digitalisation.

[1] Authorities' strategic IT projects, IT costs and maturity (DIGG, 2019)

MUNICIPALITIES

In October 2019, the Swedish Association of Local Authorities and Regions (SALAR) released a new report that points out growing challenges for municipalities and regions. Above all, it involves challenges linked to the future economy.

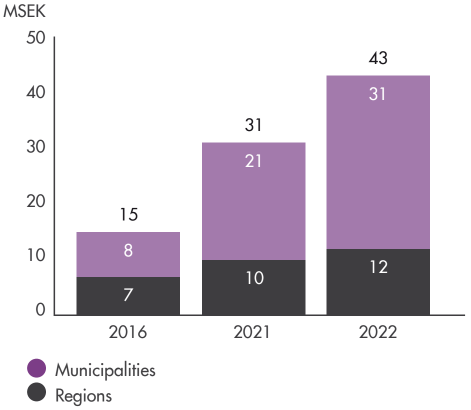
THE NEED FOR SAVINGS AND EFFICIENCY ENHANCEMENTS IS GROWING

The need for the resources required to maintain welfare at today's level is growing faster than tax revenues. Despite an estimated average tax increase of SEK 0.13 in 2020, municipalities and regions will have SEK 43 billion too little in 2023. This is based on the costs increasing in pace with the population growth, and that the state's contributions are constant at today's level.

This development of course drives the need to further invest in efficiency enhancements. There is considerable potential for savings and efficiency enhancements where digitalisation is a given area. For public organisations, automation of work processes may entail significant efficiency gains.

Assuming that the costs in municipalities and regions will increase in pace with the demographic requirements, meaning an unchanged staff density, a gap will arise between income and expenses corresponding to SEK 43 billion by 2022.

Larger gap between income and expenses



Source: Swedish Association of Local Authorities and Regions, Ekonomirapporten [The Economy Report], December 2018

EXTENSIVE POTENTIAL IN DOCUMENT AND CASE MANAGEMENT

According to SALAR's report from October 2019, it is apparent that the number of employees in municipalities and regions has increased by more than 100,000 since 2014.

The time that the public sector uses for value-generating work is decreasing, for example the number of hours the teacher has with students or the doctor has with her patients. More administration is placed on the individual employee, administration that could largely be replaced by digital solutions.

An important task in the next few years will therefore be to work on efficiency enhancement, simplification and automation of administrative tasks surrounding document and case management.

Digital transformation meets welfare's challenges

Technical development places growing demand on the level of service in the public sector and more efficient digitalisation solutions are becoming even more significant. With more availability and open data, we can resolve many challenges.

CUSTOMERS

Formpipe has a leading position in the market for the public sector in Sweden with hundreds of customers at authorities, universities, municipalities, regions and municipal companies. Examples of customers are the City of Stockholm, City of Malmö , Linköping Municipality, the Swedish Tax Agency, Svenska Kraftnät, the Swedish Transport Agency, Region Stockholm, Stockholm University, University of Gothenburg and MKB Fastighets AB.

DRIVING FORCES

GREATER DEMAND FOR BETTER SERVICE LEVELS

Rapid technological advances in areas such as smartphones, tablets and broadband, as well as the development of e-services in other industries, have spurred citizens, businesses and organisations to make greater demands on more service in the public sector. When we have the opportunity to do large-scale shopping, report an insurance claim or open a new bank account over the mobile phone, we also want to be able to easily ask questions, submit an application and file a report with public actors too. We expect quicker replies and automated decisions – as well as 24/7 availability. Public sector employees also expect it to be easy to get a hold of the information they need.

DEMAND FOR GREATER EFFICIENCY

Managing cases is a comprehensive administrative task for municipalities and regional healthcare providers. Today, there is well-developed technology for having all or part of the steps covered by case management to be done automatically. Over time, this management has become increasingly automated, but the potential for efficiency enhancements is still very extensive. Automation and self-service reduce the administrative burden on citizens, businesses and employees alike. Digitisation efforts will gradually become even more significant.

COMPLIANCE WITH LAWS AND REQUIREMENTS

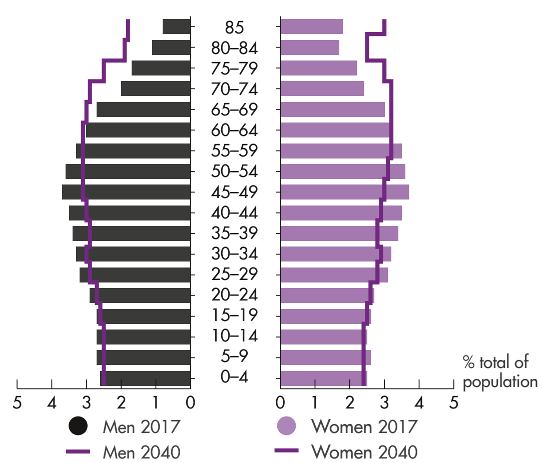
Transparency and disclosure policies are necessary both for the work of the EU and in different forms among the Member States. Laws and regulations govern which information must be available. In a time with rapid and revolutionary technical development, the regulations are being challenged. The new General Data Protection Regulation (GDPR) is an example of this. A modern and legally assured handling is in demand, adapted to the requirements of the legislation and the possibilities of digitalisation. Digitisation and archiving of cases, documents and records increases quality, availability and traceability.

DEMOGRAPHIC CHALLENGE

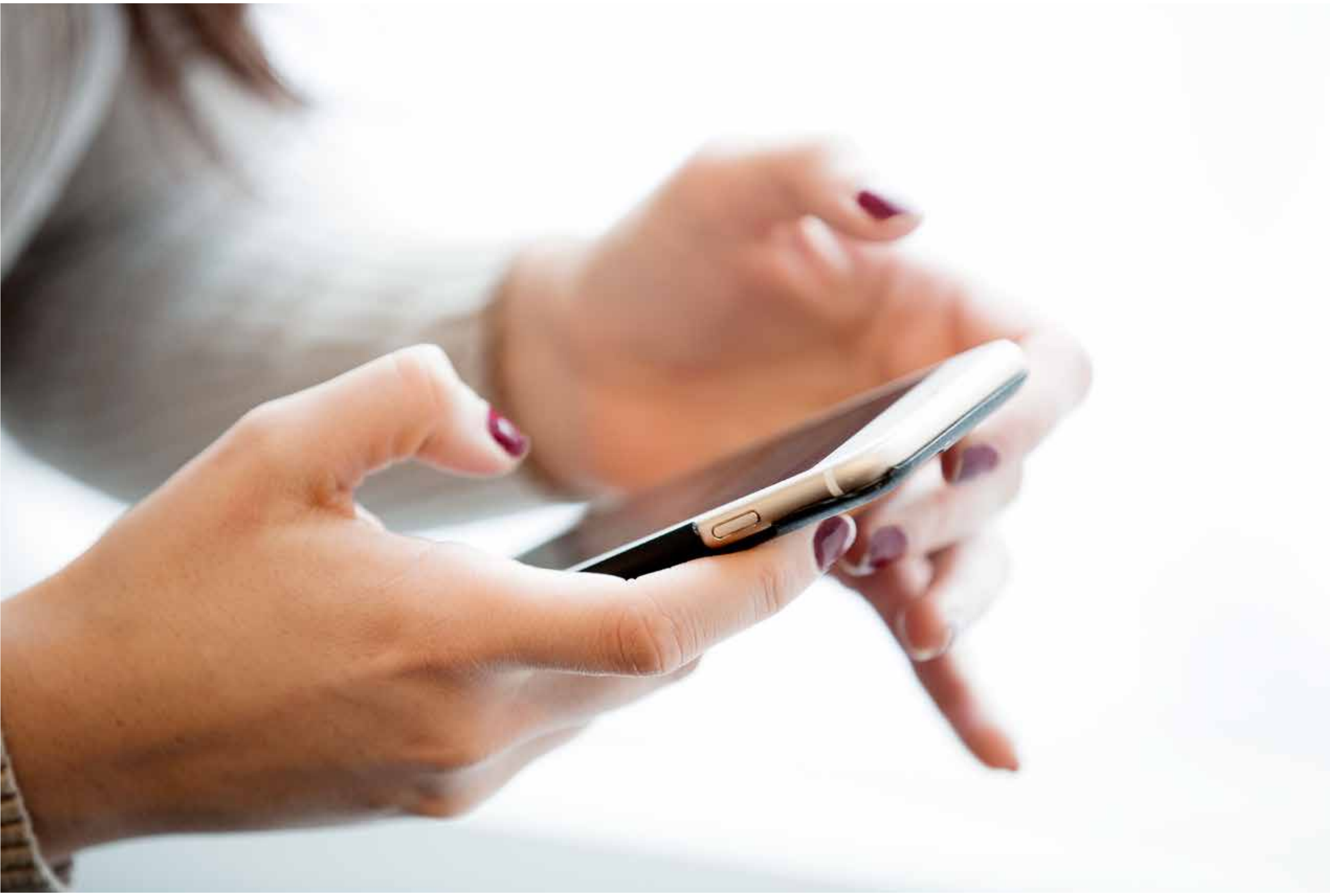
Extensive pressure on the economy will be created to handle increased costs linked to the demographic development. It is primarily the needs in schools and elderly care that are driving the cost increases. The Swedish Association of Local Authorities and Regions (SALAR) estimates that either more resources or efficiency enhancements of more than SEK 45 billion will be needed in the sector to manage providing welfare services at today's level until 2023. Whenever fewer people provide for ever more people, digitisation will play a significant role to handle the challenge.

Population in the EU

(2017, forecast 2040)



Source: Eurostat 2018



OPEN DATA AND DATA-DRIVEN INNOVATION

The public sector creates and uses large amounts of data every day. Data on health, welfare, the environment, economics, geography, forestry and agriculture – and much more. By making this data available, citizens and companies can use it and can in turn contribute to solving challenges and societal problems. The authorities' role in terms of open data is to make the information available as raw data, but also to stimulate data-driven innovation. E-archives are a significant building block to make open data available and manage it efficiently. The Public Sector Information (PSI) directive from the European Parliament has the aim of providing the public and business community in the EU better possibilities of using the information that exists in the public sector for various purposes, both commercial and non-profit.


"The democracy process is the most important process we have"
– Sofia Haider Gulstad

CUSTOMER CASE

More efficient processes in Lund

It is a busy time in the Municipality of Lund. A tough challenge that places major demands on both efficiency enhancement and automation. Using W3D3 and Meetings Plus, effective processes have been streamlined that also support the decision-making and democracy process.

INCREASED SERVICE FOR THOUSANDS

Handling cases in the public sector entails extensive requirements. Hand-overs must work and referral handling, with multiple dependencies, must flow smoothly. It is not uncommon for the process to be characterised by some analogue elements, which opens the way for careless mistakes and information getting lost.

Without a workable tool, it is hard to get an overview of the process and create clarity in terms of responsibility for both the whole and the respective parts. In other words, an unbroken digital chain is a must to be able to achieve the highly set goals.

"There is extensive pressure on us in the public sector where few working-age people are to help out in a society with a growing group of elderly and young people. This is a pressure that I believe the entire public sector feels – to do more with fewer resources," says Sofia Haider Gulstad, Object/System Administrator and Operations Developer at the Municipality of Lund.

DIGITALISATION, DEMOCRACY AND EFFICIENT ADMINISTRATION

As luck would have it, there are good chances to make further inroads into the Municipality of Lund. All of the committees in the municipality are already active today. Moreover, case management is valued by leaders in the operations, something that has been important in Sofia Haider Gulstad's role as an Operations Developer.

"The democracy process is the most important process we have. We see extensive interest and have support from directors who say that nothing can get in the way. This is an important prerequisite for the work," Sofia Haider Gulstad confirms.

"There is a great deal of potential built into W3D3. We would really like to build further on what we have begun and use that potential."

Formpipe's advantages

AUTOMATION

With the help of robots, the Municipality of Lund has ensured that the school choice process has been automated and registered in W3D3.

MEETING MANAGEMENT

Reduced administration and efficiency enhancement of the decision-making process in all committees, thanks to Meetings Plus and W3D3.

TRANSPARENCY

Transparent and legally assured case management that supports the highly prioritised decision-making and democracy process.

The mapping of case processes that the Municipality of Lund did identified digital signing, the possibility of filtering out cases and connecting W3D3 to e-archives, among others.

Today, major steps have also been taken in automation. In 2019, RPA technology (Robotic Process Automation) was introduced and is used to automate relatively simple tasks between different systems. First up to be automated was the previously time-consuming school choice process, something that saved up to 600 working hours.

"These are hours that registrars can devote to quality improvement work in the registry instead," says Sofia Haider Gulstad.

"Registration in case management systems is a big thing. If it is possible to automate the processes and register other kinds of applications and registrations, a lot is gained. As mentioned, we began with the school choice process, but it is possible to apply the same thinking to other kinds of case management," concludes Sofia Haider Gulstad.

A PLATFORM FOR A COMPLETELY DIGITAL CHAIN

W3D3 from Formpipe has played a key role in the mix of systems and processes for the Municipality of Lund. Besides creating a transparent and legally assured case management, the interaction between case and meeting management has increased efficiency. This has given the Municipality of Lund a stable platform to stand on, but also opened up for further development and further digitalisation.

Customer facts

Customer: Municipality of Lund

Operations: Municipal

Head office: Lund, Sweden

Facts: Lund is one of Scandinavia's oldest cities with one of the world's top one hundred ranked universities. The municipality has more than 124,000 residents. With around 40,000 full-time students and thousands of researchers from around the world, Lund University leaves its mark on the municipality.

The largest employers are Skåne University Hospital, Lund University and the Municipality of Lund as the largest. More than 10,000 employees are to serve the citizens in the Scanian student city.

LUNDS KOMMUN

Our offering

Formpipe in the Swedish public sector

Around SEK 45 billion is invested in IT in the public sector every year[1]. The Swedish Government's ambition is for government agencies, municipalities and regions to be the best in the world at using the possibilities of digitalisation to create an efficient public sector – a simpler daily life for private individuals and companies, more jobs and greater welfare.

For the Swedish public sector, Formpipe is a comprehensive supplier in terms of accompanying municipalities, regions and authorities on their digital journey. Formpipe has helped over 300 Swedish authorities to digitalise their operations. Our powerful solutions ensure that authorities can meet the highly set requirements on availability and transparency. Formpipe's solutions are used today by more than 80 municipalities and are based on the unique requirements that exist in municipal operations. Formpipe's complete solutions for case and document management also make daily life easier for multiple regions throughout the country. In addition to this, there are a number of state and municipal companies among Formpipe's customers. In total, this makes Formpipe a market leader towards the Swedish public sector.

Deliveries are often made in cooperation with delivery partners and our customers always have a direct relationship to us at Formpipe. We value this highly and it is through this cooperation that we develop together.

[1] Source: www.regeringen.se.

Examples of products used by Formpipe's customers in the Swedish public sector:

PLATINA

Platina is a product and platform that lets operations realise the complete digital information flow. This is a product with tools for an unbroken digital chain for document and case management in the public sector.

W3D3

W3D3 is a function-rich standard product for document and case management. Packaged cloud service with a large customer base.

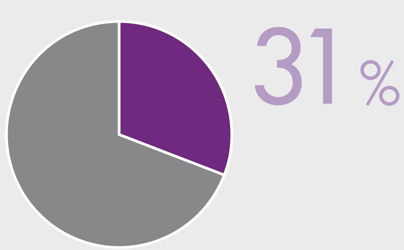
LONG-TERM ARCHIVE

Long-Term Archive is a modern archiving solution for operations seeking security, traceability and flexibility. The solution increases availability to correct information and fulfils all laws and requirements that exist in the area of e-archiving.

QUALITY CONTROL

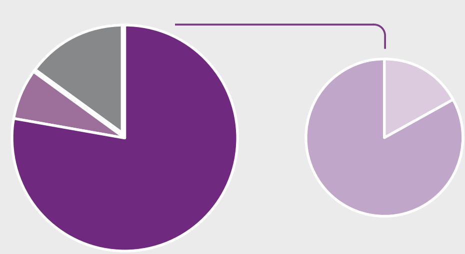
Quality Control is a tool that provides the user the possibility of taking control over the operation's data. An adaptable solution that is connected up to existing business systems and then scans data based on a flexible regulatory framework. Quality Control is mentioned as the only product from Europe in Gartner's report "Market Guide for File Analysis Software."

Share of net revenue



Swedish public sector 31%
Other 69%

Distribution of revenue types, Sweden



Total revenues
Recurring revenues 78%
Licence 7%
Consulting and other 15%

Recurring revenues
SaaS 17%
Maintenance and Support 83%

Data as the future's most valuable asset

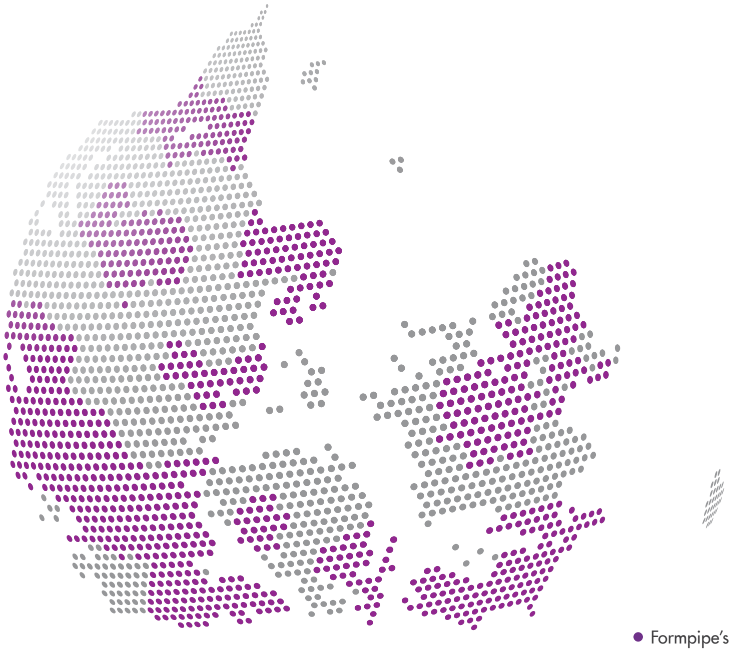
Formpipe contributes to a high degree to the digital transformation of society, especially when considering the public sector in Denmark. As an important supplier of digital solutions to the Danish public sector, we are proud that Formpipe contributes to the UN's positioning of Denmark as the world's best country in public digitalisation.

Since 2001, the UN has conducted a study of digitalisation in the public sector every two years[1]. The study is directed at the 193 member states and in the latest edition, Denmark was ranked number one. The contributing causes to this leading position is the extended number of digital services and the fact that both citizens and organisations have really taken them in.

The digitalisation of the Danish public sector creates value, growth and efficiency. Digital solutions bring people closer to each other and create the transparency and innovative capacity that means that we can continue to make use of the valuable relationship between data and people. Digital solutions and automation create opportunities to meet the growing welfare needs and at the same time increase the service to the citizens. According to the employer organisation Dansk Industri, modernisation and digitalisation of the public sector can free up DKK 20 billion by 2025.[2] Money that can then be fed back to the public sector and contribute to better service and welfare.

CUSTOMERS

Formpipe has a leading position in the market for the public sector in Denmark, with 40 per cent of Denmark's municipalities as customers of our data and document management solutions and with a leading position in the area of Grants Management in several government agencies. More than DKK 20 billion is paid out with the help of Formpipe Grants Management products every year, with the fastest speed and the largest amount of automated digital processes in the whole of Europe. Examples of customers are Hvidovre Municipality, Sønderborg Municipality, Syddjur Municipality, the Danish Central Business Register, the Danish Agricultural Agency, the Ministry of Culture Denmark and the Danish Prosecution Service.



● Formpipe's products are represented in 40 per cent of Denmark's municipalities.

[1] https://publicadministration.un.org/en/Research/UN-e-Government-Surveys
[2] www.danskindustri.dk

Leading countries in e-government development

Country Name	Region	OSI Online Service Index	EGDI E-Government Development Index	2016 Rank	2018 Rank	EGDI Group change
Denmark	Europe	1.0000	0.9150	9	1	None
Australia	Oceania	0.9722	0.9053	2	2	None
Republic of Korea	Asia	0.9792	0.9010	3	3	None
United Kingdom of Great Britain and Northern Ireland	Europe	0.9792	0.8999	1	4	None
Sweden	Europe	0.9444	0.8882	6	5	None
Finland	Europe	0.9653	0.8815	5	6	None
Singapore	Asia	0.9861	0.8812	4	7	None
New Zealand	Oceania	0.9514	0.8806	8	8	None
France	Europe	0.9792	0.8790	10	9	None
Japan	Asia	0.9514	0.8783	11	10	None

Source: United Nations E-Government Survey 2018

DRIVING FORCES

EFFICIENCY ENHANCEMENT

Document and case management is a central and comprehensive administrative task for municipalities, regions and authorities. Today, there is well-developed technology for having all or part of the steps covered by case management to be done automatically. Over time, this management has become increasingly automated, but the potential for further efficiency enhancements is still very extensive. Automation and self-service reduce the administrative burden on citizens, businesses and employees alike. Digitalisation efforts will gradually become even more significant.

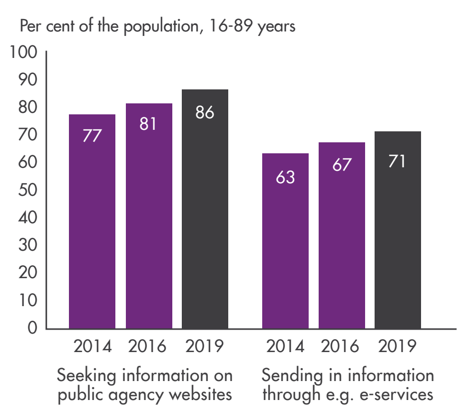
DATA QUALITY AND INFORMATION SECURITY

Data is the fuel for digital transformation. The ability to manage and use data in a smart way is a key issue for most organisations today. It is simply a prerequisite to be able to make the right decisions and to create efficiency and readily available services.

But both data volumes and complexity in terms of data are increasing at breakneck speed, as well as the risks of data breaches. With new solutions and technical advances, the needs are growing for new regulations and compliance requirements, such as GDPR. The challenges are bigger than ever and must be managed.

The foundation is legally assured and reliable data. With high data quality, conditions are created to refine the information from the operations' systems, to obtain valuable insights, generate reports, automate and transfer data between systems. Organisations that maintain high data quality provide legal security, enable preservation of information and mean that we can re-use data for new ideas.

Digital self-service in the past year

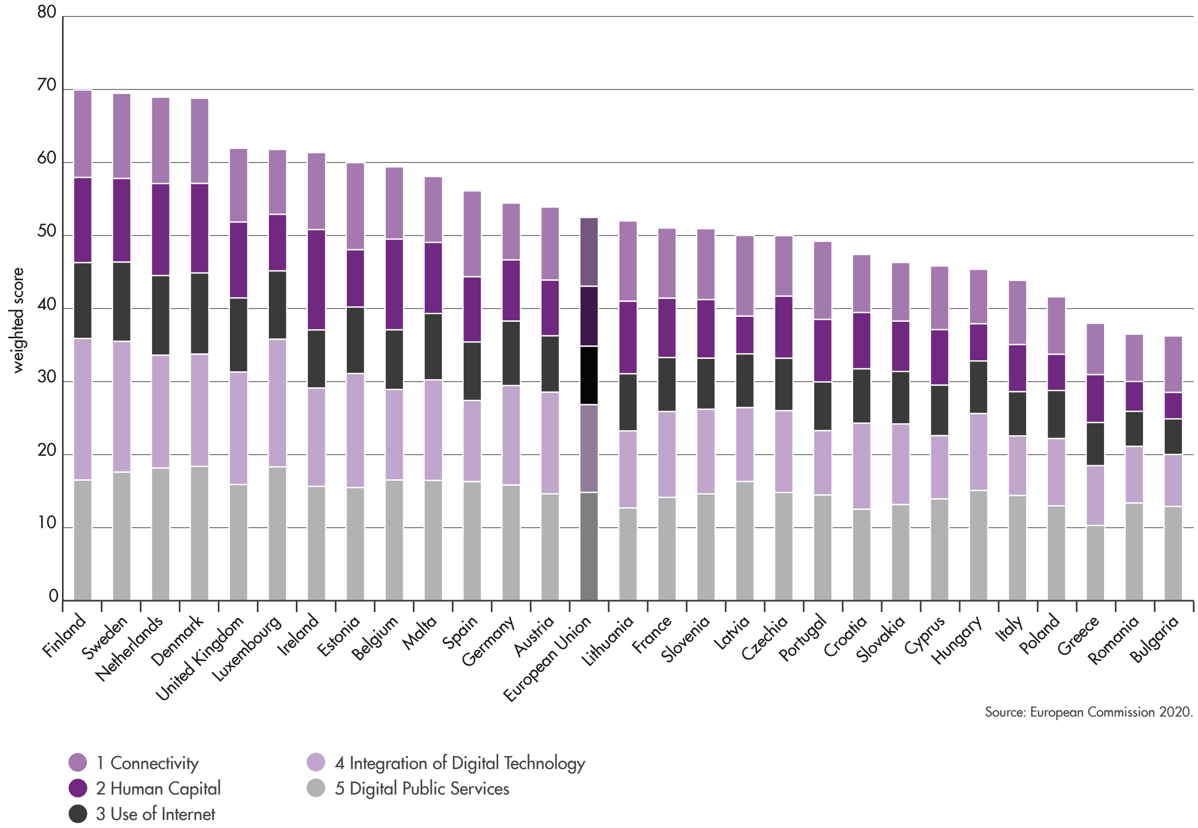


Source: IT-anvendelse i befolkningen [IT-use in the population], dst.dk.

CLOUD SERVICES

The Danish Agency for Digitisation highlights the possibilities of cloud services and has published a guide to help public organisations use cloud services effectively and securely. The Danish Agency for Digitisation's summary states that the use of cloud services in many ways contributes positively to development and operations of solutions in the public sector, and that the public sector's organisations in most cases can use cloud services on the same terms as traditional solutions.[3]

Digital Economy and Society Index, by Main Dimension of the DESI



Finland, Sweden and the Netherlands have the most well-developed digital economies in the EU according to DESI 2019, which was published in May 2019 with the European Commission tool, Digital Scoreboard. A high level of digital maturity provides space for investments in digitalisation solutions.

DESI (The Digital Economy and Society Index) is a composite index that summarises relevant indicators of Europe's digital capacity and monitors the development of the EU Member States in terms of digital maturity and competitiveness.

[3] https://digst.dk/nyheder/nyhedsarkiv/2019/november/ny-cloudvejledning-for-offentlige-myndigheder/

CUSTOMER CASE

Decisive insights and effective thorough cleaning of the municipality's data

In order to be able to live up to statutory computer security, the users must be able to take control over the operations' data. With Quality Control, responsibility and ownership are placed where the data is processed and created.

QUALITY CONTROL LINKS TOGETHER DATA AND PEOPLE

Using Quality Control from Formpipe, Aabenraa Municipality in southern Denmark lifted its data quality to new heights. This creates security and certainty that the organisation lives up to both GDPR legislation and internal processes for computer security, both now and in the future.

A successful implementation of Quality Control in Aabenraa Municipality has provided absolutely crucial insights and transparency concerning the municipality's data in the case management system, on the Exchange server and on file units. At the same time, Quality Control has made it easy for the individual employee to act on these insights and ensure an effective thorough cleaning of the municipality's data.

Formpipe's advantages

CONFIDENCE IN DATA

With Quality Control, Aabenraa Municipality can rely on its data. Both in relation to GDPR, but also in relation to their own requirements and goals for data quality.

TRANSPARENCY

Quality Control guarantees an outstanding insight into the organisation's data, in a way that was not previously possible.

DISTRIBUTED INFORMATION

With Quality Control, the continuous work on data quality becomes a task for the individual employee. This ensures a clear ownership, and provides efficiency and synergies.

DATA QUALITY AND INFORMATION SECURITY IS HIGH ON THE AGENDA

Data quality, information security and GDPR are areas that are high on the administration agenda for Aabenraa Municipality. Therefore, the municipality was seeking IT solutions that could support the goal of cleaning up among data, which could for example include personal ID numbers. At the same time, the municipality wanted to improve and maintain the employees' work processes for the handling of data.

"What led us to choose Formpipe's solution was that it could be used on several data sources, not just on our case management system. The solutions we saw before were developed to handle the data quality in the one system and not between systems and administrations," says Charlotte Bay Greisen, Digitalisation Manager at Aabenraa Municipality.

Another important argument for choosing Quality Control was that the solution makes it possible for the individual employee to correct errors in the source system directly from the tool. At the same time that he or she is guided to handle data correctly.

"This was a strategic choice of solutions on the part of the municipality since it fits into our management model for central control and decentralised management. Responsibility and ownership are placed where the data is processed and created. It's a huge gain," explains Charlotte Bay Greisen.

Previously, the municipality had tested a scanning program to search for personal ID numbers on the file units, but without the desired effect.

"It was extremely resource-intensive and the effect as very limited. It turned out that the error rate in the transcripts was large and many files got passed it, files that people thought they had made a decision on. It quickly became untenable to work this way," says Thomas Veltz Majholt, Information Security Coordinator at Aabenraa Municipality.

Quality Control was first connected to the municipality's file area and the file management system Acadre, which was also provided by Formpipe, and later to the entire municipality's Exchange server. Aabenraa Municipality immediately had an eye-opening insight into their data. On the basis of this, they understood that a thorough clean-up was necessary.

"The overview made an impression on us, which also contributed to our focus on a targeted clean-up," explains Thomas Veltz Majholt.

Charlotte Bay Greisen adds:

"It would have been impossible to get an overview of the scope before, and we didn't have solutions that made it possible and clear for the employees to get to the bottom of the problem."

RAPID IMPROVEMENT AND SATISFIED EMPLOYEES

When the organisation had an insight into their data, the work went quickly. The implementation exceeded all expectations and the users took ownership from day one and created significant results, among other things regarding the occurrence of personal ID numbers that were to be removed.

It was possible for the improvement of the data quality to go so quickly because both the employees' desire and that they were given a very simple and intuitive solution.

"Virtually all users wanted to take hold of this. It was suddenly easy for them to clean up since all they needed to do was click on "delete" directly from their e-mail list. The whole thing was actually served up on a silver platter," says Anette Lone Jepsen, IT employee at Aabenraa Municipality.

Quality Control is one of the solutions that had the best reception among the employees in the municipality:

"This is one of the projects in the organisation that has been received the most positively and received the most attention at all levels. Not least at the management level, where the development of the data quality can now be measured and monitored for the first time. For the managers in the individual administrations, it suddenly became very visible how far they have come. We can easily measure and document each employee's work on data quality. This provides an entirely different starting point for improving and maintaining the quality," says Eva Minke Andersen, Digitalisation Manager at Aabenraa.

THE ROBOT VACUUM CLEANER TAKES OVER

Quality Control is a solution that makes the continuous work with data quality easy. Quality Control presents a list for the employees where they are informed of deviations in their data that do not meet the specific rules that Aabenraa Municipality has set. They can also adjust deviations continuously. Crucial to the solution functioning as good as it does is that this list provides every employee direct access to the actual document, regardless of what source system the deviation is in. This concrete and smooth process is crucial to the employees' continuous work with data quality. The process is also decisive to the successful implementation of the tool in the organisation.

The municipality is now almost across the finish line with the thorough cleaning of data in what they describe as critical areas. In the future, the robot vacuum cleaner will take over and ensure that the data quality remains high. The employees continue to receive information from the system when a set rule is broken and Aabenraa Municipality is looking forward to being able to maintain the improved workflows with a high data quality.

"In the wake of the project, a new data culture has been created, as well as an understanding of the importance of continuously cleaning up and ensuring the data is correctly stored," concludes Charlotte Bay Greisen.

Customer facts

Customer: Aabenraa Municipality

Operations: Municipal

Head office: Aabenraa, Denmark

Facts: Aabenraa Municipality is a municipality in Region Syddanmark with around 59,000 residents and is the country's ninth largest area. Aabenraa Municipality has around 5,000 employees.

With the country's longest border to Germany and the E45 motorway, as the most important thoroughfare Aabenraa Municipality is Denmark's most important border municipality. 60 per cent of all truck traffic in and out of Denmark passes the border crossings in Aabenraa Municipality.

Aabenraa Kommune

Our offering

Formpipe in the Danish public sector

Formpipe has contributed products and services to the public sector in Denmark since 1998 and several of our customers and team members have been involved since then. Our workforce has more than 30 years' experience of digitalisation of operating processes, which means that Formpipe is one of the most competent digitalisation partners that today assist the public sector.

Formpipe has extensive knowledge of the opportunities and challenges that the Danish public sector is facing in the future and plays an active role in the ecosystem that is building the digital society. We see data as the future's most valuable asset. Therefore, we proudly take joint ownership with our customers and partners to provide digital solutions that ensure reliable, usable and sustainable data.

We are passionate about our customers and want to see them succeed in the digital society. We know that the best ideas and solutions arise in a trusting and transparent relationship between people and we strive to establish and develop this relationship with our customers. By combining our customer's insights into their operational challenges with our extensive software expertise, we achieve the most innovative and secure solutions to drive effective digitalisation. This is a recipe for success and the explanation of our market-leading position as an important supplier to the Danish public sector.

Examples of products used by Formpipe's customers in the Danish public sector:

ACADRE

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

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.

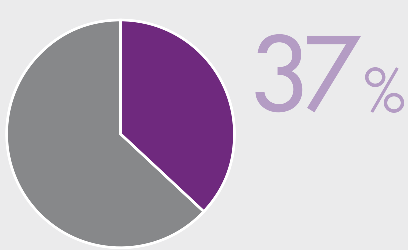
TAS

A configurable standard platform for application and grant management.

QUALITY CONTROL

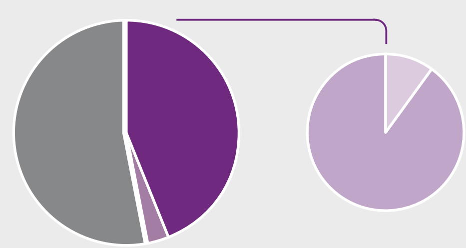
A product to continuously manage and monitor data quality from operating systems and network disks.

Share of net revenue



- Danish public sector 37%
- Other 63%

Distribution of revenue types, Denmark



Total revenues
- Recurring revenues 44%
- Licence 3%
- Consulting and other 53%

Recurring revenues
- SaaS 10%
- Maintenance and Support 90%

Digital efficiency enhancements

Formpipe has a stable foundation to supply leading products and specialised services worldwide, which makes it possible for our customers to make use of the valuable relationship between data, documents and people. We have a large partner network that is an integrated part of our success and we know from experience that cooperation provides added value for our customers.

Formpipe has expertise that extends across many chimneys and we are proud to digitalise and improve the effectiveness of sectors such as retailing, manufacturing, life science, energy and water, as well as law. At the same time, we can ensure that we meet local requirements in a global market through partners or our own presence. Formpipe has offices in Sweden, Denmark, the UK, the U.S., the Netherlands and Germany and provides local support, both commercially and technically.

With Lasernet as one of our most popular products in the Private Sector business area, we often talk about our roots extending far back in time – all the way back to the birth of the Internet. That we have created value for our customers for such a long time is not by chance. With standardised, high-quality software and in-depth knowledge, we already achieve business value for our customers from day one and for a long time to come.

MARKET

The global ERP software market was estimated at USD 35.81 billion[1] in 2018 and is estimated to reach USD 78.40 billion by 2026. Since cloud solutions are becoming increasingly accepted due to their scalability, reliability and flexibility, many ERP customers are changing their view of the internal architecture. This shift, where the customers see advantages of moving to the cloud, opens up new possibilities for Formpipe.

Lasernet is a product that supplements ERP systems and makes it possible for business documents to be delivered in exactly the format and layout wanted. Lasernet continues to develop strongly internationally, not least driven by the successes of Microsoft's ERP systems. Lasernet is a part of the global Customer Communications Management (CCM) market, which is mainly driven by a greater need for automation of customer communication in various channels. The software revenues in the global market are expected to increase with an annual growth of 13.4 per cent from 2017 to 2025.[2] 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.

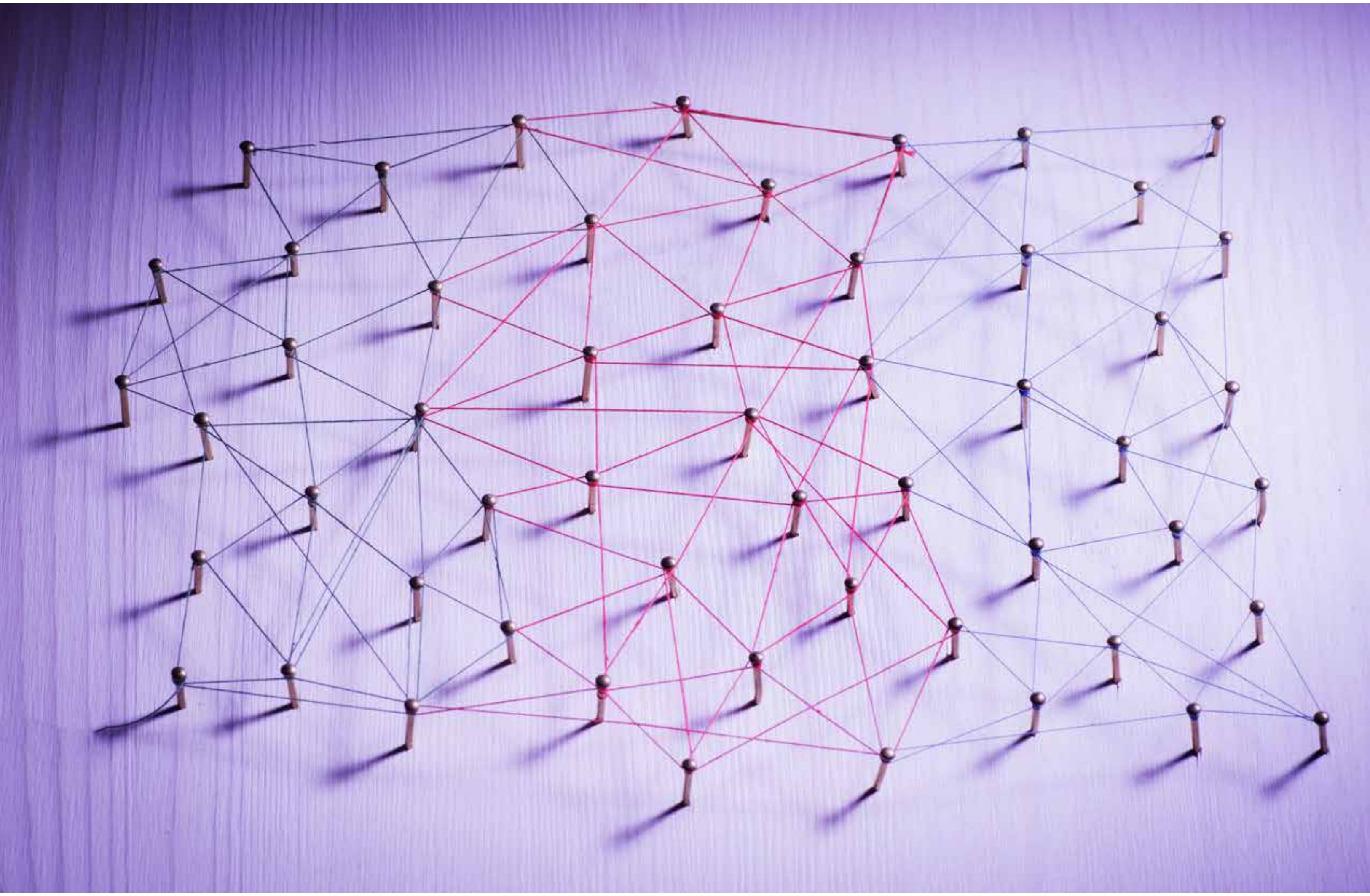
SHIFT TO CLOUD SERVICES

When the customers begin to see the advantages of the cloud, the solutions that quickly create value receive a higher priority. On-premise solutions that are in the existing architecture begin to be called into question and with new flexible cloud services, the risk is reduced of lock-in to systems that become outdated. Thanks to the successful cooperation with Microsoft, Formpipe has already established Lasernet as a cloud service through the global market places Azure Marketplace and AppSource. By expanding the cooperation to concern more products from Formpipe, the possibility is opened up for a significantly larger market. Here, there are opportunities especially for Formpipe's product Long-Term Archive.

RETIREMENT OF OLDER SYSTEMS

More and more organisations are moving systems and infrastructure to the cloud, but there is still a legacy of older systems that are left and must be provided for. Data from the older systems often need to remain for regulatory reasons. One can either keep the old dated systems and pay continuously increasing maintenance fees to the suppliers to ensure that they can get access to data in the upcoming 10-20 years. This is very costly and the risk of losing data increases every year that passes. By providing Long-term Archive in Azure, we make it possible for our customers to move their business systems to the cloud without risking losing valuable information. With the possibility of handling and analysing long-term preserved information combined with new data, possibilities are suddenly opened up for new insights and business opportunities. Both Gartner and Microsoft point out this area, which is often called Cloud Migration or Application Retirement, as a significant growth area.

[1] https://www.alliedmarketresearch.com/ERP-market
[2] https://www.credenceresearch.com/report/customer-communication-management-ccm-market



FUTURE

Our partner channel is one of the main factors for our continued success. Our focus is establishing this channel further to ensure that we sign up with the right partner in the right market. Not just to supplement with more products, but also to find more chimneys. We continue to invest in specific services and support with focus on helping the partner network. The collaboration with Microsoft as a strategic partner continues to be a focus area. The latest dialogues have led to common marketing activities being planned with a common direction in technology. The objective is to investigate further collaboration in areas, such as AI, and to ensure that Formpipe utilises every aspect of the Azure technology.

CUSTOMER CASE

Revolutionary document management

Advanced functionality and user friendly interface made Formpipe's solution Lasernet Output Management a real game changer for Comline Auto Part's business document management. Comline puts the customer first using Lasernet.

One of Europe's fastest growing vehicle brands, Comline Auto Parts Limited, is a leading supplier in the spare parts market. Comline recently decided to collaborate with Formpipe by using Formpipe's output management solution, Lasernet. The goal was to completely change how they create and manage business documents to thereby be able to meet the customers' varying communication requirements.

The initial phase of the project was concluded within two months, from installation to configuration, training and development. The transition to Lasernet made it possible for Comline to digitalise its outgoing customer communication, and import data with ease and precision.

Lasernet can intelligently and in a structured way create, distribute and archive business documents in any format (e-mail, fax, PDF, PDF/A, EDI, XML) depending on what is required by and for each individual customer. Formpipe initially collaborated with Comline to develop their XML invoices and provided training and resources to the IT department to make them self-sufficient in form development. The advanced functionality resulted in Comline now extending the use of Lasernet to the entire operation.

CHALLENGES AND STANDARD FUNCTIONS

The way in which companies communicate their business documents can be of crucial importance to how identity and brand are perceived. The right solution is required to meet the challenges when one needs to change format, media or ERP system. Comline needed to change its Microsoft ERP to Dynamics 365, but the change proved to not be enough to obtain functional invoices that met the company's graphic brand requirements.

Formpipe's advantages

COST SAVINGS
Before Lasernet was implemented, each invoice adaptation would have cost Comline around GBP 10,000 per country.

TIME SAVINGS
Comline can now design and implement changes in its business document formats much faster than before.

USER-FRIENDLINESS
Lasernet offers the strongest functionality when it comes to designing business documents. The intuitive interface means that design changes can be made in just minutes.

Comline had to adapt their output documents in Dynamics 365, something that was not only time-consuming due to its complex nature, but also costly. Moreover, a developer from Comline's Microsoft Partner was often required for the work to adapt all invoices. They were forced to issue invoices in an XML format to specific stakeholders, something that Dynamics 365 could not do without further, significant adaptation. The process became labour-intensive and entailed a significant financial cost.

Comline feared that the operation's professionalism, as well as the brand perception, would risk being weakened due to the inability to create customer-friendly documents that were consistent, correctly adapted and formatted.

This plus the increasing costs meant that the company decided to switch to Lasernet. They sought a solution with greater flexibility and a possibility to produce their own design, and make it possible for internal users to independently modify business documents when necessary.

SOLUTION WITH LASERNET

With Lasernet, Comline received a cost-effective solution that represents the company identity well through customised documents, such as invoices, orders, money orders, etc. By using Lasernet, the process for setting up specific formats for invoices is an easy task. Now, it is possible for Comline to internally formulate and edit business documents.

Comline initially chose Lasernet just to produce invoices, but thanks to the successful implementation, the use will be continued to be rolled out to other departments in the company.

ADVANTAGES WITH THE TRANSITION

Lasernet offers the market's strongest functionality when it comes to formulating business documents. The intuitive drag-and-drop interface means that design changes can be made in just minutes. Business documents can be sent to Comline's external stakeholders with brand-adapted design and a better format than the standard documents that are available via Dynamics 365.

The transition to Lasernet has also given Comline long-term advantages. Shalin Kamdar, Business Development Manager at Comline, comments the transition to Lasernet and how it entailed major advantages for the operation:

"I can't recommend Lasernet enough. After a little training, the software is very intuitive to use and easy to implement; it creates brilliant results for our business. Lasernet is a very adaptable product and we have received extensive support from the team at Formpipe," says Shalin Kamdar.

"Now, we can formulate and implement changes in our business document formats faster than before. It is also more cost-effective for us. Before Lasernet, each invoice adaptation would have cost us around GBP 10,000 per country. The implementation of Lasernet will entail a significant savings in time and money for the business."

Customer facts

Customer: Comline Auto Parts

Operations: Auto industry

Head office: Luton, UK

Facts: Comline Auto Parts Limited was founded in 1991 and is an independent British spare parts supplier for all popular European, Japanese and Korean vehicle applications. Comline offers 95 per cent availability over 8500 article numbers that encompass several product categories.

Comline offers fast and effective logistics from four important European hubs in the UK, Greece, Spain and Ireland. Comline's distribution partners have workshops in more than 40 countries in Europe, South America and Australia.

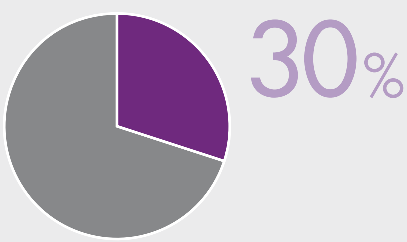
Our offering

Formpipe in the private sector

To ensure that we can meet local requirements in different markets, Formpipe has offices in Sweden, Denmark, the UK, the U.S., the Netherlands and Germany. Formpipe provides local support, both commercially and technically.

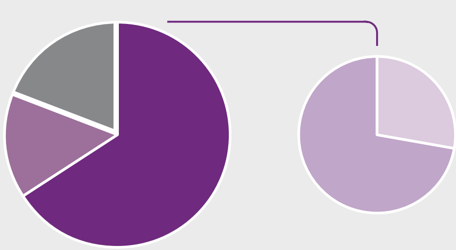
With Lasernet as one of our most popular products, our roots extend back in time – all the way to before the birth of the Internet. That we have been able to give value to our customers for such a long time is not by chance. Formpipe has always been and will always be a software provider with a long-term perspective. With a focus on people for everything we do, we build valuable relationships the entire time.

Share of net revenue



Private sector 30%
Other 70%

Distribution of revenue types, Private Sector



Total revenues
Recurring revenues 66%
Licence 15%
Consulting and other 19%

Recurring revenues
SaaS 28%
Maintenance and Support 72%

Examples of products used by Formpipe's customers in the private sector:

LASERNET

Used today by more than 2,000 companies worldwide for Input/Output Management. With Lasernet, 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.

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.

LONG-TERM ARCHIVE

Long-Term Archive is a modern archiving solution for operations seeking security, traceability and flexibility. The solution increases availability to correct information and fulfils all laws and requirements that exist in the area of e-archiving.

QUALITY CONTROL

Quality Control is a tool that gives the user the possibility to take control over the operation's data. An adaptable solution that is connected up to existing business systems and then scans data based on a flexible regulatory framework. Quality Control is mentioned as the only product from Europe in Gartner's report "Market Guide for File Analysis Software."

Open dialogue creates conditions for smarter and better solutions

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

This is easy to answer. Formpipe is a company with short decision pathways. It's easy to make decisions to then begin taking action. I feel that Formpipe is takes an interest in me both as a person and in my professional development. I have the opportunity to be inquisitive and learn things.

WHAT DID YOU DO BEFORE?

I worked at a few software development companies before. What they had in common is that, regardless of my title and function, I had the opportunity to work with modern software development and drive quite a few changes in the development processes. It's been about both technology and corporate culture.

WHAT DOES YOUR ROLE LOOK LIKE TODAY?

I've been appointed the team leader for the development team for the Grants Management product TAP. I also serve as a senior developer for a junior development team. My responsibility lies in how we work in terms of processes, but also ensuring that we have the right expertise to move in the right direction according to plan. I want to ensure that both developers and testers work effectively and with the best possible technical conditions.

WHAT MOTIVATES YOU IN YOUR WORK AT FORMPIPE?

The culture. The open dialogue we have and the flat organisation. That everyone shows great commitment for what they do. There is a great driving force and a lot of commitment and a lot of people who want to do things smarter and better. There is also a good focus when it comes to the balance between work and free time – I think this is unique for Formpipe.

My work varies widely and I like to be a part of the entire development process; it gives me a great deal of motivation. I have a feeling that my colleagues and I are moving in the right direction to a better place with improved approaches.

I also have the best workmates in the world! We have eight excellent and fun hours together every day, even if it's tough and pressured sometimes. But we work in combination with each other; we have fun together and show each other mutual respect.

CHOOSE ONE OF FORMPIPE'S CORE VALUES

I think this is hard because I can find examples for every value, every day, just by looking around. The six values are the core of what we do daily; we live them either consciously or unconsciously. That's Formpipe's greatest strength.

But I choose LEAD BY EXAMPLE. This value is closest to my heart and I would like to emphasize it. In my job, both me as a team leader and the managers are close to the day-to-day work. Everyone helps out and we support each other when decisions are to be made. We do things together – united like a team.

Formpipe Values

PASSION FOR PEOPLE
We are proud of who we are and put people first
UNDERSTANDING OUR CUSTOMERS
We listen and we create true business value
RESPECT AND TRUST
We are open-minded and we are honest
PERFORM WITH QUALITY
We take ownership and we act professionally
LEAD BY EXAMPLE
We are value driven and we support each other
ENGAGE AND HAVE FUN
We have a unique team spirit and we love what we do

Nikolaj Hansen

Lives: Himlingøje, in southern Denmark
Age: 33
Profession: Team Lead, TAP-development
Family: Married with Anja, two children – Svea (2 years) and Asbjørn (Dec 2019).
Recreation: Hardcore techie – interested in almost everything that involves technology of some kind – and of course software development.
Employed at Formpipe since: 1 January 2017

"I have the opportunity to be inquisitive and learn things"

– Nikolaj Hansen

"Everyone helps each other. Keep moving and takes the time necessary"

– Maria Sundin

We help the democratic process move forward

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

I got a link sent to me about a job at Formpipe and what was attractive with the company was that there is an important job here that is not always noticed – we help the country's various public operations, every day. Working at Formpipe is to help the democratic process to run a little more effectively, through tools for digitalisation. We have a really good time here at the office and that was something I felt already after my first employment interview – it drew me in, I wanted to work here!

WHAT DID YOU DO BEFORE?

I worked as a client specialist at Region Östergötland where we in the group were responsible for further development, administration and troubleshooting of computers and software used widely across the organisation, both in healthcare and administration.

WHAT DOES YOUR ROLE LOOK LIKE TODAY?

I work as a product specialist for the document and case management product Platina. I work close to the customer, product managers and developers of the product. We are a tight team at Formpipe's office in Linköping, with regular check-ins where we can quickly flag for new things happening or if somebody is going to do something special. New things happen every day. Some days simply go to sitting online with a customer with a specific issue and turning and twisting it. Other days, I work with several issues from several different customers.

WHAT MOTIVATES YOU IN YOUR WORK AT FORMPIPE?

The most inspiring thing is that I feel that we really make a difference, we have an important job. Helping users move forward is the most enjoyable part of my job. We also have a nice "we" feeling at work, we help each other out when necessary and it's unpretentious, everyone helps each other keep moving and takes the time necessary.

CHOOSE ONE OF FORMPIPE'S CORE VALUES

PASSION FOR PEOPLE | Getting contact with our customers every day and understanding their daily lives and operations is very stimulating and exciting. Our annual customer meetings are such an example that is appreciated by both our customers and those of us who work here. Meeting and putting a face to a name, talking and spending time together outside of computers and the office is really valuable and very fun.

ENGAGE AND HAVE FUN | As a part of the job satisfaction committee at the office, I try to think of things we can do to break up the workday now and then. We exercise at lunch, have a book club and after-work socials with various themes. Among other things, we have had a film night and a sports after-work where we played floorball, football and had a ping-pong tournament.

Maria Sundin

Lives: In Brokind, several kilometres outside Linköping, but with my roots and heart in Hälsingland.
Age: 47
Profession: Product Specialist
Family: Partner and two children
Recreation: A lot of literature and music. I start a book club in every context I find myself in and try to go to concerts with my partner now and then.
Employed at Formpipe since: December 2018

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We have a unique team spirit and we love what we do

The relationship to the customers is reflected in the quality of our software

HOW DID YOU END UP AT FORMPIPE, WHAT DID YOU FIND ATTRACTIVE?
I was head-hunted by a recruitment company, I liked the atmosphere when I came for an interview and I wanted to work with more modern technology.

WHAT DID YOU DO BEFORE?
I was a team leader at OneAdvanced, where I developed clinical software, mostly mobile solutions for healthcare.

WHAT DOES YOUR ROLE LOOK LIKE TODAY?
I'm a development lead for Platina LS.

WHAT MOTIVATES YOU IN YOUR WORK AT FORMPIPE?
Since I came from a large company with a very strict corporate culture, I like that Formpipe feels friendlier and that the atmosphere is supportive.

We value the relationship with our fantastic customers and it's reflected in how much we care about our work and the quality of our software. I really appreciate being able to work with such a nice bunch of people, not just at the office in Nottingham, but in the entire organisation. Although we're spread out geographically, everyone always has time to ring and share their knowledge or help out when they have relevant experience. It's great to be among people who share the passion for leading expertise.

CHOOSE ONE OF FORMPIPE'S CORE VALUES
ENGAGE AND HAVE FUN | The past few weeks have been challenging. Since the beginning of the coronavirus epidemic, everyone in our team has been in different phases of quarantine. But despite this, we've managed to stay focused, keep working as a team and above all kept our sense of humour. We support each other through all of this and find ways to make the isolation bearable, like with guided video tours of each other's houses. This process, when we've been kept apart, has brought us closer to each other and contributed to keeping our spirits up, both professionally and personally, for everyone in the team.

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We have a unique team spirit and we love what we do

Jon Brewster

Lives: Nottingham ("right on the edge, in the nice part.")
Age: 48
Profession: Development
Family: Married with Jackie, two children Isaac and Eleanor, and a dog (Bonnie).
Recreation: As a developer, I have many fun interests that bore everyone else, but I've recently begun spending quite a bit of time walking the dog (see above), with the result that I can now throw a tennis ball really, really far. Seriously, really far.
Employed at Formpipe since: 2016

"We value the relationship with our fantastic customers"

– Jon Brewster

"It is about building a security culture with a continuous discussion about risks."

– Åsa Thorin

Formpipe certified according to ISO 27001

Today, customers increasingly require security certification – both when it concerns new and continuing business. In Sweden, only a dozen or so of the country's tens of thousands of IT companies are certified according to ISO 27001. Formpipe is one of them, which gives the company an advantage over the competition.

Information security is an area that continues to grow in importance. The consequences of insufficient information security protection are growing and the awareness of the risks is increasing in pace with the companies. ISO 27001 is an internationally recognised standard that shows that a company conducts systematic information security work in the organisation and protects its information assets. Information security is increasingly prioritised by organisations in both public and private operations. An increased regulation, such as the new General Data Protection Regulation (GDPR), has meant that the subject has been put on the agenda at companies and organisations.

THE ISO CERTIFICATION OFFERS SECURITY

– Information security has always been high on the agenda for Formpipe, says Christian Sundin, CEO. Information in various forms is one of our most important assets. We therefore need to be certain that we handle and protect our information in the right way. In that we are now certified, customers and other stakeholders can continue to feel safe in the knowledge that Formpipe conducts systematic information security work in the organisation.

PROCESSES FOR INFORMATION SECURITY

Åsa Thorin is the Support Director and Information Security Manager in the SE Public Sector business area at Formpipe and the person who has headed up the work on the certification.

"We have worked with processes for information security ever since the beginning of the 2000s so when we decided in spring 2017 to begin working towards an ISO certification, we had a good starting point. We also have good system support and incident management in our own products Platina and W3D3, which are adapted to building management information systems with version management, referral flows and approval processes. We also offer cloud services where information security is an important aspect.

PARTICIPATION AMONG THE EMPLOYEES

An introduction of ISO is based on the management deciding what information is worth protecting, risks to it and setting requirements and rules that the entire operation must then live up to. Every department creates its own routines, so participation among the employees has been a bearing part of the certification work, through workshops among other things.

"The main idea with ISO is continuous improvement," says Åsa Thorin. The most important is for all employees to have their own awareness and their own risk thinking.

CEO Christian Sundin emphasizes that the certification work was significant to the organisation in several ways.

"With ISO 27001, we have proof from external experts that our information security work is responsible and systematically correct, which gives us advantages in procurements of our products. But most important of all is how this can support our continuous improvement work, and in extension our possibility of creating really great benefit for our customers over time.

It ultimately is about protecting the individual out there, such as by helping the municipal officials so that they have the courage to publish documents in a secure way."

"It's important to have a system support where we continuously make changes in our policies with changes that are rooted among management, and where customers and staff can report incidents," says Åsa Thorin. It is about building a security culture with a continuous discussion about risks. This is and must be a part of our DNA.

Our share

The Formpipe share is listed on the Nasdaq Stockholm exchange, with the short name FPIP. Market value at year-end was MSEK 1,172.

Equity totals SEK 5,317,390.70 for 53,173,907 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 2019

In 2019, the Formpipe share price rose from SEK 19.15 to the closing price of SEK 22.05 on 30 December. The highest price paid for the year was SEK 25.20 on 3 April. The lowest price paid was SEK 18.14 on 11 August. A total of 16 million shares were traded in 2019 at a value of SEK 336 million.

APPROPRIATION OF PROFITS

The Board of Directors proposes that the Annual General Meeting on 30 June 2020 resolve to approve a dividend of SEK 0.60 (0.60) per share, which entails a total dividend of MSEK 31.9 (31.7). 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 26 April 2019 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 30 December 2019. The twenty largest shareholders represent 73.9 (70.7) per cent of the equity. In all, Formpipe had approximately 2,900 shareholders as of the date above.

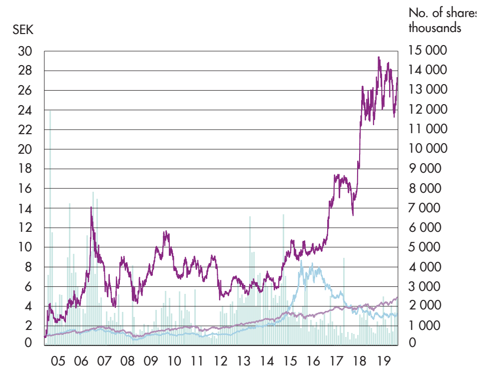
Development of share capital

Year	Month	Transaction	Number of shares	Total SEK	Total number of shares	Par value/share
2004	Oct	Share capital	100,000	100,000	100,000	1.00
2004	Nov	Split 10:1	900,000	–	1,000,000	0.10
2004	Dec	In kind share issue	4,799,970	479,997	5,799,970	0.10
2005	Dec	New share issue Digital Diary AB	615,000	61,500	6,414,970	0.10
2005	Dec	Offset share issue	1,917,909	191,791	8,332,879	0.10
2006	Sep	New share issue ALP Data i Linköping AB	454,545	45,455	8,787,424	0.10
2007	Sep	New share issue EFS Technology A/S	1,011,236	101,124	9,768,660	0.10
2008	Sep	New share issue EBI System AB	1,937,521	193,752	11,736,181	0.10
2010	Mar	New share issue share option redemption	268,323	26,832	12,004,504	0.10
2011	Mar	New share issue share option redemption	229,143	22,914	12,233,647	0.10
2012	Jul	New share issue - pre-emptive rights	36,700,941	3,670,094	48,934,588	0.10
2014	Jul	In kind share issue	1,208,814	120,881	50,143,402	0.10
2016	Jul	New share issue share option redemption	1,130,206	113,020.60	51,273,608	0.10
2017	Jun	New share issue share option redemption	599,417	59,941.70	51,873,025	0.10
2018	May	In kind share issue	699,805	69,980.50	52,572,830	0.60
2018	Jun	New share issue share option redemption	314,576	31,457.60	52,887,406	0.10
2019	Jun	New share issue share option redemption	286,501	28,650.10	53,173,907	0.10
		Equity, 31/12/2019	**53,173,907**	**5,317,390.70**	**53,173,907**	**0.10**

Ownership structure total shares 31/12/2019

Shareholders	Holdings, no.	Holdings, %
Aktiebolaget Grenspecialisten	5,464,128	10.28%
Swedbank Robur Microcap	4,000,000	7.52%
UBS Switzerland AG, w8imy	3,557,101	6.69%
Nordea Småbolagsfond Sverige	3,304,075	6.21%
SEB sv Småbol Chans/Risk	3,289,322	6.19%
Humle Småbolagsfond	2,917,643	5.49%
Wernhoff, Thomas	2,650,000	4.98%
Andra AP-Fonden	2,339,762	4.40%
Försäkringsaktiebolaget Avanza Pension	1,951,809	3.67%
Carnegie Micro Cap	1,591,594	2.99%
Core Ny Teknik	1,173,465	2.21%
Sundin, Christian	1,158,840	2.18%
Cliens Småbolag	986,115	1.85%
SEB Life International	931,442	1.75%
Alfredson, Joakim	787,000	1.48%
Andersson, Willmar	735,232	1.38%
SIX SIS AG, w8imy	710,510	1.34%
SEB	673,158	1.27%
Skandinaviska Enskilda Banken AB, w8imy	599,717	1.13%
Blomdahl, Håkan	500,000	0.94%
Gunnarsson, Mikael	425,000	0.80%
Hugemark, Staffan	419,243	0.79%
Jonsson, Christer	405,260	0.76%
AB Wallinder & Co.	376,632	0.71%
Svenska Handelsbanken AB For PB	359,620	0.68%
Alcur	349,950	0.66%
IKC Sverige Flexibel	340,000	0.64%
Colmtown Management Limited	331,800	0.62%
Nordlander, Bo	318,159	0.60%
Gilstring, Kåre	300,000	0.56%
Other	10,227,330	19.23%
Total	**53,173,907**	**100.00%**

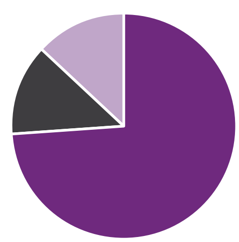
The Formpipe share – total return



Source: Web Financial Group

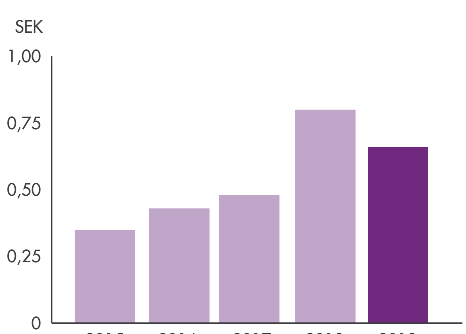
- Formpipe (Total return)
- SIX Return Index
- SIX Software (eff.)
- Turnover total shares, 1,000s per month

Distribution of shareholdings

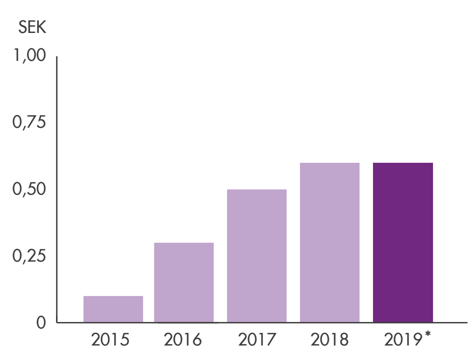


- > 500,000 shares 74%
- 100,000-500,000 shares 13%
- < 100,000 shares 13%

Earnings per share

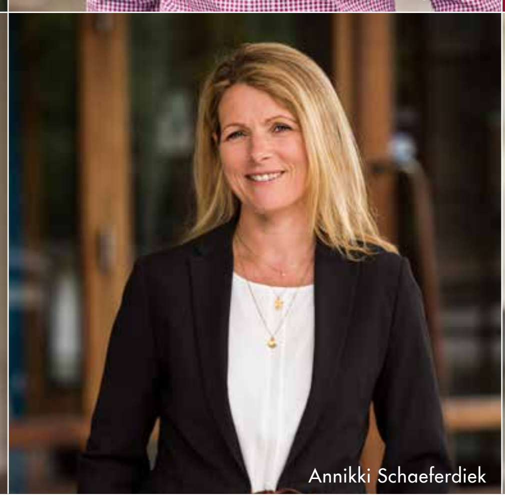


Dividend per share



* Proposed dividend

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.

Peter Lindström
Board member
Elected: 2016
Date of birth 1970
Shareholding: 40,000

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.

Annikki Schaeferdiek
Board member
Elected: 2017
Date of birth 1969
Shareholding: 6,000
Other board appointments: member of the Boards of Proact IT AB and Syster P AB.

Åsa Landén Ericsson
Board member
Elected: 2017
Date of birth 1965
Shareholding: 7,500

Erik Syrén
Board member
Elected: 2019
Date of birth 1978
Shareholding: 39,816
Other board appointments: Member of the Board of Wiraya Solutions AB

Group Management

Christian Sundin
CEO
Shareholding: 1,158,840
Share options: 685,200

Erik Lindeberg
Director of Business Development
Shareholding: 100,000
Share options: 30,000

Joakim Alfredson
CFO
Shareholding: 787,000
Share options: -

Mats Persson
CTO
Shareholding: 5,406
Share options: 10,000

Lina Elo
Director of HR
Shareholding: 7,659
Share options: 7,000

Thomas à Porta
VP Business Area Public Sector Denmark
Shareholding: 92,000
Share options: -

Staffan Hugemark
VP Business Area Private Sector
Shareholding: 407,252
Share options: -

Mauritz Wahlqvist
VP Business Area Public Sector Sweden
Shareholding: 66,319
Share options: 100,000

Key ratios

MSEK	2019	2018	2017	2016	2015
Sales					
Net sales	393.8	406.4	390.2	378.7	349.3
Software revenue	275.4	267.8	248.3	248.2	236.0
Recurring revenues	244.0	223.2	194.8	177.1	168.7
Licensing	31.4	44.6	53.1	69.6	67.5
SaaS	45.1	30.8	18.8	9.9	10.9
Maintenance and Support	198.9	192.4	176.0	167.2	157.8
Consulting and other	118.4	138.6	142.4	132.0	113.0
Growth and distribution					
Sales growth, %	-3.1%	4.1%	3.0%	8.4%	13.8%
Growth in software revenues, %	2.9%	7.9%	0.0%	5.2%	9.8%
Growth in recurring revenues, %	9.3%	14.6%	10.0%	4.9%	10.6%
Share of net sales, software revenue, %	69.9%	65.9%	63.6%	65.5%	67.6%
Share of net sales, recurring revenues, %	62.0%	54.9%	49.9%	46.8%	48.3%
Margins					
Operating margin before depreciation and items affecting comparability (EBITDA), %	25.6%	24.5%	22.0%	23.2%	21.1%
Operating margin (EBIT), %	12.1%	13.1%	9.7%	7.8%	5.7%
Profit margin, %	8.9%	9.8%	6.4%	6.0%	5.2%
Return on capital					
Return on operating capital employed, %	13.3%	14.8%	9.8%	7.5%	4.8%
Return on capital employed, %	10.9%	11.5%	8.9%	7.3%	4.6%
Return on equity, %	8.9%	10.6%	7.0%	6.9%	5.8%
Return on total capital, %	14.1%	7.7%	5.7%	5.1%	3.2%
Capital structure					
Operating capital	372.4	344.1	373.9	393.5	397.6
Capital employed	406.1	467.9	456.6	454.4	435.2
Equity	400.1	391.0	363.1	346.2	315.1
Interest bearing net debt (+)/cash (-)	-0.7	-46.7	9.4	45.6	79.1
Debt/equity ratio, %	59.3%	55.7%	53.7%	53.3%	51.0%
Cash flow and liquidity					
Cash flow from operating activities	63.7	121.4	95.1	72.2	73.6
Cash flow from investing activities	-42.2	-40.6	-41.3	-35.7	-39.9
Cash flow from financing activities	-112.5	-40.1	-32.3	-13.0	-22.0
Cash flow for the year	-91.1	40.6	21.5	23.6	11.7
Free cash flow	21.5	80.8	53.9	33.4	29.8
Cash and cash equivalents	33.7	123.8	82.7	60.9	37.7
Personnel					
Total staff, annual average, count	222	227	231	235	242
Total staff at year-end, count	221	222	231	230	239
Share data					
Total shares at year-end, thousands	53,174	51,873	51,873	51,274	50,143
Average total shares before dilution, thousands	53,015	52,523	51,623	50,803	50,143
Average total shares after dilution, thousands	53,343	52,881	52,128	51,203	50,592
Earnings per share before dilution, SEK	0.66	0.76	0.48	0.43	0.35
Earnings per share after dilution, SEK	0.66	0.75	0.48	0.43	0.35
Dividend per share	0.60	0.60	0.50	0.30	0.10
Equity per average total shares	7.55	7.44	7.03	6.82	6.28

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 2019.

GROUP STRUCTURE

Formpipe Software AB (publ) is the Parent Company in a Group with nine wholly owned subsidiaries: Formpipe Intelligo AB, 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., and Formpipe Inc.

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

ABOUT FORMPIPE

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. 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's operations are divided into three business areas: Public Sector Sweden, Public Sector Denmark and Private Sector. Within the areas for public sector, Formpipe has a market-leading position in its respective target areas. The Private Sector business area offers industry-independent solutions in Customer Communication Management and solutions originating from the Company's strong positions in the public sector to better provide companies with various needs and conditions.

Business model

Formpipe develops and provides efficient information management software. The Company focuses on 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 continuously improved knowledge of our customers' needs.

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 right of use, 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 lead to more users and supplemental products are covered, 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 relevant 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 understanding

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

Effective organisation and high levels of expertise

Formpipe is a decentralised organisation in which management promotes clear and open dialogue and makes timely decisions. Our business is knowledge intensive, with employees who possess a high level of expertise and dedication. We focus on attracting and developing top talent by fostering an open and stimulating corporate culture where employees are encouraged to grow and develop. The Company offers all employees participation in share-related incentive programmes. 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.

FINANCIAL YEAR 2019

The 2019 financial year continued the trend of 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, which has continued since. This shift is in line with Formpipe's strategy as it over the longer term entails higher recurring revenues per customer at the same time that Formpipe has a strong history of retaining its customers for a long time.

In terms of earnings, 2019 did not reach the same level as the year before, which was generally a strong year. Net sales decreased by 3 per cent to MSEK 394, which follows the pattern from earlier years where licence revenues are exchanged with recurring SaaS revenues and the expected decrease in consulting revenues that results from the lost framework agreement with the Danish Agricultural Agency. At the same time, the Company increased the important recurring revenues by more than 9 per cent to MSEK 244, driven by the increasing SaaS sales, and now correspond to 62 per cent of net sales. The changed revenue mix is in line with the Company's long-term strategy, but has a negative impact on profitability for the year, where the operating profit declined by around MSEK 6 to MSEK 48.

To increase the growth of the Group's offerings outside the public sector, a reorganisation was carried out from the beginning of the year with the aim of gathering these offerings in a business area that better utilises synergies and already existing capacity. The product areas that comprise the Private Sector business area are: Lasernet, Life Science and Legal. In connection with this, the other business areas are also becoming more streamlined: Public Sector Sweden and Public Sector Denmark.

Public Sector Sweden

Formpipe's market for the public sector in Sweden has been characterised by a wait-and-see behaviour since the 2018 election and the troublesome government formation that followed. It was not until the autumn that activity began to increase with the majority of new procurements in both e-archiving and case and document management. However, the majority of these received no award decision before year-end and thereby had no positive effect on the carrying amounts.

Compared with the previous year, the delivery revenues are significantly lower in 2019 as the extensive delivery project to the City of Stockholm is now concluded. As the project was partly delivered with sub-consultants, the costs also decrease, which means that the earnings are nonetheless in line with the previous year. The licence revenue for the year is also lower than the previous year by around MSEK 7. This is largely compensated by the growth in recurring revenues, which increased by MSEK 6 over the previous year. For the business area, the percentage of recurring revenues increased from 64 per cent to 79 per cent of sales, which increases the predictability and the stability of the business.

Public Sector Denmark

Formpipe's business directed at the Danish municipal market maintained its good profitability level, which was established in the previous year, as a result of the internal structural measures implemented the year before. During the year, the market saw positive signals in the form of the competing initiative SBSYS not succeeding in attracting more municipalities to its association, and that the new framework agreement, SKI 02.18 and 02.19, are now in place and suborders from them began. These framework agreements, which mainly build on recurring revenue models, make it easier for the customers to themselves specify which components they want to be included in their solution, which is positive for Formpipe as the Company's product Acadre is very functionality rich compared with the competitors' products.

Grants Management is largely comprised of Formpipe's largest customer, the Danish Agricultural Agency, and their solution for automated grant management for national EU grants. Formpipe has historically been a sole provider to the Danish Agricultural Agency's solution for the management of EU grants. This solution consists of three framework agreements, Product Development, Customisations and Configuration, of which the first pertains to development and maintenance of the software and the latter two are pure hourly consulting. During the year, the work regarding the agreement for Customisations was transferred to another supplier, whereby Formpipe's consulting revenues gradually decreases. The agreement for Customisations is not of long-term strategic interest to the Company, but has historically had a turnover of around MDKK 13 on an annual basis and provided a positive earnings contribution to the business.

Formpipe's solution for 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. Multiple agriculture authorities in Europe regularly fail to pay out the correct grant on time, which leads to large penalties. Formpipe's long experience in Grants management is an asset as new initiatives are now being taken in Denmark regarding more centralised handling of grant support for the Danish authorities. A procurement driven by the Danish Agency of Modernisation (MODST) is expected to come out in 2020 and Formpipe then has a lead over the competition in this area.

Private Sector

The Private Sector business area was formed at the beginning of the year and is comprised of the product areas: Lasernet, Legal and Life Science. The objective was to provide for the good growth opportunities that were identified mainly in the product Lasernet by utilising and focusing already existing expertise and capacity within the Group. The business area is geographically distributed, with representation in six different countries, and during the year, a great deal of energy was devoted to establishing a new common organisational structure.

Private Sector continues to be the segment in which the SaaS transition is the most distinct, mainly with regard to the product Lasernet. The transition that began in the second half of 2017 has gradually become increasingly clear and SaaS business now corresponds to around 75 per cent of Lasernet's new sales. The negative financial effect, which was initially tangible, decreases year by year and towards the end of 2019, the turning point was reached where Lasernet's SaaS transition begins to contribute positively to sales and earnings.

Lasernet continues to develop strongly internationally, driven by the successes for Microsoft's ERP systems and its clear focus on the cloud. 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 ERP systems, is seen today as a natural part of the introduction project and is to-date much appreciated by both customers and partners.

OUTLOOK FOR 2020

Formpipe sees continued growth potential for Lasernet, which attracts ever larger and more internationally spread customers. The new organisation has better conditions to meet the challenges that this entails and will continue to be developed to further facilitate Lasernet's growth. The cooperation with Microsoft continues to develop well and is deemed to be potentially very interesting and can facilitate Formpipe's growth in the private sector and internationally. By gathering the products that are suitable as Cloud offerings, the partnership with Microsoft becomes even more interesting. As yet, the cooperation has mainly been about Lasernet, which is already approved and available in Microsoft AppSource, but there are also good chances of adding further products that drive volume to Microsoft Azure.

The municipal market in Denmark had positive indicators in the past year and Formpipe was successful in converting customers over to the new framework agreements. The competition in the market is also beginning to normalise in that the competition-inhibiting association SBSYS had to withstand public criticism and thereby no longer attracts municipalities to the same extent.

The delivery revenues from Formpipe's largest customer, the Danish Agricultural Agency, are deemed to decline further as the full annual effect, around MDKK 13, from the lost framework agreement will not become fully visible until 2020. Formpipe continues to deliver on the remaining two framework agreements with the customer. The upcoming procurement from the Agency for Modernisation (MODST) regarding a central handling of authorities' grant management in Denmark is very interesting. Even if Formpipe is deemed to have good conditions of meeting most of the requirements that come up in the procurement, a considerable effort will be required for the organisation in the upcoming year.

Demand in the Swedish public sector is expected to remain relatively stable in the future. The Company deems that the market returned to a more normal activity level in the latter part of 2019, which is assumed to continue. The large procurements are becoming increasingly uncommon. The trend is instead towards the customers further developing their existing systems and adding on further functionality and users. Formpipe is focusing on meeting the need of its existing customer base through continuous development of new modules and solutions. The objective is to get the customers to increase their use of the products by increasing the number of users and digitising a larger number of advanced processes.

The IT procurements in the public sector have seen ever higher demands on security, both in the actual products and among suppliers and subcontractors as operating partners, etc. This trend essentially means greater expense to Formpipe and other IT providers to the public sector, in the form of higher product development expenses, more expensive and complex infrastructure solutions, more in-depth background checks of subcontractors and their staff, etc. Given Formpipe's historically high rate of development, where security has been an important component, the Company is well positioned to meet these demands. In 2019, Formpipe implemented the demanding certification process for ISO 27001 (Information security) and received the final approval after year-end. ISO 27001 is an internationally recognised standard that shows that one conducts systematic information security work in the organisation and protects one's information assets. Information security has always been high on the agenda for Formpipe. Today, customers increasingly require certification both when it concerns new and continuing business. The number of certified companies is growing, but in Sweden, for example, there are only some ten of the country's thousands of IT companies that are certified according to ISO 27001. This provides Formpipe a certain advantage in the competition and evidence that the Company is a responsible supplier.

Uncertainty regarding the impact from COVID-19

In a business like Formpipe's, the spread of the coronavirus may have a negative impact. Customers, employees and projects may be impacted to a material extent, which may also have negative financial and other consequences. At the writing of this report, there is extensive uncertainty regarding the extent to which, the manner in which and the time horizon during which this can affect Formpipe. However, Formpipe's high percentage of recurring revenues provides the Company conditions to handle external risk factors.

MARKET

Data and information are more and more clearly the lifeblood of economic development: it is the foundation for many new products and services, which lead to productivity and resource efficiency gains in every sector of the economy. Being able to make use of the possibilities of digitalisation has come to be one of the most important issues of our time. The gains of being able to collect, process and present data are extensive.

Formpipe's products are 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 Enterprise Content Management (ECM) market that Formpipe has grown to become a market leader in the public sector and a strong actor in the private sector where we digitalise and improve the effectiveness of customer communication in sectors, such as retailing, manufacturing, life science, energy and water, as well as law.

The growth in the 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. Growth drivers tend to continually gain strength as the amount of data and information increases.

Analyst and consulting firm Gartner's forecast for the global market is an average annual growth of 9.4 per cent in 2018-2023. The Content Services market is forecast in 2020 at USD 10.5 billion in system revenues[1].

Transition to Software as a Service

Development in the market 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. The transition to Saas is taking place very quickly now and Gartner estimates that the SaaS revenues will reach up to 40 per cent of the total sales of software in 2022.

This development is well in line with Formpipe's strategy and 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.

BUSINESS AREAS

Danish public sector

Formpipe has a leading position in the market for the public sector in Denmark, with 40 per cent of Denmark's municipalities as customers of Formpipe's data and document management solutions and with a leading position in the area of Grants Management in several government agencies. More than DKK 20 billion is paid out with the help of Formpipe Grants Management products every year, with the fastest speed and the largest amount of automated digital processes in the whole of Europe. Digital solutions and automation create opportunities to meet the growing welfare needs and at the same time increase the service to the citizens. According to the employers' organisation Dansk Industri, modernisation and digitalisation of the public sector can free up DKK 20 billion by 2025[2]. Money that can then be fed back to the public sector and contribute to better service and welfare.

Swedish public sector

Formpipe has a leading position in the market for the public sector in Sweden with hundreds of customers at authorities, universities, municipalities, regions and municipal companies. Around SEK 45 billion is invested in IT in the public sector every year. The Swedish Government's ambition is for government agencies, municipalities and regions to be the best in the world at using the possibilities of digitalisation to create an efficient public sector – a simpler daily life for private individuals and companies, more jobs and greater welfare. Digital solutions and automation create opportunities to meet the growing welfare needs and at the same time increase the service to the citizens.

Formpipe has extensive knowledge of the opportunities and challenges that Sweden's municipalities, regions and agencies will be facing in the future. Formpipe is an important piece of the puzzle when it comes to digitalisation and new ideas to maintain world-class welfare.

Private sector

The global ERP software market was estimated at USD 35.81 billion in 2018 and is estimated to reach USD 78.40 billion by 2026[3]. Since cloud solutions are becoming increasingly accepted due to their scalability, reliability and flexibility, many ERP customers are changing their view of the internal architecture. This shift, where the customer see advantages of moving to the cloud, opens up new possibilities for Formpipe. Lasernet is a product that supplements ERP systems and makes it possible for business documents to be delivered in exactly the format and layout

[1] Source Gartner: Enterprise Application Software, Worldwide, 4Q19 Update
[2] https://www.danskindustri.dk/politik-og-analyser/di-mener/digitalisering/digitalisering-af-den-offentlige-sektor/
[3] https://www.credenceresearch.com/report/customer-communication-management-ccm-market

wanted. Lasernet continues to develop strongly internationally, a positive development that above all is a result of Formpipe's close cooperation with MIcrosoft and their offering in the cloud (Azure) for Microsoft Dynamics. Lasernet is a natural complement to Dynamics and improves the customer experience through efficient document management. Microsoft supports the marketing of Lasernet among other things through its marketplaces in the cloud, Azure Marketplace and Microsoft AppSource. There is potential to increase Formpipe's offering with more products through this channel. This can, for example, concern our product Long-Term Archive, which can make it easier for companies and organisations to execute their cloud strategy. By providing Long-Term Archive in Azure, the customers can move all of their business systems to the cloud without risking losing valuable information. Both Gartner and Microsoft point out this area (often called Cloud Migration or Application Retirement) as a significant growth area.

SIGNIFICANT EVENTS DURING THE YEAR

Annual General Meeting 2019

- The Annual General Meeting re-elected the Board members Bo Nordlander (Chairman), Martin Henricson and Peter Lindström, Åsa Landén Ericsson and Annikki Schaeferdiek, and elected Eric Syrén as a new Board member.
- The employee incentive programme offered after the AGM was fully subscribed.
- SEK 0.60 per share (0.50) was distributed to shareholders, comprising a dividend totalling SEK 31,732,443.60 (25,936,512.50).

Higher number of shares

By utilising warrants issued to the staff in the programme from 2016, a total of 286,501 new shares were issued.

After this increase, the number of shares and votes in the Company amounted to 53,173,907 and the Company's share capital was SEK 5,317,390.70.

Significant orders

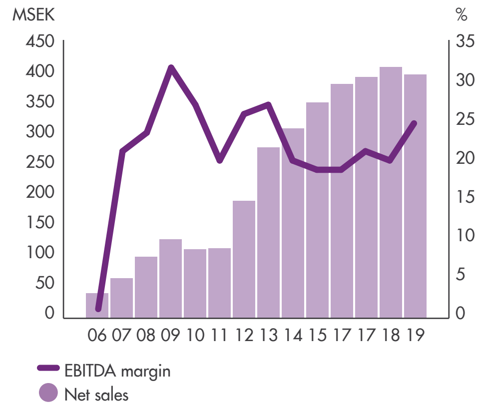
Formpipe received many orders throughout the year, of which several were fairly larger, with a subsequent positive effect on the year's earnings.

COMMENTS ON THE INCOME STATEMENT

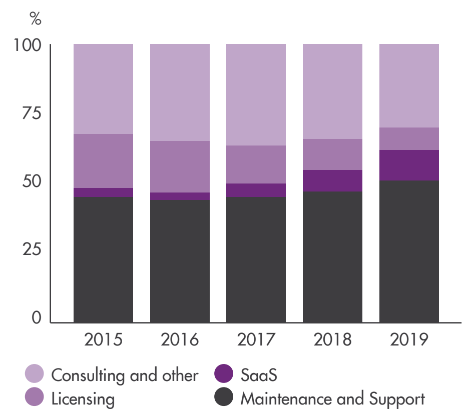
Historic development

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 showed declining sales and profitability. This was 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 also the underlying organic growth was good, which also continued in 2015 and 2016. In 2017, 2018 and 2019, both sales and profitability were negatively impacted by the transition of parts of the Company's new sales towards SaaS, where the licence revenues are allocated to periods over the contract's duration instead of recognising income at contract signing. In 2019, the delivery revenues decreased as a result of the phase-out of one of three framework agreements at the customer, the Danish Agricultural Agency.

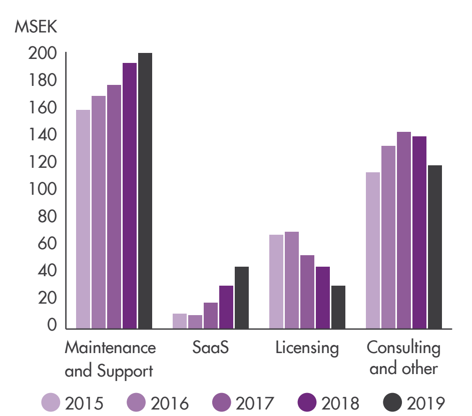
Net sales and profitability



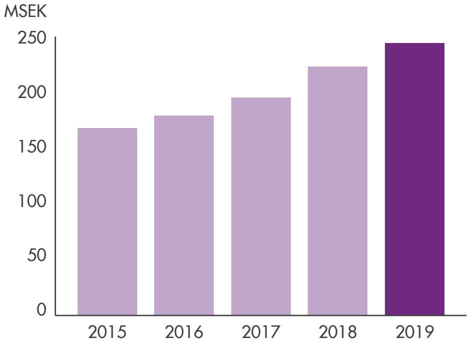
Sales revenue distribution



Sales growth by revenue type



Recurring revenues



Revenues

Net sales for the period totalled MSEK 393.8 (406.4), which is equivalent to a decrease of 3 per cent. Software revenue increased by 3 per cent over the previous year, amounting to MSEK 275.4 (267.8). Total recurring revenues for the period increased by 9 per cent from the previous year and amounted to MSEK 244.0 (223.2), corresponding to 62 per cent of net sales. Currency exchange rate effects have had a positive effect of MSEK 7.5 on net sales compared with the previous year.

Expenses

Operating expenses decreased from the previous year, amounting to MSEK 346.3 (353.2).

A large part of Formpipe's operating expenses are linked with staff, and staff expenses for the year totalled MSEK 208.9 (215.0), a decrease of 3 per cent. The number of employees at year-end was 221 (222), and the average for the year was 222 (227). The distribution of personnel along with salaries and other remunerations appears in Note 8.

Cost of sales totalled MSEK 47.5 (50.9) and consists primarily of third-party providers of consulting and products and sales commissions to partners.

Other expenses amounted to MSEK 73.0 (75.0). IFRS 16 decreased the other expenses for the year by MSEK 7.9.

Capitalised development work at the Company's own expense during the year amounted to MSEK 36.3 (34.3).

Depreciation for the year amounted to MSEK 53.2 (46.5). IFRS 16 increased depreciation for the year by MSEK 7.5.

Net financial items amounted to an expense of MSEK -3.2 (-2.3) and consist of interest expenses of MSEK -2.1 (-2.8) and exchange-rate differences of MSEK -1.1 (0.5). IFRS 16 increased financial expenses for the year by MSEK 0.6.

Tax expense for the year amounted to MSEK 9.3 (11.0).

Profit

Operating profit before depreciation and items affecting comparability (EBITDA) for the year amounted to MSEK 100.7 (99.7), with an EBITDA margin of 25.6 (24.5) per cent. Currency exchange rate effects have had a positive effect of MSEK 1.5 on EBITDA compared with the previous year (see Note 11).

Operating profit for the year totalled MSEK 47.5 (53.2), which corresponds to an operating margin of 12.1 (13.1) per cent.

Profit before tax was MSEK 44.3 (50.9), corresponding to a margin of 11.2 (12.5) per cent.

Profit for the year totalled MSEK 35.0 (39.9), which corresponds to a profit margin of 8.9 (9.8) per cent and is distributed per share according to the table below.

Parent Company

Net sales for the Parent Company totalled MSEK 133.9 (153.4), and profit for the year was MSEK 3.1 (20.1).

COMMENTS ON THE STATEMENT OF FINANCIAL POSITION

Investments and business combinations

Total investments for the period January-December amounted to MSEK 42.2 (40.1), 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 40.6 (37.1) 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.

Property, plant and equipment and financial assets

Investments in property, plant and equipment and financial assets amounted to MSEK 1.7 (3.0) and mainly comprised computer and office equipment.

Financial position and liquidity

Cash and cash equivalents

Cash and cash equivalents amounted to MSEK 33.7 (123.8) at the end of the period. At year-end, Formpipe had interest-bearing liabilities of MSEK 33.0 (77.1), of which MSEK 27.1 (-) pertained to leasing liabilities according to IFRS 16 and MSEK 5.9 (-) pertained to utilised overdraft facilities. The Company has a bank overdraft facility totalling MSEK 50.0. The Company's net cash at year-end thus amounted to MSEK 0.7 (46.7), which corresponds to a net cash of MSEK 27.8 (46.7) excluding IFRS 16-related liabilities.

Earnings per share	2019	2018
Total outstanding shares at year-end	53,173,907	52,887,406
Average total shares before dilution	53,014,740	52,523,064
Average total shares after dilution	53,343,153	52,880,568
Profit or loss for the year attributable to Parent's shareholders, KSEK	35,034	39,890
Earnings per share attributable to shareholders of the Parent Company:		
- per number of shares outstanding, SEK	0.66	0.75
- per average total shares before dilution, SEK	0.66	0.76
- per average total shares after dilution, SEK	0.66	0.75

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 7.7 (9.4) at the end of the period. At the end of the period, the Group has accumulated loss carryforwards of MSEK 1.7 (1.8) which are not yet capitalised.

Equity

Equity at year-end was MSEK 400.1 (391.0), corresponding to SEK 7.52 (7.39) per outstanding share. Value changes in the Swedish krona has impacted the value of the Group's net assets in foreign currency by MSEK 4.9 from the previous year-end.

Interest-bearing liabilities

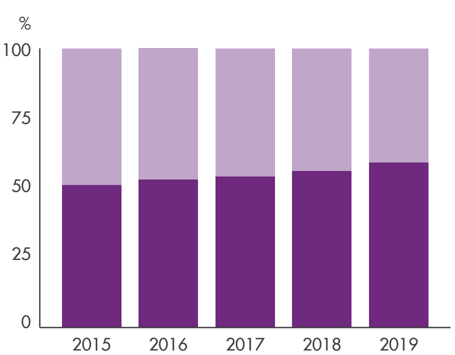
In connection with the acquisition of the Traen Group in 2012, Formpipe took out an interest-bearing loan of MSEK 63.0 and MDKK 103.2 for the purpose of refinancing the existing loan debt at Traen and to finance portions of the transaction. In 2015, the loan was renegotiated because the debt had become 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. The loan was repaid in full in April 2019 and at that time amounted to MSEK 79.1.

At year-end, the Company has no interest-bearing loan liabilities (MSEK 77.1), besides the utilised credit of MSEK 5.9.

Debt/equity ratio

The Group's equity ratio was 59 (56) per cent at year-end.

Debt/equity ratio



COMMENTS ON THE CASH FLOW STATEMENT

Cash flow from operations amounted to SEK 63.7 (121.4) million.

Annual cash flow from investing activities amounted to MSEK -42.2 (-40.6), investments in intangible assets amounted to MSEK 40.6 (37.1) and investments in tangible assets amounted to MSEK 1.7 (3.5).

Cash flow from financing activities amounted to MSEK -112.5 (-40.1) and is comprised of final repayment of the entire remaining interest-bearing liability of MSEK -80.2 (-16.6), credit facility utilisation of MSEK 5.9 (-), repayments of leasing-related liabilities of MSEK -7.4 (-), paid-in proceeds for shares as a result of redemption of the personnel's warrant programme of MSEK 2.9 (3.0), paid proceeds for the buy-back of warrants of MSEK -2.6 (-0.9), paid-in premiums from a new warrant programme for the personnel of MSEK 0.6 (0.4) and paid dividends totalling MSEK -31.7 (-25.9).

The Group's total cash flow for the year amounted to MSEK -91.1 (40.6).

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 62 (55) per cent of Formpipe's net sales of MSEK 393.8 (406.4). 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 short-term 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 continued in 2018 and 2019 and affected the Company's sales, earnings and cash flow negatively during the financial year, although to a lesser extent than the previous year. From 2020, 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 workforce based on changes in demand, which is a more manageable risk for the Group.

Formpipe's human resources are important, and the availability of skilled personnel is a critical success factor. The Company satisfies this by offering its staff market-adjusted and competitive terms of employment. 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 44.3 (50.9), with changes to several factors:

Sensitivity analysis	Change	Effect on pre-tax profit, MSEK
Demand for licences	+/- 5%	+/- 1.6
Demand for delivery	+/- 5%	+/- 5.9
Staff expenses	+/- 5%	+/- 10.4
STIBOR/CIBOR*	+/- 100 bps	+/- 0.3
DKK/SEK	+/- 5%	+/- 1.3
EUR/SEK	+/- 5%	+/- 0.1
GBP/SEK	+/- 5%	+/- 0.1
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 3 and 4.

Uncertainty regarding the impact from COVID-19

In a business like Formpipe's, the spread of the coronavirus may have a negative impact. Customers, employees and projects may be impacted to a material extent, which may also have negative financial and other consequences. At the writing of this report, there is extensive uncertainty regarding the extent to which, the manner in which and the time horizon during which this can affect Formpipe. However, Formpipe's high percentage of recurring revenues provides the Company conditions to handle external risk factors.

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 2019 Annual General Meeting, or where a change in remuneration occurs thereafter. The Board has not appointed a separate remuneration committee; instead, the Board in its entirety deals with issues relating to remuneration and other conditions of employment.

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

The basic salary for the Managing Director and other senior executives must be competitive. The variable remuneration shall take into account the individual's level of responsibility and degree of influence. The extent of the variable remuneration is related to the extent by which financial objectives established by the Group's Board of Directors are met. The variable remuneration shall constitute no more than 40 per cent in addition to the basic salary. All variable remuneration plans have defined maximum allocation and outcome limits. A provision is made in the annual accounts for variable remuneration attributable to the financial year when applicable and is disbursed in close connection with the Annual General Meeting. The Company has stock-related incentive programmes directed at the entire staff (including the Chief Executive Officer and other senior executives) that is intended to promote the Company's long-term interests. The Board continuously evaluates whether additional option programmes or any other form of stock-related or stock price-related incentive programme should be proposed to the Annual General Meeting. The Chief Executive Officer and other senior executives shall have defined contribution pension agreements. Retirement occurs at age 65 for the Chief Executive Officer and the senior executives. Pension provisions are based solely on the budgeted salary. In the event of termination of the employment of the Chief Executive Officer, six months' notice of termination and six months' severance pay will apply if the contract is terminated by the Company. Other income which the Chief Executive Officer receives during the period for which severance pay is paid will be subtracted from the severance pay. If the Chief Executive Officer terminates the contract, six months' notice must be given. A mutual notice period of 3 to 6 months applies between the Company and the other senior executives. In the event the Company is the object of a public takeover bid that results in at least 30 per cent of the Company's shares ending up in the possession of one and the same shareholder, the Chief Executive Officer is entitled, upon termination of employment by the Company or the Chief Executive Officer, to special severance pay corresponding to 12 basic monthly salaries at the time notice is given. Such severance pay is not subject to deduction for other income, shall be paid in its entirety upon the cessation of the employment and replaces the severance pay to which the Chief Executive Officer is normally entitled according to his or her employment contract.

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

The guidelines for the remuneration of senior executives proposed to the 2020 Annual General Meeting are essentially unchanged, but are described in detail in accordance with the new guidelines applicable for 2020 in the Company's Corporate Governance Report.

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 5,317,390.70 at year-end 2019, allocated to 53,173,907 shares.

As of 31 December 2019, 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 2.8 per cent. 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 50,000 and 500,000 shares. A new share issue in connection with the redemption of the 2018/2021 warrant programme may result in an increase in share capital by no more than SEK 50,000 and 500,000 shares. A new share issue in connection with the redemption of the 2019/2022 warrant programme may result in an increase in share capital by no more than SEK 50,000 and 500,000 shares.

Formpipe held no treasury shares at the end of 2019.

At the end of 2019, 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	187,947,805
Profit for the year	3,129,344
	191,077,149
The Board of Directors proposes:	
To pay a dividend of SEK 0.60 per share to shareholders, totalling	31,904,344
To be carried forward	159,172,805
	191,077,149

The Board of Directors proposes that the Annual General Meeting on 30 June 2020 resolve to approve a dividend of SEK 0.60 (0.60) per share, which entails a total dividend of SEK 31,904,344.20 (31,732,443.60).

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 assesses that the proposed appropriation of profits is well suited to the nature, scope and risks of the business and the Parent Company's and Group's capital requirements. The proposal may be reviewed due to the on-going pandemic and political decisions.

This annual report shows that the equity ratio for the Parent Company was 60 (53) per cent.

Group equity was MSEK 400.1 (391.0) at the end of the period and net cash was MSEK 0.7 (46.7).

CORPORATE GOVERNANCE REPORT

The Formpipe Corporate Governance Report is on page 94 of this Annual Report.

Sustainability Report

This is Formpipe's statutory sustainability report for the 2019 financial year. The report comprises the Parent Company Formpipe Software AB and its subsidiaries. Information on the corporate structure and business model is on page 47 in the Management Report.

A DRIVING ACTOR IN DIGITALISATION

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 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. 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. With customers in public administration, Life Science and Legal, high standards are set on good business ethics, IT security and data integrity. An inability to meet these standards leads to worse financial circumstances and in the short term also negative consequences for the Company's continued existence. Through its high product quality, Formpipe is on the forefront in terms of developing and providing software and solutions for high-quality and secure information management. Through continuous development work, it is ensured that the customers' and society's growing demands are met.

STEERING DOCUMENTS

Guidance for compliance in the sustainability area 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 and Quality Assurance.

CORE VALUES

Beginning in autumn 2018 and during most of 2019, Formpipe carried out a project, Project ONE, to create a common culture and brand platform for the entire Company. The work resulted in increasing cooperation and an understanding of the various business areas and the countries we work in.

Formpipe's core values form the basis for our Code of Conduct and are of major significance to the entire organisation. They permeate our way of acting, interacting, making decisions and managing the work in the future.

PASSION FOR PEOPLE

We are proud of who we are and put people first

UNDERSTANDING OUR CUSTOMERS

We listen and create true business value

RESPECT AND TRUST

We are open-minded and we are honest

PERFORM WITH QUALITY

We take ownership and we act professionally

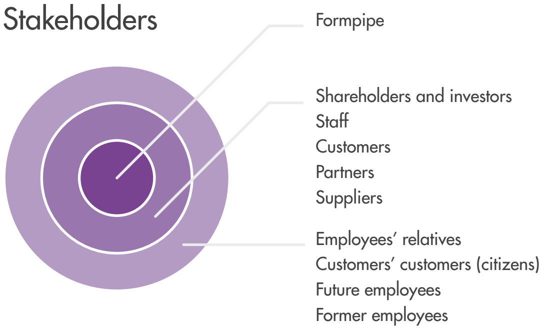
LEAD BY EXAMPLE

We are value driven and we support each other

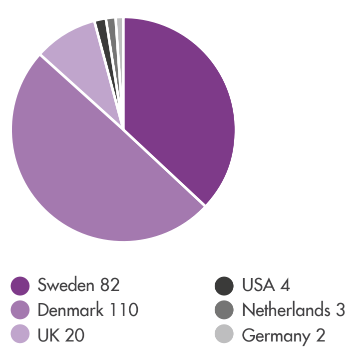
ENGAGE AND HAVE FUN

We have a unique team spirit and we love what we do

Stakeholders



Employees by country



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. The respective business area formulates and conducts an annual customer survey to strengthen our offering in the long term and meet our customers' business needs. In the customer surveys, space is provided for future-oriented suggestions from customers on product improvements or product development. Besides customer surveys, there are also active user associations that contribute to the products' development through a set process.

BUSINESS ETHICS AND IT SECURITY

Formpipe's customers set high standards on good business ethics, IT security and data integrity. These areas are important success factors for the Company's long-term financial conditions and survival.

IT security and data integrity

Formpipe is and has been successful in its work in IT and information security. Information in various forms is one of our most important assets. We therefore need to be assured that we handle and protect our information in the right way. Formpipe is certified according to ISO 27001. It is an internationally recognised standard that shows that the Company conducts systematic information security work in the organisation and protects its information assets.

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. The Company 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 follows the general guidelines on combating money laundering that exist in applicable laws and conventions.

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.

EMPLOYEES AND SOCIAL INVOLVEMENT

At Formpipe, we safeguard each other and live according to our core values. Both managers and employees have a responsibility to contribute to creating a good working climate and resolving any challenges that may arise. Offering a good working environment contributes to possibilities of attracting and keeping skilled personnel, which is a prerequisite for the Company's continued development. By our employees thriving and having fun together, Formpipe can supply good products and maintain a good relationship to our customers. This will in term lead to us achieving better financial results and Formpipe will remain in the market as the high-quality supplier we are.

Working environment

Formpipe strives to create a working environment where our employees thrive, have fun and are committed. The employees are involved, can influence their work situation and are given the opportunity of personal development. Formpipe has long measured the employees commitment, motivation and satisfaction by annually conducting an employee survey. In 2019, the Company shifted from the traditional annual employee surveys to a new tool where continuous "pulses" are taken to better be able to take the temperature of the employees' commitment. With this approach, Formpipe gains insights that can be quickly acted on – a transition to governing the business with an efficient and agile method. In connection with this changed approach, our goal is to be at a higher KPI value than the average compared to other companies.

Target: Above average KPI.

Results: The target was not achieved in 2019.

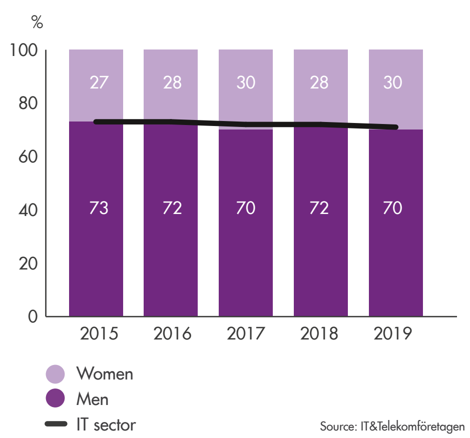
Gender distribution, diversity and non-discrimination

Formpipe's basic philosophy is that we will recruit qualified employees and promote equal rights and opportunities regardless of gender, cross-gender identity or expression, ethnic identity, religion or other beliefs, disability, sexual orientation or age. This approach permeates the entire company. Formpipe permits no form of discrimination, whether direct or indirect.

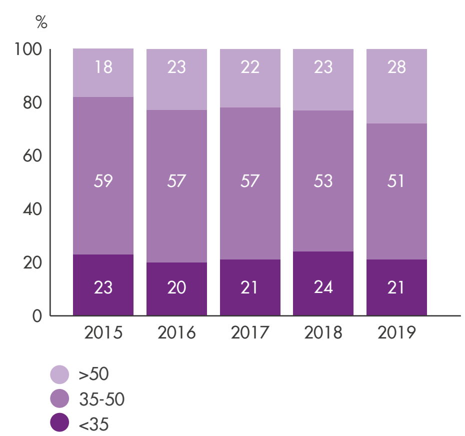
Target: The percentage of women shall be above the average for the IT industry.

Results: The target was achieved in 2019. The percentage of women at the end of the year was 30 per cent compared with 29 per cent in the industry.

Percentage women and men



Employees by age group



Diversity on the Board

Formpipe strives to meet the guidelines 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. The SCGB's target for listed companies is an even gender distribution where the boards consist of at least 40 per cent women by 2020.

Target: An even gender distribution with at least 40 per cent women.

Results: The target was not achieved in 2019. The percentage of women on the Board was 33 per cent at year-end.

Community involvement

Every year, Formpipe allocates money for charity. This money is distributed during the year based on what happens in the outside world. In 2019, Formpipe made donations to 4Ocean, an organisation that works worldwide to end the ocean's plastic crisis.

ENVIRONMENTAL IMPACT

Formpipe strives to safeguard a sustainable environment for current and future generations by limiting negative environmental and climate impact to the furthest extent possible in the scope of our operations. Formpipe's products shall also make it easier for the customer and the customer's customer to minimise their environmental impact.

Sustainable IT

By maintaining the IT equipment, we increase its lifespan and reduce the need to invest in new equipment. 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 in finding 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.

Energy use

In our work to safeguard the environment, we endeavour to make conscientious choices and to reduce electricity consumption by, for example:

- using suppliers who offer green electricity
- turning off computers, screens and lighting when not used
- using premises of the right size

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 products that are environmentally labelled, organic, locally produced and recyclable. Formpipe works for greater recycling of materials and source sorting of e.g. paper and glass. The Company strives to choose environmentally adapted packaging and to not used disposable items.

Consolidated income statement

KSEK	Note	2019	2018
Net sales	5, 6	**393,797**	**406,412**
Operating expenses			
Cost of sales	5, 6	-47,543	-50,941
Other costs	5, 7	-72,963	-75,021
Staff expenses	5, 8	-208,886	-215,004
Own work capitalised		36,261	34,286
Operating profit before depreciation and items affecting comparability (EBITDA)		**100,667**	**99,732**
Depreciation	14, 15, 26	-53,154	-46,518
Operating profit (EBIT)		**47,514**	**53,214**
Income from financing activities	9, 11	7	574
Expenses from financing activities	9, 11, 26	-3,236	-2,882
Profit/loss after financial items		**44,285**	**50,906**
Tax on profit/loss for the year	10, 23	-9,251	-11,016
Profit/loss for the year		**35,034**	**39,890**
Of which attributable to:			
Shareholders of the Parent Company		*35,034*	*39,890*
Total		*35,034*	*39,890*
Other comprehensive income			
Items that may be reclassified to profit/loss			
Currency differences		4,943	9,499
Other comprehensive income for the period, net after tax		4,943	9,499
Total comprehensive income for the year		**39,976**	**49,390**
Of which attributable to:			
Shareholders of the Parent Company		*39,976*	*49,390*
Total		*39,976*	*49,390*

KSEK		2019	2018
Earnings per share, calculated on earnings attributable to shareholders of the Parent Company during the year (expressed in SEK per share)	12		
– before dilution		0.66	0.76
– after dilution		0.66	0.75
Average total shares before dilution, thousands		53,015	52,523
Average total shares after dilution, thousands		53,343	52,881

Consolidated statement of financial position

KSEK	Note	31/12/2019	31/12/2018
ASSETS			
Non-current assets			
Intangible assets	14		
Capitalised expenditure		129,632	130,937
Goodwill		342,377	338,237
Other intangible non-current assets		380	768
Total intangible non-current assets		**472,389**	**469,942**
Property, plant and equipment	15		
Other equipment		33,745	5,740
Total property, plant and equipment		**33,745**	**5,740**
Financial assets			
Other financial assets	16	1,565	1,510
Other non-current receivables	6, 16	3,259	4,708
Total non-current financial assets		**4,824**	**6,218**
Non-current receivables	23		
Deferred tax assets		7,664	9,373
Total non-current receivables		**7,664**	**9,373**
Total non-current assets		**518,623**	**491,273**
Current receivables			
Trade and other receivables	17, 18	87,295	62,837
Current tax assets		2,210	-
Other receivables		249	613
Accruals and prepaid income	6, 19	32,514	23,410
Total current receivables		**122,268**	**86,860**
Cash and cash equivalents	17, 20	33,682	123,782
Total non-current assets		**155,951**	**210,642**
TOTAL ASSETS		**674,573**	**701,915**

KSEK	Note	31/12/2019	31/12/2018
EQUITY			
Share capital	21	5,317	5,289
Other paid-in capital		208,600	207,767
Revaluation reserves		23,713	18,770
Retained earnings		162,498	159,197
Total equity attributable to shareholders of the Parent		**400,129**	**391,023**
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	23	23,818	20,636
Non-current lease liabilities	17, 26	19,973	180
Total non-current liabilities		**43,791**	**20,817**
Current liabilities			
Borrowing from credit institutions	22	5,937	76,883
Current lease liabilities	26	7,082	-
Trade and other payables	17	15,703	26,651
Current tax liabilities		2,177	4,484
Other liabilities	24	11,666	8,179
Accrued expenses and deferred income	6, 25	188,088	173,878
Total current liabilities		**230,654**	**290,075**
Total liabilities		**274,445**	**310,891**
TOTAL EQUITY AND LIABILITIES		**674,573**	**701,915**

Consolidated statement of changes in equity

		Equity attributable to shareholders of the Parent					Non-	
KSEK	Note	Share capital	Other paid-in capital	Revaluation reserves	Retained earnings	Total	controlling interests	Total equity
Equity on 1 January 2018		**5,187**	**194,729**	**17,892**	**145,243**	**363,051**	**2,079**	**365,130**
Comprehensive income								
Earnings for the period		-	-	-	39,890	39,890	-	39,890
Other comprehensive income items		-	-	9,499	-	9,499	-	9,499
Total comprehensive income		**-**	**-**	**9,499**	**39,890**	**49,390**	**-**	**49,390**
Transactions with shareholders								
Acquired non-controlling interests		-	-	-8,621	-	-8,621	-2,079	-10,700
Dividends	12	-	-	-	-25,937	-25,937	-	-25,937
In kind share issue	21	70	10,630	-	-	10,700	-	10,700
New warrant issue	21	31	2,970	-	-	3,001	-	3,001
Warrant buy-back	21	-	-916	-	-	-916	-	-916
Paid-in premiums for staff share option programme	21	-	355	-	-	355	-	355
Total transactions with shareholders		**101**	**13,038**	**-8,621**	**-25,937**	**-21,418**	**-2,079**	**-23,497**
Equity on 31 December 2018		**5,289**	**207,767**	**18,770**	**159,197**	**391,023**	**-**	**391,023**
Equity on 1 January 2019		**5,289**	**207,767**	**18,770**	**159,197**	**391,023**	**-**	**391,023**
Comprehensive income								
Earnings for the period		-	-	-	35,034	35,034	-	35,034
Other comprehensive income items		-	-	4,943	-	4,943	-	4,943
Total comprehensive income		**-**	**-**	**4,943**	**35,034**	**39,976**	**-**	**39,976**
Transactions with shareholders								
Acquired non-controlling interests		-	-	-	-	-	-	-
Dividends	12	-	-	-	-31,732	-31,732	-	-31,732
In kind share issue	21	-	-	-	-	-	-	-
New warrant issue	21	29	2,828	-	-	2,856	-	2,856
Warrant buy-back	21	-	-2,610	-	-	-2,610	-	-2,610
Paid-in premiums for staff share option programme	21	-	615	-	-	615	-	615
Total transactions with shareholders		**29**	**833**	**-**	**-31,732**	**-30,871**	**-**	**-30,871**
Equity on 31 December 2019		**5,317**	**208,600**	**23,713**	**162,498**	**400,129**	**-**	**400,129**

Income statement – Parent

KSEK	Note	2019	2018
Net sales		**133,927**	**153,423**
Operating expenses			
Cost of sales		-7,683	-16,732
Other costs	7	-44,855	-35,960
Staff expenses	8	-68,878	-72,511
Depreciation		-6,011	-6,029
Total operating expenses		**-127,427**	**-131,233**
Operating profit/loss		**6,500**	**22,190**
Income from financing activities	9, 11	477	572
Expenses from financing activities	9, 11	-2,877	-3,301
Profit/loss after financial items		**4,100**	**19,461**
Appropriations		0	6,601
Tax on profit/loss for the year	10, 23	-970	-5,943
Profit/loss for the year		**3,129**	**20,118**

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

Statement of financial position – Parent

KSEK	Note	31/12/2019	31/12/2018
ASSETS			
Non-current assets			
Intangible assets	14		
Capitalised expenditure		5,954	3,514
Customer contracts		4,295	8,684
Total intangible non-current assets		**10,248**	**12,198**
Property, plant and equipment	15		
Other equipment		891	1,185
Total property, plant and equipment		**891**	**1,185**
Financial assets			
Shares in subsidiaries	16	275,586	275,586
Other non-current receivables	6, 16	3,259	4,708
Total non-current financial assets		**278,846**	**280,294**
Total non-current assets		**289,985**	**293,677**
Current assets			
Current receivables			
Interest-bearing loans to group companies	16	-	44,087
Trade and other receivables	18	44,579	21,858
Current tax assets		2,210	-
Loans to group companies		14,107	13,389
Other receivables		227	613
Accruals and prepaid income	19	7,635	14,744
Total current receivables		**68,756**	**94,690**
Cash and cash equivalents	20	641	64,116
Total non-current assets		**69,397**	**158,806**
TOTAL ASSETS		**359,381**	**452,482**

KSEK	Note	31/12/2019	31/12/2018
EQUITY			
Restricted equity			
Share capital	21	5,317	5,289
Other contributed capital		17,691	17,691
Total restricted equity		**23,008**	**22,979**
Non-restricted equity			
Distributable reserves		177,453	176,620
Retained earnings		10,495	22,109
Profit/loss for the year		3,129	20,118
Total non-restricted equity		**191,077**	**218,847**
Total equity		**214,085**	**241,827**
Current liabilities			
Borrowing from credit institutions	22	5,937	76,883
Trade and other payables		7,767	19,502
Tax liability		-	6,228
Liabilities to group companies		34,794	16,291
Other liabilities	24	6,486	2,533
Accrued expenses and deferred income	25	90,312	89,218
Total current liabilities		**145,296**	**210,655**
Total liabilities		**145,296**	**210,655**
TOTAL EQUITY AND LIABILITIES		**359,381**	**452,482**

Statement of changes in equity – Parent

		Restricted equity		Non-restricted equity		
KSEK	**Note**	**Share capital**	**Other contributed capital**	**Distributable reserves**	**Other non-restricted equity**	**Total equity**
Equity on 1 January 2018		**5,187**	**17,691**	**163,582**	**48,046**	**234,505**
Comprehensive income						
Profit/loss for the year		-	-	-	20,118	20,118
Total comprehensive income		**-**	**-**	**-**	**20,118**	**20,118**
Transactions with shareholders						
Dividends	12	-	-	-	-25,937	-25,937
In kind share issue	21	70	-	10,630	-	10,700
New warrant issue	21	31	-	2,970	-	3,001
Warrant buy-back	21	-	-	-916	-	-916
Paid-in premiums for staff share option programme	21	-	-	355	-	355
Total transactions with shareholders		**101**	**-**	**13,038**	**-25,937**	**-12,797**
Equity on 31 December 2018		**5,289**	**17,691**	**176,620**	**42,227**	**241,827**
Equity on 1 January 2019		**5,289**	**17,691**	**176,620**	**42,227**	**241,827**
Comprehensive income						
Profit/loss for the year		-	-	-	3,129	3,129
Total comprehensive income		**-**	**-**	**-**	**3,129**	**3,129**
Transactions with shareholders						
Dividends	12	-	-	-	-31,732	-31,732
In kind share issue	21	-	-	-	-	-
New warrant issue	21	29	-	2,828	-	2,856
Warrant buy-back	21	-	-	-2,610	-	-2,610
Paid-in premiums for staff share option programme	21	-	-	615	-	615
Total transactions with shareholders		**29**	**-**	**833**	**-31,732**	**-30,871**
Equity on 31 December 2019		**5,317**	**17,691**	**177,453**	**13,624**	**214,085**

Cash flow statement

KSEK	Note	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Cash flow from operating activities					
Operating profit/loss		47,514	53,214	6,500	22,190
Items not affecting cash flows					
– Depreciation		52,886	46,518	6,011	6,029
– Other items		1,489	117	-1,158	-482
Other items affecting liquidity					
Interest revenue		7	68	477	572
Interest expense		-2,153	-2,882	-1,719	-2,819
Income tax paid		-8,296	-6,389	-9,408	-4,639
Cash flow from operating activities before changes in working capital		**91,447**	**90,646**	**703**	**20,850**
Increase (-)/decrease (+) in work in progress		-7,788	8,309	-	-
Increase (-) / decrease (+) trade receivables		-23,912	5,612	-24,384	-87
Increase (-) / decrease (+) other current receivables		-1,625	4,406	5,677	11,707
Increase (+) / decrease (-) trade payables		-11,030	2,267	-13,147	6,353
Increase (+) / decrease (-) non-current liabilities		16,609	10,119	9,173	-5,663
Cash flow from changes in working capital		**-27,746**	**30,714**	**-22,681**	**12,310**
Cash flow from operating activities		**63,701**	**121,360**	**-21,978**	**33,161**
Cash flow from investing activities					
Investment in intangible non-current assets	14	-40,589	-37,084	-3,467	-2,813
Investment in property, plant, and equipment	15	-1,654	-3,049	-299	-780
Investment in financial assets	16	-	-464	64,087	6,707
Cash flow from investing activities		**-42,243**	**-40,597**	**60,320**	**3,114**
Cash flow from financing activities					
New share issue	21	2,856	3,001	2,856	3,001
Issue of warrants	21	615	355	615	355
Warrant buy-back		-2,610	-916	-2,610	-916
Raising of loans		5,937	-	-	-
Repayment of loans	22	-80,212	-16,637	-76,883	-14,570
Increase (+) / Decrease (-) current financial liabilities		-7,375	-	-	-
Dividend paid	13	-31,732	-25,937	-31,732	-25,937
Cash flow from financing activities		**-112,521**	**-40,134**	**-107,754**	**-38,067**
Cash flow for the year		**-91,064**	**40,629**	**-69,412**	**-1,792**
Currency translation differences for cash and cash equivalents		965	490	-	-
Cash and cash equivalents at start of year		123,782	82,663	64,116	65,908
Cash and cash equivalents at year-end	20	**33,682**	**123,782**	**-5,296**	**64,116**

Notes

All amounts in these notes are stated in SEK thousands (KSEK) unless otherwise specified. The closing date is 31 December 2019.

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 U.S.

The Parent is a Limited Liability company registered and domiciled in Sweden. The Company address is Formpipe Software AB (publ), Box 231 31, SE-104 35 Stockholm. The visiting address is Sveavägen 168, Stockholm.

The Parent is listed on the Nasdaq Stockholm Stock Exchange.

On 28 April 2020, the Board of Directors approved the consolidated financial statements for publication on 30 April 2020.

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

On 1 January 2019, the Group began to apply the following new accounting standards and amendments.

- IFRS 16 "Leasing" replaces IAS 17 "Leases" and its related interpretations. The new standard is applied as of 1 January 2019. The new standard removes the classification of leases as operating or finance, for the lessee, as required in IAS 17, and instead introduced an individual model for recognition.

  According to the new model, all leases result in the lessee receiving a right to use (ROU) an asset during the assessed leasing period and, if payments are made over time, also receives financing. Formpipe's long-term operating leases are recognised as fixed assets and financial liabilities in the consolidated balance sheet. Instead of operating leases, Formpipe recognised depreciation and interest expenses in the consolidated income statement. Formpipe has identified leases primarily attributable to office premises.

  Formpipe applied the new standard by using the modified retroactive transition method, which means that the comparative figures are not restated. The accumulated effect of applying IFRS 16 was recognised on 1 January 2019. The leasing liabilities attributable to leases previously classified as operating leases under IAS 17 was measured at the present value of the remaining leasing payments, discounted by using the marginal loan rate as of 1 January 2019. Formpipe recognised an ROU at an amount that corresponds to the leasing liability, adjusted for the amount for any prepaid or accrued payments attributable to the lease, recognised as at 31 December 2018. Accordingly, the transition to IFRS 16 did not have any material impact on Group equity. Formpipe has chosen to apply the practical exceptions to recognise payments attributable to short-term leases and leases for low-value assets as an expense in the income statement. Non-leasing components have been expensed and not recognised as a part of the ROU or leasing liability. The transition to IFRS 16 had the following effects on the consolidated balance sheet at the transition date, 1 January 2019, and are described further in Note 26.

Financial leasing asset:	MSEK 34.6
Financial leasing liability:	MSEK 33.1

  Other IFRS or IFRIC interpretations that entered into effect have not had any significant impact on the Group's financial reporting.

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

A number of new standards and interpretations will come into force for financial years commencing after 1 January 2019 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.

NOTE 2 Summary of significant accounting policies, cont.

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 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.

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:

a) Assets and liabilities in each of the statements of financial position are translated at the closing rate,
b) Income and expenses for each income 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
c) All exchange rate differences that arise are recognised in Other comprehensive income.

In consolidation, exchange rate differences arising due to translation of net investment in foreign operations are recorded as Other comprehensive income. When disposing the foreign operation, wholly or in part, exchange rate differences recognised as Other comprehensive income are recorded in the income statement and recognised as part of the capital gain or loss.

Goodwill and changes to fair value that arise in acquisition of a foreign business are treated as assets and liabilities of the operations and translated on the statement of financial position date.

Note 11 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.

REVENUE

A revenue is recognised when the customer receives control of the sold good or service, a principle that replaces the earlier principle that revenues are recognised when risks and benefits have been transferred to the buyer. The basic principle in IFRS 15 is that the Group recognises revenue in the way that best reflects the transfer of control of the promised good or service to the customer. This recognition in the Group takes place with the aid of a five-step model applied to all customer contracts.

- Identify the contract with the customer
- Identify the various performance commitments in the contract
- Determine the transaction price
- Allocate the transaction price to the performance commitments
- Recognise revenue once the performance commitment is fulfilled

NOTE 2 Summary of significant accounting policies, cont.

Using the above five-step model, the Group's contracts with customers can contain various performance obligations that are identified as Licences, SaaS (Software as a Service), Support and maintenance agreements and Consultancy services. A revenue can be recognised only when the control over the sold good or service can be considered to have been transferred to the customer for the respective type of revenue class/performance obligation.

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 accounting principles that the Group applies to these performance obligations are presented below.

Sales of licences

The Group develops and sells software. Sales of licence rights are recognised as revenue upon completed delivery according to agreement and once the customer has obtained control over the purchased licences and that no substantial obligations remain after the delivery date. If a licence is sold and the invoicing model deviates from when the customer obtained control over the licences delivered, the Group reserves a licence revenue and a receive that is dissolved against the invoicing during the agreement's duration. In such cases, the Group makes an assessment whether there is a material financing component that must be recognised in the balance sheet and if there is an interest component that must be recognised under financial items instead of as a regular revenue. The transaction price is thereby adjusted for the effects of a significant financing component. The receivable that is on the balance sheet is divided up into a long-term component and a short-term component based on the time frame financed towards the customer when the invoicing model differs from the revenue recognition.

Sales of Software as a Service (SaaS)

The Group sells software as a service by taking care of the operation of software as cloud-based services. The software is then not installed on the customer's own servers, but rather on servers the Formpipe Group manages the operations from. This service, which includes licence, support & maintenance and operation, is continuously received by the customer during the period of the agreement and it is recognised as revenue on a straight-line basis over the contract period as the control is transferred to the customer continuously during the period of the agreement. These services are normally invoiced between three to 12 months in advance of which the Group's remaining obligations re recognised in the balance sheet as a prepaid income under other current liabilities.

Sales of Support and maintenance agreements

The Group sells Support and maintenance agreements for the software. Such agreements are signed in connection with the sale of licences or SaaS (Software as a Service). Revenues from Support and maintenance agreements are invoiced in advance and recognised as revenue on a straight-line basis over the contract period as the control is transferred to the customer continuously during the period of the agreement. These services are normally invoiced between three to 12 months in advance of which the Group's remaining obligations re recognised in the balance sheet as a prepaid income under other current liabilities.

Sale of services

The Group sells consulting and training services that are provided on open account or fixed price agreements. Revenues for on-account 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.

Contract assets, receivables and contract liabilities

Formpipe Software distinguishes between asset classes and receivables based on whether or not the right to compensation is conditional on anything other than the time value of money. Contract assets are primarily attributable to transactions where Formpipe Software fulfils a performance obligation to transfer a licence, which is a part of the packaged offering to the customer, but the right to payment for the licence is dependent on Formpipe Software fulfilling other performance obligations in the agreement, such as support and maintenance. Contract assets are transferred to receivables when the right becomes unconditional, meaning when only the time value of money is required before compensation falls due for payment.

Contract liabilities relate to advance payments received from customers.

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.

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.

NOTE 2 Summary of significant accounting policies, cont.

INTANGIBLE ASSETS

Goodwill

Goodwill is the amount by which the cost exceeds the acquisition date fair value of the Group's share of the acquired subsidiary's net identifiable assets. Goodwill on acquisitions of subsidiaries is reported under intangible assets. Goodwill that is recognised separately is 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 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, and
- 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).

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.

At 1 January 2019, the rights of use attributable to finance leases in accordance with IFRS 16 are also included in the amounts presented under property, plant and equipment. None of the Group's financial leases extend beyond five years, which includes contract length and assumptions for use of options beyond contract length.

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. The classification of financial assets is governed by the business model to collect the contractual cash flows and whether or not the contractual cash flows are only comprised of capital amounts and interest. Financial liabilities are classified as and recognised at amortised cost unless they are derivatives. Derivatives are recognised at fair value with real value changes recognised in profit or loss.

(a) Financial assets and liabilities measured at amortised cost

Financial assets measured at amortised cost are held in a business model where the financial assets are held to collect contractual cash flows. There are no sales of receivables and receivables are not evaluated on a fair value basis. The contractual cash flows are only comprised of capital

NOTE 2 Summary of significant accounting policies, cont.

amounts and interest. 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 measured at fair value through profit or loss are either derivatives, equity instruments not designed to be recognised at fair value through other comprehensive income or debt instruments not held in a business model consisting of collecting contractual cash flows or to both collect contractual cash flows and sell the financial assets, such as debt instruments whose contractual cash flows are not only comprised of capital amounts and interest. Financial liabilities in this category are derivatives. Assets and liabilities in this category are classified as current assets or current liabilities unless the item has a settlement date more than 12 months after the statement of financial position date, in which case they are classified as non-current assets or non-current liabilities. The items, as reported in the consolidated statement of financial position, include derivative instruments that do not meet the criteria for hedge accounting and liabilities in foreign currencies to other than a financial institution.

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

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

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

If the market for a financial assets is not active, the Group determines the fair value through application of measurement techniques such as using information from recently completed arm's length transactions, using the fair value of a different financial instrument that is materially similar, assessment of the discounted cash flow, or derivative valuation models. Market information is used for this to the greatest extent possible, and company specific information is used the least extent possible.

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.

For trade receivables, the Group applies the simplified impairment model and recognises expected bad debt losses for the remaining duration. The assessment is based on there being significant financial difficulties at the debtor, the likelihood the debtor will enter bankruptcy or financial reconstruction, late or non-payment, payment history and assumptions about prospective information. Changes in the provision for expected bad debt losses are recognised as 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.

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.

NOTE 2 Summary of significant accounting policies, cont.

Benefits on termination of employment

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

Profit-sharing and bonuses

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

PROVISIONS

Provisions for restructuring expenses and legal requirements are recognised when the Group when a legal or informal obligation based on previous events arises, it is probable that an outflow of resources will be 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.

LEASING

The Group's leasing activities and the reporting of them

The Group leases a number of premises, offices, office machines and vehicles. The leases are normally written for fixed periods between six months to five years and the leases have different terms, index clauses and rights to extension.

Agreements may contain both leasing and non-leasing components. Non-leasing components have been expensed and not recognised as a part of the ROU or leasing liability.

The conditions are negotiated separately for each agreement and include a number of different contractual terms. The leases contain no special terms or restrictions except that the lessor retains the rights to pledge leased assets. The leased assets may not be used as collateral for loans.

Leased property, plant and equipment were classified as either finance or operating leases to the end of the 2018 financial year. As of 1 January 2019, the leases are recognised as rights of use (ROU) and a corresponding liability, the date that the leased asset is available for use by the Group.

Assets and liabilities that arise from leases are initially recognised at present value.

The leasing liabilities include the present value of the following lease payments:

- fixed fees (including substantive fixed fees), less any benefits in connection with the signing of the lease that are to be obtained, variable leasing fees that depend on an index or a price, initially valued using an index or price at the start date
- amounts expected to be paid out by the lessee according to residual value guarantees
- the redemption price for an option to buy if the Group is reasonably certain to exercise such a possibility
- penalties payable upon termination of the lease if the lease term reflects that the Group will exercise a possibility to terminate the lease.

Leasing payments that will be made for reasonably certain extension options are also included in the valuation of the liability.

The leasing payments are discounted by the lease's implicit interest rate. If this interest rate cannot be easily determined, which is normally the case for the Group's leases, the lessee's marginal loan interest rate is used, which is the interest rate that the individual lessee would have to pay to borrow the necessary funds to buy an asset of similar value as the ROU in a similar economic environment with similar terms and collateral.

The Group determines the marginal loan interest rate in the following way:

- when it is possible, financing that was recently obtained from an external party is used as a starting point and then adjusted to reflect changes in the financing circumstances since the financing was received
- if no loans from external parties have been raised recently, a method is used that is based on a risk-free interest rate that is adjusted for credit risk
- adjustments are made for the specific conditions in the agreement, such as lease term, country, currency and collateral.

The Group is exposed to potential future increases in variable leasing payments based on an index or an interest rate that is not included in the leasing liability until they enter into effect. When adjustments of leasing payments based on an index or an interest rate enter into effect, the leasing liability is revalued and adjusted against the ROU.

Leasing payments are distributed between repayment of the liability and interest. The interest is recognised in the income statement over the leasing period in a way that entails a fixed interest rate for the leasing liability recognised during the respective period.

The assets with a ROU are valued at cost and include the following:

- the amount the leasing liability is originally valued at
- Leasing leasing fees that have been paid at or before the start date, less any benefits received in connection with the signing of the lease
- initial direct expenses
- expenses to restore the asset to the condition prescribed in the terms of the lease.

ROUs are usually depreciated straight-line over the shorter of the useful life and the leasing period. If the Group is reasonably certain to use a purchase option, the ROU is depreciated over the useful life of the underlying asset.

Payments for short contracts regarding equipment and vehicles and all leases of minor value are expensed straight-line in the income statement. Short contracts are agreements with a lease term of 12 months or less. Agreement of less value include, for example, IT equipment and small office furniture.

All of the Group's ROUs for leases are recognised under property, plant and equipment.

Options to extend and terminate agreements

Options to extend and terminate agreements are included in a number of the Group's leases for premises, offices and equipment. Terms are used to maximise the flexibility in the handling of the assets used in the Group's business. The overwhelming majority of the options that provide an opportunity to extend and terminate agreements can only be used by the Group and not by the lessor.

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.

NOTE 2 Summary of significant accounting policies, cont.

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.

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.

The Group risk management policy is to hedge known material future cash flows. The Group had no hedges through forward contracts or other hedges at the end of the 2018 financial year or at the end of the 2019 financial year.

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 2019 and 2018 would have been affected as per the table below.

	2019		2018	
KSEK	Profit/loss for the year	Equity	Profit/loss for the year	Equity
SEK strengthened by 10%	-1,966	-31,067	-1,878	-28,535
SEK weakened by 10%	1,966	31,067	1,878	28,535

(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 short-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 the end of the period, the interest-bearing borrowing amounted to KSEK 5,937 (76,883) with variable interest linked to STIBOR. 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 41 (85).

(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 for 2018 in the table below relate to the values based on the closing day rate in 2018. The bank loan achieved a bullet time at 30 April 2019, which occurred in interval number one, where these bank loans were repaid in their entirety. At the end of the 2019 financial year, the amount pertains to the part of the bank overdraft facilities the Group uses; the bank overdraft facilities have a limit of MSEK 50.

The trade payables and other liabilities within the interval < 1 year in the table below falls due for payment in full within 2020.

The Company's net cash (interest-bearing liabilities less cash and cash equivalents) amounted to KSEK 690 (46,719) at year-end.

NOTE 3 Financial risk management, cont.

KSEK	< 1 yr	1-2 yrs	2-5 yrs	> 5 yrs
2019				
Current liabilities to credit institutions	5,937	-	-	-
Trade payables and other liabilities	36,628	-	-	-
Total	**42,565**	**-**	**-**	**-**
2018				
Bank borrowings	76,883	-	-	-
Trade payables and other liabilities	39,314	-	-	-
Total	**116,197**	**-**	**-**	**-**

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 2019 the Group held no (MSEK –) financial derivative instruments. 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 UNCERTAINTY FACTORS, ACCOUNTING ESTIMATES AND ESTIMATES FOR ACCOUNTING PURPOSES

Uncertainty factors, 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 was 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.

IMPORTANT ESTIMATES AND ASSESSMENTS REGARDING THE LENGTH OF THE LEASES.

When the lease's length is determined, management takes into account all available information that provides a financial incentive to use an extension option, or to not use an option to terminate an agreement. Possibilities of extending an agreement are only included in the lease's length if it is reasonably certain that the agreement will be extended (or not concluded).

For leases that concern premises, offices, office machines and vehicles, the following factors are normally the most significant:

- If the agreements contain significant fees to terminate the agreements (or not extend them), the Group normally deems that it is reasonably certain that extension will take place (or that termination will not take place).
- If the Group has costs of improvements on external properties and expects that they have a significant residual value, it is usually reasonably certain that the agreements will be extended (or not terminated).
- Otherwise, the Group takes into account other factors, including historical leasing period, and the costs and interruptions to operations that are required to replace the leased asset.

NOTE 4 Significant accounting estimates and estimates for accounting purposes, cont.

The leasing period is reviewed if an option is used (or not used) or if the Group is forced to use the option (or not use it). The assessment whether it is reasonably certain is reviewed only if a significant event or changes in circumstances arise that affect this assessment and the change is within the lessee's control. During the current financial year, none of the Group's leases have been revalued due to revised useful lives.

UNCERTAINTIES ATTRIBUTABLE TO COVID-19

In a business like Formpipe's, the spread of the coronavirus may have a negative impact. Customers, employees and projects may be impacted to a material extent, which may also have negative financial and other consequences. At the writing of this report, there is extensive uncertainty regarding the extent to which, the manner in which and the time horizon during which this can affect Formpipe. However, Formpipe's high percentage of recurring revenues provides the Company conditions to handle external risk factors.

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.

From 1 January 2019, the Group's segments are divided based on the customer groups they address. The segments are divided into SE Public, DK Public, Private and Other and reflect the Group's internal reporting and follow-up by Group Management; it is also based on these segments that the Chief Operating Decision Maker (CODM) assesses the business. 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 SE Public and DK Public have their customers in the public sectors of Sweden and Denmark. The Private segment gathers the Group's offers that target customers outside the public sector and are also not tied to a special geographic market. The Other segment includes the Group's older products that are not included in any of the other segments and the Group's overhead costs.

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

		2019				2018			
Company name	**Domicile**	**SE Public**	**DK Public**	**Private**	**Other**	**SE Public**	**DK Public**	**Private**	**Other**
Formpipe Software AB	Sweden	x		x	x	x		x	x
Formpipe Intelligo AB	Sweden			x				x	
Formpipe Software Holding A/S	Denmark		x				x		
Formpipe Software A/S	Denmark		x				x		
Formpipe Lasernet A/S	Denmark			x				x	
Formpipe Lasernet GmbH	Germany			x				x	
Formpipe Software Benelux BV	Netherlands			x				x	
Formpipe Lasernet Ltd.	England			x				x	
Formpipe Life Science Ltd	England			x				x	
Formpipe Inc.	USA			x				x	

INCOME STATEMENT BY SEGMENT

2019	**SE Public**	**DK Public**	**Private**	**Other**	**Eliminations**	**IFRS 16**	**Group**
Licences	8,738	5,231	17,467	-	-	-	31,436
SaaS	16,328	6,655	22,071	5	-	-	45,059
Maintenance and Support	79,744	57,781	56,264	5,161	-	-	198,950
Delivery services	17,849	77,983	22,521	-	-	-	118,353
Sales, internal	-685	79	17,066	-	-16,460	-	-
Total sales	**121,973**	**147,730**	**135,389**	**5,165**	**-16,460**	**-**	**393,797**
Expenses, external	-75,276	-114,511	-96,428	-14,805	-	7,890	-293,130
Expenses, internal	727	-198	-16,989	-	16,460	-	-
Total expenses	**-74,549**	**-114,709**	**-113,417**	**-14,805**	**16,460**	**7,890**	**-293,130**
EBITDA	**47,424**	**33,021**	**21,972**	**-9,640**	**-**	**7,890**	**100,667**

NOTE 5 Segment information, cont.

2019	SE Public	DK Public	Private	Other	Eliminations	IFRS 16	Group
Depreciation							-53,154
EBIT							**47,514**
Net financial items							-3,229
Tax							-9,251
Profit/loss for the year							**35,034**

2018	SE Public	DK Public	Private	Other	Eliminations	IFRS 16	Group
Licences	16,026	7,492	21,045	54	-	-	44,617
SaaS	14,121	5,221	11,375	84	-	-	30,801
Maintenance and Support	75,595	54,167	56,470	6,150	-	-	192,382
Delivery services	31,496	89,499	17,609	8	-	-	138,612
Sales, internal	3,110	68	7,975	-	-11,153	-	-
Total sales	**140,349**	**156,447**	**114,474**	**6,296**	**-11,153**	**-**	**406,412**
Expenses, external	-89,385	-113,809	-90,509	-12,977	-	-	-306,681
Expenses, internal	-1,117	-2,095	-7,940	-	11,153	-	-
Total expenses	**-90,503**	**-115,905**	**-98,449**	**-12,977**	**11,153**	**-**	**-306,681**
EBITDA	**49,846**	**40,543**	**16,024**	**-6,682**	**-**	**-**	**99,732**
Depreciation							-46,518
EBIT							**53,214**
Net financial items							-2,307
Tax							-11,016
Profit/loss for the year							**39,890**

GEOGRAPHIC DISTRIBUTION OF EXTERNAL REVENUES

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

2019	SE Public	DK Public	Private	Other	Group
Nordic region	122,659	147,527	44,020	5,111	319,318
UK	-	-	22,840	16	22,856
Rest of Europe	-	124	31,318	31	31,473
North America	-	-	19,703	-	19,703
Rest of world	-	-	440	6	446
Total	**122,659**	**147,651**	**118,322**	**5,165**	**393,797**

2018	SE Public	DK Public	Private	Other	Group
Nordic region	137,004	156,260	41,439	6,207	340,910
UK	6	0	20,984	39	21,029
Rest of Europe	138	119	27,709	41	28,007
North America	0	0	15,395	0	15,395
Rest of world	92	0	971	8	1,071
Total	**137,239**	**156,379**	**106,499**	**6,296**	**406,412**

INFORMATION ABOUT CUSTOMERS

The Group is domiciled in Sweden. Revenues from external customers in the SE Public segment amount to KSEK 122,659 (137,239), total revenues from external customers in the DK Public segment amount to KSEK 147,651 (156,379) and total revenues from external customers in the Private segment amount to KSEK 118,322 (106,499) and total revenues from external customers in the Other segment amount to KSEK 5,165 (6,296).

Revenues of KSEK 68,983 (82,674) refer to a single external customer and are attributable to the DK Public segment.

NOTE 5 Segment information, cont.

ASSETS

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

2019	SE Public	DK Public	Private	Other	Group
Capitalised expenditure	57,792	45,795	26,045	-	129,632
Goodwill	51,285	178,418	112,675	-	342,377
Other intangible assets	-	380	-	-	380
Total	**109,077**	**224,593**	**138,720**	**-**	**472,389**

2018	SE Public	DK Public	Private	Other	Group
Capitalised expenditure	51,575	58,242	21,120	-	130,937
Goodwill	50,228	175,761	112,248	-	338,237
Other intangible assets	-	-	768	-	768
Total	**101,803**	**234,003**	**134,136**	**-**	**469,942**

NOTE 6 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group's revenues relate almost solely to revenues from contracts with customers. The majority of the contracts include multiple components and various performance obligations of which revenue recognition takes place through four different revenue classes where the time of recognition can vary between the revenue classes. The agreements can be broken down into the various revenue classes to allocate the revenues to the correct component and performance obligation under the agreement and thereby ensure that revenue recognition takes place at the right time. The Group also has a smaller number of agreements with customers that only contain the component and the performance obligation of consulting revenues. The respective revenue classes are described in more detail in Note 2, page 68. The four different revenue types are presented below and the time at which revenue recognition occurs.

Licences	At one time
Software as a service (SaaS)	Over time
Maintenance and Support	Over time
Consulting and other services	At one time

The revenue classes where the Group's revenue recognition can be affected by IFRS 15 is when the revenue recognition concerning Licences differs from the agreed invoicing model. In such cases, the Group recognises a revenue and a long-term and a short-term contract receivable that is dissolved over the contract period as invoicing takes place.

The revenue types of SaaS and Support and Maintenance where the control is transferred to the customer on straight-line basis over the contract period are almost solely invoiced 3-12 months in advance, from which the Group in the balance sheet builds up a current contractual liability in the balance-sheet item prepaid income.

In the cases when the Consulting Revenues differ from the agreed invoicing model, the Group reserves an income in connection with the delivered hour and in the balance sheet builds up a current receivable under the balance sheet item accrued income.

The Group has no non-current receivables or liabilities attributable to the revenue types Saas, Support and Maintenance and Consulting Revenues.

CONTRACT ASSETS

The Group's contract assets pertain to the agreements with customers where the invoicing model differs from the revenue recognition for sold Licences where the control has been transferred to the customer with the invoicing taking place over the duration of the contract. The Group recognises the following contract assets:

Type of contract asset	Balance sheet item	Note reference	2019	2018
Contract assets long-term component	Other non-current receivables		3,259	4,708
Contract assets short-term component	Prepaid expenses and accrued income	Note 19	1,449	1,449
			4,708	**6,156**

CONTRACT LIABILITIES

The Group's contract liabilities refer to all advance invoicing to customers. The Group invoices all SaaS and Support and Maintenance revenues in advance. These are invoiced almost solely 3-12 months in advance. Certain advance invoicing also takes place with regard to consulting hours that are subsequently settled against delivered hours in the course of the year. All advance invoicing is classified as short-term as no significant long-term advance invoicing occurs in the Group.

Type of contract liability	Balance sheet item	Note reference	2019	2018
Contract liability, short-term component	Accrued expenses and deferred income	Note 25	149,683	127,508
			149,683	**127,508**

The increase in the contract liabilities from 2018 to 2019 is a combination of an increased contract stock, but above all that the Group is experiencing a shift from traditional licence sales to the customers buying the Group's products as a service through SaaS where the control is transferred monthly to the customer. Licence sales are recognised as revenue at one point in time and SaaS is recognised as revenue on a straight-line basis over the contractual period and invoiced 3-12 months in advance from which a contract liability arises.

Of the revenues invoiced in advance that constitute the Group's contract liability at the beginning of the financial year, all have essentially been recognised as revenue in 2019.

REMAINING LONG-TERM AGREEMENTS

The average contract period for new customers amounts to 3-5 years where the Group has contracted recurring revenues during the contract period. Agreements that have run through the contract period have an

NOTE 6 Revenue from contracts with customers, cont.

automatic extension period of 1 year. The Group assesses that agreements with a remaining duration exceeding one year will be recognised as revenue in an amount of KSEK 250,491 during the 2020 financial year.

RECOGNISED ASSETS FROM EXPENSES FOR OBTAINING AGREEMENTS

The Group has a partner network that sells the Group's products. When a partner wins a new customer where the Group stands as the supplier of the end customer, in some cases a kickback may be payable to the partner on either licences sold, one-year's worth of SaaS or the annual value of Support and Maintenance.

The material part of expensed kickbacks pertains to traditional licences, which are expensed at a certain point in time. Kickbacks regarding SaaS and Support and Maintenance are allocated to periods over one year as the kickback essentially is based on one year's value. The Group therefore has no long-term components attributable to expenses for obtaining agreements.

NOTE 7 AUDITOR'S REMUNERATION

	Group		Parent Company	
	2019	**2018**	**2019**	**2018**
PricewaterhouseCoopers AB				
Audit assignment	1,338	1,015	650	420
Auditing services other than audit assignment	122	292	100	61
Tax consultancy	145	-	145	-
Other services	17	-	-	-
Total PricewaterhouseCoopers AB	**1,622**	**1,307**	**895**	**481**
Other auditors				
Audit assignment	357	410	-	-
Group total	**1,979**	**1,717**	**895**	**481**

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 1,695, of which KSEK 710 is for PwC Sweden. Audit activities in addition to the audit assignment amount to KSEK 122, of which KSEK 100 is for PwC Sweden.

NOTE 8 STAFF, MANAGEMENT AND BOARD OF DIRECTORS

Salaries and other employee benefits for all employees identified for the Parent Company and subsidiaries	2019	2018
Parent Company		
Salaries and other benefits	42,403	41,997
Pension cost	5,284	4,899
Social security contributions	15,231	15,392
Subsidiaries		
Salaries and other benefits	127,806	132,422
Pension cost	8,430	8,272
Social security contributions	4,720	4,495
Group	**2019**	**2018**
Salaries and other benefits	170,208	174,420
Pension cost	13,713	13,170
Social security contributions	19,951	19,887

	Group		Parent Company	
Number of employees at year-end	**2019**	**2018**	**2019**	**2018**
Formpipe Software AB, SE	75	73	75	73
Formpipe Intelligo AB, SE	7	11	-	-
Formpipe Software A/S, DK	98	100	-	-
Formpipe Lasernet A/S, DK	12	12	-	-
Formpipe Lasernet GmbH, DE	2	1	-	-
Formpipe Software Benelux BV, NL	3	4	-	-
Formpipe Lasernet Ltd, UK	4	4	-	-
Formpipe Life Science Ltd, UK	16	14	-	-
Formpipe Inc, USA	4	3	-	-
Total staff	**221**	**222**	**75**	**73**
Average staff	**222**	**227**	**74**	**75**

NOTE 8 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
2019					
Bo Nordlander (Chair)	380	-	-	-	380
Peter Lindström	190	-	-	-	190
Martin Henricson	190	-	-	-	190
Annikki Schaeferdiek	190	-	-	-	190
Åsa Landén Ericsson	190	-	-	-	190
Erik Syrén	190	-	-	-	190
Christian Sundin (CEO)	2,106	331	500	161	3,098
Other senior executives, 7 persons	9,345	1,103	1,221	407	12,076
Total 2019	**12,781**	**1,435**	**1,720**	**568**	**16,504**
2018					
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)	2,070	828	525	166	3,589
Other senior executives, 3 persons	4,805	1,191	457	30	6,483
Total 2018	**7,925**	**2,019**	**982**	**196**	**11,122**

Senior executives refer to all of the people included in the Group Management established in connection with the reorganisation that took place at year-end 2018. Group Management also includes the 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	**2019**	**2018**	**2019**	**2018**
Women	2	2	2	2
Men	4	3	4	3

Boards of Directors for subsidiaries	Women 2019	Men 2019	Women 2018	Men 2018
Formpipe Intelligo AB, SE	-	3	-	3
Formpipe Software Holding A/S, DK	-	3	-	3
Formpipe Software A/S, DK	-	3	-	3
Formpipe Lasernet A/S, DK	-	3	-	3
Formpipe Lasernet GmbH, DE	-	2	-	2
Formpipe Software Benelux BV, NL	-	2	-	2
Formpipe Lasernet Ltd, UK	-	2	-	3
Formpipe Life Science Ltd, UK	-	1	-	1
Formpipe Inc, USA	-	1	-	1

The Board of Directors in subsidiaries received no remuneration for 2019.

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	**2019**	**2018**	**2019**	**2018**
Women	1	-	1	-
Men	7	2	7	2

CHIEF EXECUTIVE OFFICER

The CEO retains a performance-based variable remuneration in addition to his basic salary. The size of the performance-based remuneration is related to the degree by which financial targets established by the Group's Board of Directors are met. The performance-based remuneration can constitute 40 per cent of the basic salary. The CEO retains no Board fees.

BOARD OF DIRECTORS' FEES

The Board members' remuneration in the form of Board fees are handled through the Company's regular salary administration. Since the new rules regarding Board fees were introduced, no invoicing of Board fees has occurred from any of the Board members.

NOTE 8 Staff, management and Board of Directors, cont.

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 REMUNERATIONS

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 9 FINANCIAL INCOME AND EXPENSES

	Group		Parent Company	
	2019	**2018**	**2019**	**2018**
Income from financing activities				
Interest income	7	68	477	572
Exchange rate differences	-	507	-	-
Total financial revenues	**7**	**574**	**477**	**572**

	Group		Parent Company	
	2019	**2018**	**2019**	**2018**
Expenses from financing activities				
Interest expense bank borrowings	-950	-2,199	-950	-2,199
Other interest expenses	-800	-501	-401	-487
Exchange rate differences	-1,083	-	-1,158	-482
Other financial expenses	-402	-182	-368	-133
Total financial expenses	**-3,236**	**-2,882**	**-2,877**	**-3,301**

NOTE 10 INCOME TAX

	Group		Parent Company	
	2019	**2018**	**2019**	**2018**
Current tax	4,451	4,801	970	5,943
Deferred tax	4,800	6,215	-	-
	9,251	**11,016**	**970**	**5,943**

Deferred tax refers to capitalisation of tax loss carryforwards of KSEK 994 (68), utilisation of accumulated tax loss carryforwards from previous years totalling KSEK -2,914 (-6,272) and deferred tax expenses attributable to intangible assets of KSEK -2,997 (-1,111), revaluation effects of a changed tax rate of KSEK 53 (1,100) and deferred tax assets attributable to IFRS 16 Leases.

At the end of the period, the Group has accumulated losses of MSEK 7.8 (8.4) 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	
	2019	**2018**	**2019**	**2018**
Profit/loss before tax	44,285	50,906	4,100	26,061
Anticipated tax rate according to the current Swedish tax rate of 21.4 per cent	9,477	11,199	877	5,733
Effect of other tax rates for foreign subsidiaries	-2,312	4,133	-	-
Non-taxable income	-0	-3,523	-	-

NOTE 10 Income tax, cont.

	Group		Parent Company	
	2019	2018	2019	2018
Non-allowable expenses	143	545	93	210
Difference between accounting and tax depreciation	1,404	-814	-	-
Tax attributable to previous years	-33	-456	-	-
Tax attributable to intangible assets	2,458	1,111	-	-
Effect of subsidiaries' tax rates	-53	-1,111	-	-
Capitalised loss carryforwards	-994	-68	-	-
Utilisation of previously unrecognised loss carryforwards	-299	-		
Deferred tax expense attributable to intangible assets	-539	-		
Tax expense	**9,251**	**11,016**	**970**	**5,943**

The weighted effective tax rate was 20.9 (21.6) per cent.

NOTE 11 EXCHANGE RATE DIFFERENCES – NET

	Average price January–December		Closing day rate, 31 December	
	2019	2018	2019	2018
DKK	1.42	1.38	1.40	1.38
EUR	10.59	10.26	10.43	10.28
GBP	12.07	11.59	12.21	11.35
USD	9.46	8.69	9.32	8.97

Exchange rate differences were recognised in the income statement as follows:

	Group		Parent Company	
	2019	2018	2019	2018
Other revenues and expenses – net	-549	-262	-570	-269
Financial items – net	-1,083	507	-1,158	-482

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.

	2019	2018
Profit or loss for the year attributable to shareholders of the Parent	35,034	39,890
Weighted average outstanding common shares (thousands)	53,015	52,523
Earnings per share before dilution (SEK per share)	**0.66**	**0.76**

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).

	2019	2018
Weighted average outstanding common shares (thousands)	53,015	52,523
Adjustments for:		
– share options 2015 to 2018 (thousands)	-	95
– share options 2016 to 2019 (thousands)	112	215
– share options 2017 to 2020 (thousands)	133	48
– share options 2018 to 2021 (thousands)	84	-
– share options 2019 to 2022 (thousands)	-	-
Weighted average total common shares used in calculating earnings per share after dilution (thousands)	53,343	52,881
Earnings per share after dilution (SEK per share)	**0.66**	**0.75**

NOTE 13 DIVIDEND PER SHARE

The Board of Directors proposes that the Annual General Meeting on 30 June 2020 resolve to approve a dividend of SEK 0.60 (0.60) per share, which entails a total dividend of SEK 31,904,344.20 (31,732,443.60).

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 2018						
Opening carrying amount	329,045	133,758	1,937	330	-	465,071
Exchange rate differences	9,192	2,986	71	12	-	12,261
Purchases	-	37,100	-	-	-	37,100
Depreciation	-	-42,906	-1,352	-230	-	-44,489
Closing carrying amount	**338,237**	**130,937**	**656**	**112**	**-**	**469,942**
As of 31 December 2018						
Cost	338,237	474,794	53,733	3,395	6,943	877,102
Accumulated depreciation	-	-343,857	-53,077	-3,283	-6,943	-407,160
Carrying amount	**338,237**	**130,937**	**656**	**112**	**-**	**469,942**

	Goodwill	Capitalised expenditure	Customer relations	Technology	Brand names	Total
Financial year 2019						
Opening carrying amount	338,237	130,937	656	112	-	469,942
Exchange rate differences	4,140	1,390	41	1	-	5,573
Purchases	-	39,729	-	860	-	40,589
Depreciation	-	-42,424	-698	-593	-	-43,714
Closing carrying amount	**342,377**	**129,632**	**-**	**380**	**-**	**472,389**
As of 31 December 2019						
Cost	**342,377**	**518,955**	**54,908**	**4,362**	**6,943**	**927,545**
Accumulated depreciation	-	-389,323	-54,908	-3,982	-6,943	-455,156
Carrying amount	**342,377**	**129,632**	**-**	**380**	**-**	**472,389**

Capitalised expenditures represent essentially only product development.

PARENT COMPANY	Goodwill	Capitalised expenditure	Customer contracts	Total
Financial year 2018				
Opening carrying amount	108	1,639	13,106	14,852
Purchases	-	2,813	-	2,813
Depreciation	-108	-938	-4,422	-5,468
Closing carrying amount	**-**	**3,514**	**8,684**	**12,198**
As of 31 December 2018				
Cost	60,785	34,925	22,019	117,729
Accumulated depreciation	-60,785	-31,411	-13,335	-105,531
Carrying amount	**-**	**3,514**	**8,684**	**12,198**
Financial year 2019				
Opening carrying amount	108	3,514	8,684	12,306
Purchases	-	3,467	-	3,467
Depreciation	-	-1,028	-4,389	-5,417
Closing carrying amount	**108**	**5,954**	**4,295**	**10,356**

NOTE 14 Intangible assets, cont.

PARENT COMPANY	Goodwill	Capitalised expenditure	Customer contracts	Total
As of 31 December 2019				
Cost	60,785	38,393	22,019	121,197
Accumulated depreciation	-60,785	-32,439	-17,725	-110,948
Carrying amount	**-**	**5,954**	**4,295**	**10,249**

IMPAIRMENT TESTING OF INTANGIBLE ASSETS AND GOODWILL FOR THE GROUP

Group goodwill at year-end was KSEK 342,377 (338,237). 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 59,880 (59,880) for SE Public, KSEK 178,417 (175,760) for DK Public and KSEK 104,080 (102,597) for Private.

During the 2019 financial year, no impairment requirements were noted for any of the Group's cash generating units, which pertains to the Group's segments. In connection with the Group's impairment tests during the 2018 financial year, the outcome was the same; no impairment requirements of the Group's cash-generating units were noted.

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	2019	2018
Segment		
SE Public	8%	8%
DK Public	11%	11%
Private	11%	- %
Life Sciences	- %	18%

SENSITIVITY ANALYSIS

For all units and the SE Public, DK Public and Private segments, the recoverable amount exceeds the carrying amounts. Senior Management has tested and assesses that a reasonable and supportable change (+/1 percentage point) in the critical variables above would not have such a large effect that they would individually or together reduce the recoverable amounts to a value lower their carrying amounts.

NOTE 15 PROPERTY, PLANT AND EQUIPMENT

	Group			Parent Company	
	Other equipment	Lease assets IFRS 16	Total	Other equipment	Total
Financial year 2018					
Opening carrying amount	4,596	-	4,596	967	967
Exchange rate differences	137	-	137	-	-
Purchases	3,049	-	3,049	780	780
Divestment and disposals	-19	-	-19	-	-
Depreciation	-2,029	-	-2,029	-562	-562
Reversed accumulated depreciation on disposals	7	-	7	-	-
Closing carrying amount	**5,740**	**-**	**5,740**	**1,185**	**1,185**
As of 31 December 2018					
Cost	23,201	-	23,201	9,965	9,965
Accumulated depreciation	-17,461	-	-17,461	-8,780	-8,780
Carrying amount	**5,740**	**-**	**5,740**	**1,185**	**1,185**
Financial year 2019					
Opening carrying amount	5,740	-	5,740	1,185	1,185
Adjustment due to changed accounting principle	-	35,130	35,130	-	-
Exchange rate differences	95	-145	-50	-	-
Purchases	1,113	1,063	2,176	299	299
Divestment and disposals	-	-144	-144	-	-
Depreciation	-1,651	-7,505	-9,156	-593	-593
Reversed accumulated depreciation on disposals	-	48	48	-	-
Closing carrying amount	**5,297**	**28,448**	**33,745**	**891**	**891**
As of 31 December 2019					
Cost	24,609	35,865	60,474	10,264	10,264
Accumulated depreciation	-19,312	-7,416	-26,729	-9,373	-9,373
Carrying amount	**5,297**	**28,448**	**33,745**	**891**	**891**

NOTE 16 FINANCIAL ASSETS

	Parent Company	
Shares in subsidiaries	**2019**	**2018**
Opening cost	275,586	257,137
Shareholder contribution	-	7,750
Transaction-related changes	-	10,700
Closing accumulated cost	**275,586**	**275,586**

	Group		Parent Company	
Other non-current financial assets	**2019**	**2018**	**2019**	**2018**
Other financial assets	1,565	1,510	-	-
Other non-current receivables	3,259	4,708	3,259	4,708
Closing value, financial assets	**4,824**	**6,218**	**278,846**	**280,294**

Pledged assets refer to shares in subsidiaries as security for loans. The pledged assets in the Group were comprised of the pledged assets in the Parent Company.

	Group		Parent Company	
Pledged assets	**2019**	**2018**	**2019**	**2018**
Mortgages	-	326,762	-	326,762

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

NOTE 16 Financial non-current assets, cont.

Subsidiaries	Domicile	Business	Legal form	Co. reg. no.	Owner-ship %	Carrying amount
Formpipe Intelligo AB	Sweden	Development, sale and consultancy services, software	Limited Liability Company	556411-3479	100%	27,477
Formpipe Software Holding A/S	Denmark	Holding company, subgroup	Limited Liability Company	20811307	100%	161,705
Formpipe Software A/S	Denmark	Development, sale and consultancy services, software	Limited Liability Company	29177015	100%	-
Formpipe Lasernet A/S	Denmark	Development, sale and consultancy services, software	Limited Liability Company	26366216	100%	61,048
Formpipe Lasernet GmbH	Germany	Software sales	Limited Liability Company	141866	100%	-
Formpipe Software Benelux BV	Netherlands	Software sales	Limited Liability Company	853770153	100%	-
Formpipe Lasernet Ltd.	UK	Software sales	Limited Liability Company	06377974	100%	-
Formpipe Life Science Ltd	UK	Development, sale and consultancy services, software	Limited Liability Company	05797675	100%	25,356
Formpipe Inc.	USA	Software sales	Limited Liability Company	141194334	100%	-

During the 2018 financial year, Formpipe Software AB acquired the remaining 35.1 per cent of the shares in the subsidiary Formpipe Intelligo AB through a non-cash issue. The acquisition was conditional on the Annual General Meeting's approval on 25 April 2018. The minority owner was employed in the Group which is why the acquisition was to be viewed as a related-party transaction and thereby required approval of 90% of the number of votes at the Meeting.

The Annual General Meeting resolved to approve the Board's proposal that a non-cash issue should finance the acquisition of the remaining 35.1 per cent of the shares from the minority owner of the subsidiary Formpipe Intelligo AB. During the 2019 financial year, no such transactions took place.

NOTE 17 FINANCIAL INSTRUMENTS BY CATEGORY

31 December 2019	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	87,544	-	87,544
Cash and cash equivalents	33,682	-	33,682
Total	**121,226**	-	**121,226**
Liabilities in the statement of financial position			
Borrowings	5,937	-	5,937
Other non-current liabilities	-	19,991	19,991
Trade receivables and other liabilities excluding non-financial liabilities	15,703	-	15,703
Total	**21,640**	**19,991**	**41,631**

31 December 2018	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	63,450	-	63,450
Cash and cash equivalents	123,782	-	123,782
Total	**187,232**	**-**	**187,232**
Liabilities in the statement of financial position			
Borrowings	76,883	-	76,883
Other non-current liabilities	-	180	180
Trade receivables and other liabilities excluding non-financial liabilities	26,651	-	26,651
Total	**103,534**	**180**	**103,714**

NOTE 17 Financial instruments by category, cont.

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. Borrowing in the Group previously pertained to the bank loan excluding prepaid financing charges; now, it only refers to the utilised portion of the Group's bank overdraft facilities.

Other non-current liabilities refer to the Group's leasing liability attributable to IFRS 16.

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

NOTE 18 TRADE RECEIVABLES

	Group		Parent Company	
	2019	**2018**	**2019**	**2018**
Trade and other receivables	87,295	62,837	44,579	21,858
Total	**87,295**	**62,837**	**44,579**	**21,858**

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

As at 31 December 2019, trade receivables were KSEK 87,295 (62,837). They were distributed as follows: KSEK 46,209 (23,350), KDKK 21,376 (23,990), KGBP 215 (135), KEUR 481 (334) and KUSD 384 (169).

Of these trade receivables of KSEK 87,295, none were considered to be material expected credit losses, which is why no impairment provision exists. The age analysis of trade receivables is as follows:

	Group		Parent Company	
Past due trade receivables on the statement of financial position date	**2019**	**2018**	**2019**	**2018**
Less than 3 months	17,990	23,546	7,075	7,761
More than 3 months	4,597	32	577	-
Total	**22,587**	**23,577**	**7,652**	**7,761**

As at 31 December 2019, the Group had no material doubtful debts so no provisions for expected credit losses are thereby reported as at 31 December 2019.

For other classes of trade receivables and other receivables, there are no assets for which there are expected future credit losses.

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	
	2019	**2018**	**2019**	**2018**
Pre-paid insurance	912	619	813	459
Prepaid IT expenses	7,605	8,692	1,688	4,225
Prepaid rent	535	988	1,019	879
Prepaid sales and marketing expenses	11,375	3,255	459	2,789
Accrued income	10,053	4,978	1,721	4,071
Accrued income (Contract asset)	1,449	1,449	1,449	1,449
Other	586	3,430	486	873
Total	**32,514**	**23,410**	**7,635**	**14,744**

NOTE 20 CASH AND CASH EQUIVALENTS

	Group		Parent Company	
	2019	2018	2019	2018
Cash and cash equivalents	33,682	**123,782**	**641**	**64,116**
Total	**33,682**	**123,782**	**641**	**64,116**

Approved overdraft facilities total KSEK 50,000 and at year-end, KSEK 5,937 was utilised.

NOTE 21 SHARE CAPITAL

	Total shares (thousands)
At 31 December 2017	**51,873**
New share issue - share option redemption	315
In kind share issue	700
As of 31 December 2018	**52,887**
New share issue - share option redemption	287
As of 31 December 2019	**53,174**

Total shares outstanding are 53,173,907 (52,887,406), par value SEK 0.1 (0.1) per share. All shares issued are fully paid up.

NEW SHARE ISSUE – SHARE OPTION REDEMPTION

On 05/06/2019, the Company issued 286,501 shares for redemption by the staff warrant programme 2016/2019.

IN KIND SHARE ISSUE

On 17 May 2018, the Company issued 699,805 shares through a non-cash issue as financing for the acquisition of the remaining 35.1 per cent of the shares from the minority owner of the subsidiary Formpipe Intelligo AB. During the 2019 financial year, no non-cash issue took place.

SHARE-RELATED COMPENSATION

On 30 April 2019, 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 2022 to 20 May 2022 at a price of SEK 25.79 per new share. The paid-in option premiums totalling SEK 615,000 were recognised as an increase in Other paid-in capital.

On 26 April 2018, 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 10 May 2021 to 21 May 2021 at a price of SEK 17.90 per new share. The paid-in option premiums totalling SEK 355,000 were recognised as an increase in Other paid-in capital.

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.

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:

	2019		2018	
	Average exercise price, SEK per share	Share options (total)	Average exercise price, SEK per share	Share options (total)
At 1 January	**14.56**	**1,500,000**	**11.77**	**1,500,000**
+ Allocated	25.79	500,000	17.90	500,000
– Forfeited	-	-	-	-
– Exercised	9.97	-286,501	9.54	-314,576
– Expired	9.97	-213,499	9.54	-185,424
As of 31 December	**19.83**	**1,500,000**	**14.56**	**1,500,000**

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

		Share options	
Maturity	**Exercise price**	**2019**	**2018**
17/05/2019	9.97	-	500,000
22/05/2020	15.80	500,000	500,000
21/05/2021	17.90	500,000	500,000
22/05/2022	25.79	500,000	-
		1,500,000	**1,500,000**

The weighted average fair value of the options allocated during 2019, determined using the Black-Scholes Pricing Model, was SEK 1.23 (0.71) per option. Significant input data to the model included the weighted average share price of SEK 21.49 (14.92) as of the grant date, exercise price of SEK 25.79 (17.90) per new share, volatility of 25 (25) per cent, estimated time to expiry of the warrants of 1,075 (1,085) 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	2019	2018
Bank borrowings	-	-
Total non-current	**-**	**-**
Currency		
Bank borrowings	-	76,883
Overdraft facilities	5,937	-
Total current	**5,937**	**76,883**
Total borrowings	**5,937**	**76,883**

The bank loans were taken up by the Parent Company and carried variable interest until 30 April 2019 when they were repaid in full. Security for bank borrowings was in shares in subsidiaries. Furthermore, these bank borrowings were subject to regular terms and conditions primarily in regard to EBITDA against net debt. At year-end, the Group's borrowing amounted to KSEK 5,937, which refers to the utilised portion of the Group's overdraft facilities.

The Group has credit facilities of KSEK 50,000 (34,218). The credit facilities were utilised in an amount of KSEK 5,937 (-) at year-end. The credit facilities have variable interest rates.

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:

	2019	2018
DKK	-	53,251
SEK	5,937	23,632
Total	**5,937**	**76,883**

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 2018 or 2019.

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 2017	**82,663**	**91,453**	**619**	**-9,409**
Cash flow	40,629	-17,061	-445	58,135
Exchange rate differences	490	2,491	7	-2,008
Other non-cash items	-	-	-	-
Net cash as of 31 December 2018	**123,782**	**76,883**	**180**	**46,719**
Cash flow	-91,064	-69,863	-180	-21,021
Exchange rate differences	965	-1,083	-	2,048
Other non-cash items	-	-	27,055	-
Net cash as of 31 December 2019	**33,683**	**5,937**	**27,055**	**690**

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.

	2019	2018
Deferred tax assets	7,664	9,373
Deferred tax liabilities	23,818	20,636

Gross changes to deferred tax assets are as follows:	2019	2018
Opening balance	**9,373**	**14,937**
Unutilised loss carryforwards	-2,870	-6,141
Loss carried forward, not reported previously	1,042	68
Exchange rate differences	119	509
Closing balance	**7,664**	**9,373**

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 2017	**14,937**	**-**	**14,937**
Unutilised loss carryforwards	-6,141	-	-6,141
Loss carried forward, not reported previously	68	-	68
Exchange rate differences	509	-	509
As of 31 December 2018	**9,373**	**-**	**9,373**
Unutilised loss carryforwards	-2,870	-	-2,870
Loss carried forward, not reported previously	979	-	979
Deferred tax asset attributable to leased assets	-	64	64
Exchange rate differences	119	-	119
As of 31 December 2019	**7,600**	**64**	**7,664**

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 SE Public segment amounting to KSEK - (-), in the DK Public segment to KSEK - (-) and in the Private segment, there is a loss carryforward amounting to KSEK 7,777 (8,411) where a related tax loss carryforward is not capitalised in the Group. In 2019, KSEK 2,870 (6,141) of the tax loss carryforwards were utilised, and KSEK 979 (68) was capitalised. The entire amount capitalised during the year is deemed to be able to be used next year after joint taxation in Denmark. The taxable amount at 31 December 2019 was KSEK 9,373 (9,373).

Gross changes to deferred tax liabilities are as follows:	2019	2018
Opening balance	**20,636**	**21,691**
Recognised in income statement	2,986	-2,535
Revaluation due to changed tax rates	-55	1,111
Exchange rate differences	249	369
Closing balance	**23,818**	**20,636**

Of the deferred tax liabilities of KSEK 23,818, a total of KSEK 2,927 is expected to be used in the next 12-month period. The remaining amount will be used within the next five-year period.

Gross changes to deferred tax liabilities allocated to asset type:	Intangible assets	Other	Total
At 31 December 2017	**21,691**	**-**	**21,691**
Recognised in income statement	-2,535	-	-2,535
Revaluation due to changed tax rates	1,111	-	1,111
Exchange rate differences	369	-	369
As of 31 December 2018	**20,636**	**-**	**20,636**
Recognised in income statement	2,986	-	2,986
Revaluation due to changed tax rates	-55	-	-55
Exchange rate differences	249	-	249
As of 31 December 2019	**23,818**	**-**	**23,818**

NOTE 23 Deferred tax, cont.

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 for the year totalled KSEK 165 (1,266) and attributable to amortisation of capitalised development expenses to KSEK 4,470 (4,288). Own work capitalised increased the deferred tax liability by KSEK 5,877 (4,396).

NOTE 24 OTHER LIABILITIES

	Group		Parent Company	
Current liabilities	**2019**	**2018**	**2019**	**2018**
Value-added tax	9,578	6,024	5,373	1,496
Other current liabilities	2,088	2,155	1,113	1,038
Total other current liabilities	**11,666**	**8,179**	**6,486**	**2,533**

NOTE 25 ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent Company	
	2019	**2018**	**2019**	**2018**
Staff-related accrued expenses	31,845	36,917	13,459	14,310
Deferred income (Agreement liability)	149,683	127,508	74,193	68,374
Other accrued expenses	6,560	9,453	2,660	6,534
Total	**188,088**	**173,878**	**90,312**	**89,218**

NOTE 26 LEASES

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

The Group rents several premises and offices, with notice periods of between 1 and 5 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.

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

	2019	**2018**
Within 1 year	6,414	6,453
Between 1 and 2 years	3,813	5,847
Between 2 and 5 years	3,251	6,494
More than 5 years	-	-
Total	**13,478**	**18,794**

At 1 January 2019, IFRS 16 replaced IAS 17 and its related interpretations. The new standard removed the classification of leases as operating or finance for the lessee, as required in IAS 17. IFRS 16 instead introduced an individual model for recognition.

According to the new model, all leases resulted in the lessee receiving a right to use (ROU) an asset during the assessed leasing period and, if payments are made over time, also financing. Formpipe's long-term operating leases are thereby recognised as fixed assets and financial liabilities in the consolidated balance sheet as of 1 January 2019.

Formpipe applies the new standard by using the modified retroactive transition method, which means that the comparative figures will not be restated. The accumulated effect of applying IFRS 16 was thereby recognised on 1 January 2019. The leasing liabilities attributable to leases previously classified as operating leases under IAS 17 will be measured at the present value of the remaining leasing payments, discounted by using the marginal loan rate as of 1 January 2019. Formpipe recognised an ROU at an amount that corresponds to the leasing liability, adjusted for the amount for any prepaid or accrued payments attributable to the lease, recognised as at 31 December 2018. Accordingly, the transition to IFRS 16 did not have any material impact on Group equity. The transition to IFRS 16 had the following effects on the consolidated balance sheet at the transition date, 1 January 2019:

NOTE 26 Commitments, cont.

Commitments for operating leases as at 31 December 2018	**18,794**
Discounting with the Group's weighted average loan interest rate	-1,838
Plus: liabilities for finance leases as at 31 December 2018	180
Less: Prepaid leasing invoices	-1,658
Less: short-term leases that are expensed straight-line	-
Minus: leases for which the underlying asset is of low value that are expensed straight-line	-72
Minus: leases reclassified to service agreements	-2
Plus/minus: adjustments due to other handling of options to extend and cancel agreements	17,706
Plus/minus: adjustments due to changes in index or price attributable to variable fees	-
Lease liabilities recognised as per 1 January 2019	**33,111**

Commitments for operating leases as at 1 January 2019	**33,111**
Repayment of leasing liability in 2019	-7,403
Additional leasing in the form of new leases and indexation of current leases	1,024
Exchange rate differences	324
Lease liabilities recognised as at 31 December 2019	**27,055**

The following amounts related to leases are recognised in the balance sheet:

Lease liabilities	**31/12/2019**	**01/01/2019***
Non-current lease liabilities	19,991	25,853
Current lease liabilities	7,064	7,258
Total	**27,055**	**33,111**

Closing carrying amounts for ROU assets	**31/12/2019**	**01/01/2019***
Office premises	27,217	33,029
Vehicles	865	1,102
Equipment	366	457
Total	**28,448**	**34,589**

* At the end of 2018, the Group had no finance leases of which the Group's comparative figures are only reported as at 31/12/2019 when the Group began to apply IFRS 16.

Additional ROUs during 2019 amounted to KSEK 1,062, divestments amounted to KSEK 143 and exchange-rate differences amounted to KSEK 358.

The following amounts related to leases are recognised in the income statement:

Depreciation on ROUs	**2019**	**2018**
Office premises	-6,710	-
Vehicles	-703	-
Equipment	-91	-
Total	**-7,505**	**-**

Interest expenses on ROUs	**2019**	**2018**
Office premises	-659	-
Vehicles	-16	-
Equipment	-8	-
Total	**-683**	**-**

	2019	**2018**
Expenses attributable to short-term leases (included in other expenses)	-	-
Expenses attributable to leases for which the underlying asset is of low value that is not a short-term lease (included in other expenses)	-56	-
Expenses attributable to variable leasing payments that are not included in lease liabilities (included in other expenses)	-1	-
	-57	**-**

The total cash flow for leases in 2019 amounted to KSEK -7,848.

NOTE 27 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.

During the 2018 financial year, Formpipe Software AB acquired the remaining 35.1 per cent of the shares in the subsidiary Formpipe Intelligo AB through a non-cash issue. The acquisition was conditional on the Annual General Meeting's approval and was approved at the Annual General Meeting on 25 April 2018, which was passed. The minority owner is employed in the Group which is why the acquisition was to be viewed as a related-party transaction and thereby required approval of 90% of the number of votes at the Meeting.

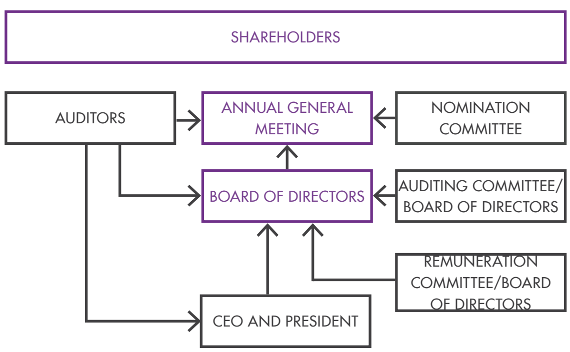
Formpipe Software AB has no noted transactions with related parties as defined in IAS 24 Related party disclosure (as above) to report except the acquisition of the minority interest shares in Formpipe Intelligo AB in 2018, mentioned above, and that stated in Note 8 Staff, management and Board of Directors.

Transactions between subsidiaries in the Group are regulated by the Company Transfer Pricing policy and are conducted at arms length.

Corporate governance report

INTRODUCTION

Formpipe Software AB (publ) ("Formpipe") is a Swedish Public Limited company domiciled in Stockholm. In 2019, 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 2019 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
- EU Market Abuse Regulation (MAR)

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 31/12/2019, Formpipe had approximately 2,900 shareholders owning a total of 53,173,907 shares. The largest single shareholder as of 31 December 2019 was Aktiebolaget Grenspecialisten, holding 10.3 per cent of voting rights and equity. The 20 largest shareholders owned a total of 74.0 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 2019

The Formpipe Annual General Meeting was held on 26 April 2019 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 2018 financial year.
- Re-election of the Board members Bo Nordlander, Martin Henricson, Peter Lindström, Åsa Landén Ericsson and Annikki Schaeferdiek, and election of Erik Syrén as a new Board member.
- 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 2020

The Formpipe Annual General Meeting of Shareholders 2020 will take place on 30 June at the Company's premises in Stockholm. Information regarding shareholders providing notice of their intent to participate in the 2020 AGM will be available in advance at www.formpipe.com. This information will include a description of how shareholders may bring any matter before the meeting.

NOMINATION COMMITTEE

The Nomination Committee work is begun by evaluating the sitting Board by the Chairman of the Board sending all Board members a survey covering the following main areas: strategy, reporting and control, composition and expertise and the Board's working methods. The results are then discussed in the Board as a separate agenda item and where comparison is done against previous years. The Chairman of the Board presents the results to the Nomination Committee. The Nomination

Committee also has individual meetings with all Board members when necessary. 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 2019 AGM resolved that the nomination committee for the 2020 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 2020 AGM at www.formpipe.se.

The members of the nomination committee for the period prior to the 2020 AGM are:

- Martin Bjäringer, Chair of the Nomination Committee, represents himself and Carl Rosvall, 4,488,543 shares
- Malin Ruijsenaars, representing AB Grenspecialisten, 5,464,128 shares.
- Caroline Sjösten, representing Swedbank Robur Fonder AB, 4,000,000 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.com.

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 2019

The AGM on 26 April 2019 re-elected Bo Nordlander, Chairman, Martin Henricson, Board member, Peter Lindström, Board member, Åsa Landén Ericsson and Annikki Schaeferdiek, and elected Erik Syrén as a new Board member. The Board has held 9 meetings recorded in minutes, which considered the Company's financial position 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 eight 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 six 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 on the next page specifies the members of the Board of Directors and their assessment in regard to their independence in relation to the Company and shareholders.

Board of Directors	Participation/total meetings: Board meetings	Audit Committee	Remuneration Committee	Deemed independent	Other
Bo Nordlander Chairman of the Board since 2013 Board member since 2009 Year of birth: 1956 Shareholding: 318,159	9/9	Yes	Yes	Yes	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. Other assignments: Chairman of the Boards of Time People Group AB (publ) and Exicom Software AB.
Martin Henricson Board member since 2016 Year of birth: 1961 Shareholding: 50,000	9/9	Yes	Yes	Yes	Martin has more than 25 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. Other assignments: Chairman of the Board of Episerver Group AB and the Board member Besedo Group AB.
Åsa Landén Ericsson Board member since 2017 Year of birth: 1965 Shareholding: 7,500	9/9	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).
Peter Lindström Board member since 2016 Year of birth: 1970 Shareholding: 40,000	9/9	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: 6,000	9/9	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.
Erik Syrén Board member since 2019 Year of birth: 1978 Shareholding: 39,816	6/6	Yes	Yes	Yes	Erik holds a Bachelor of Science in Economics from Lund University. Erik is the CEO of the listed CRM company Lime Technologies AB (publ), where he has been involved in running the company for the past 19 years. Erik is also a member of the Board of the fast-growing software company Wiraya Solutions AB. Other assignments: Member of the Boards of Syringa Capital AB, Syringa Consulting AB. CEO and deputy Board member in Remotex Technologies AB, Hysminai AB and Netoptions Sweden 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 independent Board members.

The Board's work plan

The Board's work plan was approved on 26 April 2019 at the inaugural meeting of the Board. These procedures are revised at least once annually or when necessary. 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.

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 26 April 2019. During 2019, the committees have held separate meetings to address these issues (one meeting of the audit committee and two meetings of the remuneration committee).

CEO AND GROUP MANAGEMENT

CEO Christian Sundin manages the Group and its operations within the framework approved by the Board of Directors.

Christian Sundin
Chief Executive Officer
Born 1971
Employed since 2006
Shareholding: 1,158,840
Share options: 685,200

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 26 April 2019. 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 2019 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

Policy documents 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.

In addition, the Company is covered by the provisions in the EU Market Abuse Regulation No 596/2014 (MAR) that sets extensive requirements on how the Company handles insider information. MAR regulates how insider information shall be made public to the market, under what conditions publication may be postponed and the manner in which the Company is obliged to keep a list of people working for the Company who have had access to insider information (a so-called log book).

Since 2017, the Company uses the digital tool InsiderLog to ensure that its handling of insider information meets the requirements in MAR and the Company's insider policy; from the decision to postpone publication of insider information all the way to the message to be submitted to the Swedish Financial Supervisory Authority when the insider event is over the and information has been published. Only authorised persons in the Company have access to InsiderLog.

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 OF SENIOR EXECUTIVES 2019

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 2019 Annual General Meeting, or where a change in remuneration occurs thereafter. The Board has not appointed a separate remuneration committee; instead, the Board in its entirety deals with issues relating to remuneration and other conditions of employment.

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

The basic salary for the Managing Director and other senior executives must be competitive. The variable remuneration shall take into account the individual's level of responsibility and degree of influence. The extent of the variable remuneration is related to the extent by which financial objectives established by the Group's Board of Directors are met. The variable remuneration shall constitute no more than 40 per cent in addition to the basic salary. All variable remuneration plans have defined maximum allocation and outcome limits. A provision is made in the annual accounts for variable remuneration attributable to the financial year when applicable and is disbursed in close connection with the Annual General Meeting. The Company has stock-related incentive programmes directed at the entire staff (including the Chief Executive Officer and other senior executives) that is intended to promote the Company's long-term interests. The Board continuously evaluates whether additional option programmes or any other form of stock-related or stock price-related incentive programme should be proposed to the Annual General Meeting. The Chief Executive Officer and other senior executives shall have defined contribution pension agreements. Retirement occurs at age 65 for the Chief Executive Officer and the senior executives. Pension provisions are based solely on the budgeted salary. In the event of termination of the employment of the Chief Executive Officer, six months' notice of termination and six months' severance pay will apply if the contract is terminated by the Company. Other income which the Chief Executive Officer receives during the period for which severance pay is paid will be subtracted from the severance pay. If the Chief Executive Officer terminates the contract, six months' notice must be given. A mutual notice period of 3 to 6 months applies between the Company and the other senior executives. In the event the Company is the object of a public takeover bid that results in at least 30 per cent of the Company's shares ending up in the possession of one and the same shareholder, the Chief Executive Officer is entitled, upon termination of employment by the Company or the Chief Executive Officer, to special severance pay corresponding to 12 basic monthly salaries at the time notice is given. Such severance pay is not subject to deduction for other income, shall be paid in its entirety upon the cessation of the employment and replaces the severance pay to which the Chief Executive Officer is normally entitled according to his or her employment contract.

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

Reservation has been made in the annual accounts for variable remuneration attributable to 2019, and this will be paid soon after the 2020 AGM.

The guidelines for the remuneration of senior executives proposed to the 2020 Annual General Meeting are essentially unchanged, but are described below in detail in accordance with the guidelines applicable for 2020.

GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES 2020

The guidelines for the remuneration of senior executives proposed to the 2020 Annual General Meeting cover salary and other remuneration of the Company's CEO and other senior executives. The guidelines also comprise remuneration of Board members insofar as they receive remuneration in addition to Board fees for services concerning a position covered by these guidelines. The guidelines are to be applied to remuneration that is agreed, and changes made in already agreed remuneration, after the guidelines have been adopted by the 2020 Annual General Meeting. The guidelines do not cover remuneration resolved by the General Meeting.

Regarding employment conditions that are subject to rules other than Swedish, proper adaptations may be made to comply with such compulsory rules or fixed local practice, whereby the overall purpose of the guidelines shall be fulfilled to the extent possible.

The guidelines' promotion of the Company's business strategy, long-term interests and sustainability

Formpipe's strategy is to develop high-quality software and cloud services for organisations that place high demands on information management. Formpipe aims to grow both organically within select industries and through strategic acquisitions that reinforce the Company's offering in Enterprise Content Management/Content Services Platforms.

A successful implementation of the Company's business strategy and the safeguarding of the Company's long-term interests, including its sustainability, presuppose that the Company can recruit and retain qualified employees. This requires that the Company can offer competitive compensation. These guidelines mean that senior executives can be offered competitive overall compensation.

In the Company, a share-related incentive programme has been established directed at the entire staff (including the CEO and other senior executives) that promotes employee shareholdings, which creates incentive to promote the Company's business strategy, long-term interests and sustainability. It has been approved by the Annual General Meeting and therefore is not covered by these guidelines. For the same reason, the long-term share-related incentive programme that the Board proposed that the 2020 Annual General Meeting should approve is also not covered. The proposed programme essentially corresponds to existing programmes.

Forms of remuneration

The Company shall offer market-adjusted terms which allow the Company to recruit and retain skilled personnel. Remuneration of senior executives shall consist of basic salary, variable remuneration, 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. In addition to this, the General Meeting can pass a resolution regarding for example share- and share price-related remuneration, also independent of these guidelines.

Fixed salary

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 CEO and other senior executives must be competitive.

Variable salary

The variable remuneration shall take into account the individual's level of responsibility and degree of influence. The size of the variable remuneration shall be linked to predetermined and measurable criteria based on the outcome of the Company's earnings and growth of recurring revenues in relation to the targets set by the Board, which creates incentive to promote the Company's business strategy, long-term interests and sustainability. Fulfilment of criteria for disbursements of variable cash remuneration shall be able to be measured during a period of one year. The variable salary may total a maximum of 40 per cent of the fixed annual cash salary.

When the measurement period for fulfilment of criteria for payment of variable cash remuneration ends, the degree to which the criteria were fulfilled shall be assessed/determined. The Board of Directors is responsible for the assessment insofar as concerns variable cash remuneration of the CEO. Insofar as concerns variable cash remuneration of other senior executives, the CEO is responsible for the assessment. Insofar as pertains to financial targets, the assessment shall be based on the financial information most recently published by the Company. Variable remuneration is reserved in the annual accounts and paid out the year after the end of the measurement period.

Pension

The Chief Executive Officer and other senior executives shall have defined contribution pension agreements. Retirement occurs at age 65 for the Chief Executive Officer and the senior executives. Pension provisions are based solely on the budgeted salary unless otherwise is pursuant to compulsory collective agreement terms. Pension benefits may total a maximum of 35 per cent of the fixed annual cash salary.

Termination and severance terms

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.

In addition to this, remuneration for potential commitments regarding competition restrictions may be payable. Such remuneration shall compensate for any loss of income and shall only be payable insofar as the former executive is not entitled to severance pay. The remuneration shall amount to a maximum of 50 per cent of the fixed income at the time of termination and be payable during the time that the commitment regarding competition restriction applies, which shall be no more than 12 months after the end of employment.

Other customer benefits

Other benefits may include keep-fit measures, life insurance, medical expenses insurance and a company car. Such benefits may total a maximum of 15 per cent of the fixed annual cash salary.

Salary and terms of employment for employees

In the preparation of the Board's proposal on these remuneration guidelines, salary and terms of employment for the Company's employees have been taken into account by information on employees' total remuneration, the remuneration's components and the remuneration's increase and rate of increase over time have constituted a part of the Board's decision documentation in the evaluation of the reasonability of the guidelines and the limitations that are pursuant to them.

The decision-making process to adopt, revise and implement the guidelines

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 Board's tasks include submitting proposals on guidelines for remuneration of senior executives. The Board of Directors shall prepare proposals on new guidelines at least once every four years and present the proposal for resolution at the Annual General Meeting. The guidelines shall apply until new guidelines have been adopted by the General Meeting. The Board of Directors shall also follow and evaluate programmes for variable remuneration for company management, the application of guidelines for remuneration of senior executives and regarding remuneration structures and levels in the Company. In the Board's handling of and decision in remuneration-related issues, the CEO or other persons in company management are not present insofar as they are affected by the issues.

Deviation from the guidelines

The Board may decide to temporarily deviate from the guidelines in part or in whole if in an individual case there are special reasons to do so and a deviation is necessary to safeguard the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. As stated above, the Remuneration Committee's tasks includes preparing the Board's decision in remuneration issues, which includes decisions on deviations from the guidelines.

INFORMATION ON DECIDED REMUNERATION NOT YET DUE FOR PAYMENT

Reservation has been made in the annual accounts for variable remuneration attributable to 2019, and this will be paid soon after the 2020 AGM.

REMUNERATION

Remuneration to the Board

The 2019 AGM resolved that the total remuneration to the members of the Board for the current year shall be KSEK 1,330, of which KSEK 380 is for the Board Chair and KSEK 190 for each member (Note 8).

Remuneration to the CEO and senior executives

Christian Sundins fixed remuneration in 2019 amounted to KSEK 2,106 and the variable remuneration amounted to KSEK 331 in accordance with set targets. In addition to this, pension in an amount of KSEK 500 and other remuneration amounting to KSEK 161 were expensed during the year (Note 8).

Remuneration to other senior executives

Basic salary for other senior executives for 2019 was KSEK 9,345. Variable remuneration for the same period totalled KSEK 1,103 and pension contributions were KSEK 1,221. Other remuneration totalled KSEK 407 (Note 8).

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 1,979 was paid in fees to the auditors and auditing company for 2019. The total refers to work for auditing, regular advice and other reviews (Note 7).

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 april 2020

Bo Nordlander Chairman	Annikki Schaeferdiek Board member	Martin Henricson Board member
Åsa Landén Ericsson Board member	Peter Lindström Board member	Erik Syrén Board member

Christian Sundin
Chief Executive Officer

Our auditor report was submitted on 28 April 2019
PricewaterhouseCoopers AB

Aleksander Lyckow
Authorised Public Accountant

Auditor's report

To the General Meeting of Shareholders of Formpipe Software AB, 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 2019 except for the corporate governance report and sustainability report on pages 94-100 and 55-58, respectively. The Company's annual report and consolidated financial statements are included in this document on pages 47-101.

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 2019, 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 2019, 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 cover the corporate governance report and the sustainability report on pages 94-100 and 55-58, 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

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 (see table below). 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 50 in the Management Report. Risk management is described in the corporate governance report on pages 94-100. 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, SaaS revenue (Software as a Service), 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 has 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 subjectivity 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 for the allocation of revenue to different commitments
- 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 that the reporting and disclosures in the annual report are in accordance with IFRS 15 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, MSEK 342 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.
- Assessing the reasonability of the assumptions regarding growth and cash flow by 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 1-46 and 105-106 and also contains the statutory sustainability report on pages 55-58. 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.

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 for 2019 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 94-100 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. Disclosures as per Chapter 6 Section 6 Paragraph 2 Items 2-6 of the Annual Accounts Act and Chapter 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 55-58 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, SE-113 97 Stockholm, was elected Formpipe Software AB's auditor by the General Meeting on 26 April 2019 and has been the Company's auditor since the General Meeting in April 2004.

Stockholm 28 april 2020
PricewaterhouseCoopers AB

Aleksander Lyckow
Authorised Public Accountant

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.

Software revenue
Total of all licence revenues, revenues from SaaS and revenues from support and maintenance.

Annual pace of recurring revenues (ARR)
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.

ACV
Annually recurring revenues from contracts won and lost during the period (net).

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 working capital.

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

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

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

CAPITAL STRUCTURE

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

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

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

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

CASH FLOW AND LIQUIDITY

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

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

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

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 before dilution
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

API (APPLICATION PROGRAMMING INTERFACE)
An API is a tool that makes it possible to use functions in other programs and synchronise data between programs.

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.

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.

FPIP
The stock short name for Formpipe listed shares.

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.

RPA
Robotic Process Automation – abbreviated RPA – are software robots that function as connections between the Company's various IT systems and automate a large number of time-consuming work processes.

SOFTWARE AS A SERVICE (SAAS)
Software as a Service or SaaS is a way to deliver applications to users over the Internet, where the customer pays a periodic fee that covers the licence right and the maintenance agreement.

We are a purple company. Being purple means we possess the calm stability of a blue colour, spiced with a fierce energy of a red one. Purple is our heritage and true passion. We are proud of who we are.

We transform businesses and take them into the future. Our skilled people and strong products are here to prove it. When our efforts result in engaged and loyal customers, who come back again and again, then we have delivered. We unleash our customers' full potential.

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