

Formpipe.

## Interim Report January – September 2020

### PERIOD JULY 1 – SEPTEMBER 30, 2020

- Net sales of SEK 96.4 m (SEK 92.4 m)
- Software revenues of SEK 69.1 m (SEK 62.5 m)
- Recurring revenues of SEK 63.3 m (SEK 57.8 m) which corresponds to 66 % (63 %) of net sales.
- EBITDA SEK 27.0 m; 28.1 % (SEK 24.3 m; 26.3 %)
- EBITDA-adj. SEK 17.4 m; 18.1 % (SEK 14.5 m; 15.7 %)
- EBIT SEK 14.0 m; 14.5 % (SEK 11.2 m; 12.1 %)
- Net profit SEK 9.2 m; 9.5 % (SEK 8.3 m; 8.9 %)
- EPS before dilution SEK 0.17 (SEK 0.16)
- Cash flow from operating activities SEK 3.1 m (SEK 21.5 m)

### PERIOD JANUARY 1 – SEPTEMBER 30, 2020

- Net sales of SEK 299.8 m (SEK 290.7 m)
- Software revenues of SEK 209.9 m (SEK 192.0 m)
- Recurring revenues of SEK 186.4 m (SEK 170.7 m) which corresponds to 62 % (59 %) of net sales.
- EBITDA SEK 78.4 m; 26.2 % (SEK 72.3 m; 24.9 %)
- EBITDA-adj. SEK 50.1 m; 16.7 % (SEK 44.5 m; 15.3 %)
- EBIT SEK 40.6 m; 13.5 % (SEK 32.2 m; 11.1 %)
- Net profit SEK 29.4 m; 9.8 % (SEK 23.0 m; 7.9 %)
- EPS before dilution SEK 0.55 (SEK 0.43)
- Cash flow from operating activities SEK 65.4 m (SEK 15.6 m)

### INCOME STATEMENT - SUMMARY

(SEK Million)	Jan-Mar		Jan-Mar		Rolling 12 months	Full year 2019
	2020	2019	2020	2019		
Net sales	96,4	92,4	299,8	290,7	402,8	393,8
whereof recurring revenue	63,3	57,8	186,4	170,7	245,4	229,7
EBITDA	27,0	24,3	78,4	72,3	106,8	100,7
EBITDA-adj	17,4	14,5	50,1	44,5	70,0	64,4
EBIT	14,0	11,2	40,6	32,2	55,9	47,5

## Comments from the Group's CEO

### INCREASED TURNOVER AND OPERATING MARGINS

The third quarter is usually a quarter with lower intensity. This year, despite this and the current pandemic, we are delivering a growth in recurring revenues with 10 % and an EBITDA adj margin that increases by SEK 3 million, which corresponds to a margin of 18.1 % against 15.7 % previous year. We are satisfied with this and it underlines the strength of our business model and organization.

### PROMISING ACQUISITION

The acquisition of EFS Technology is already contributing to the improvement in earnings. The company is fully integrated into our operations and we have begun to realize the expanded growth opportunities we have identified through this acquisition. From the start, we have changed the business model for new sales from traditional license sales to SaaS / subscription, a change that in the future

will provide an increased growth rate in recurring revenues.

### NEW CONDITIONS DRIVE INNOVATION

Our transition to work remotely continues to work well. We have now successfully adapted large parts of our business. An example of this is our annual customer meeting for the Swedish public sector, which this year was conducted entirely digitally. It attracted almost twice as many participants as normal, with much appreciated results.

### STABLE POSITION PROVIDES GROWTH OPPORTUNITIES

We are stable with good finances and a high proportion of recurring revenue, which now covers 85% of our fixed operating costs. We continue to develop our business with a focus on initiatives for increased growth.

## Market

Data and information become more and more important for the financial development: it is the foundation for many new products and services, which leads to productivity and resource efficiency gains in all sectors of the economy. Being able to take advantage of the possibilities of digitalization has become one of the most important issues of our time. The benefits 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 analyze 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 challenger in the private sector where we digitalize and streamline customer communication in sectors such as retail, manufacturing, life science, energy and water as well as legal.

The growth in the market is fueled in large part by the organizational 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 organizations, 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. Intelligent information management is a high priority area.

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<sup>1</sup>.

### CLOUD-BASED SOLUTIONS

An important part of the change of the ECM market is also that the development is moving increasingly towards cloud-based solutions, where the customers pay for what is used and where costs for development, operations, maintenance, upgrade and support are included in the running agreement. 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 reality where growing numbers of the Company's customers

<sup>1</sup> Gartner: Enterprise Application Software, Worldwide, 4Q19 Update

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

In the Danish public sector, Formpipe is a market leading vendor of software within Enterprise Content Management (ECM). The digitalization of the Danish public sector creates value, growth and efficiency. The public sector sets ambitious goals for the development towards a more digital public sector in the next few years. Digital solutions and automation create opportunities to meet the growing welfare needs and at the same time increase the service to the citizens.

The employers' organization Dansk Industri believes that a modernization and digitalization of the public sector can free up DKK 20 billion<sup>2</sup> by 2025. Money that can then be fed back to the public sector and contribute to increasing the level of service. Formpipe has extensive knowledge of the opportunities and challenges that the Danish public sector will face in the future.

#### *Estimated impact of Covid-19 for the business area Danish Public Sector:*

The government in Denmark urges public organizations to act as the stable purchasing power in society and to help private companies to get through the financial turmoil. However, some customers will still be in need of re-planning to postpone projects for practical or technical reasons.

Formpipe's TAP platform is installed on the Board of Agriculture to support the process of EU's joint grants for agriculture. The planned EU CAP-2020 reform has been delayed due to the uncertainty surrounding Brexit and now Covid-19 risks to further delaying it. The continued delay of the CAP-2020 reform thus results in increased uncertainty in this business area.

### SWEDISH PUBLIC SECTOR

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 county councils to be the best in the world at using the possibilities of digitalization 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, county councils and agencies will be facing in the future.

<sup>2</sup> <https://www.danskindustri.dk/politik-og-analyser/di-mener/digitalisering/digitalisering-af-den-offentlige-sektor/>

**Estimated impact of Covid-19 for the business area Swedish Public Sector:**

The National Agency for Public Procurement in Sweden is clear in its message to the public sector in Sweden:

- Continue with purchases as usual.
- Now is not the time to cancel procurements or postpone purchases.
- The public sector is needed as a stable and secure customer when there are uncertain times.

In practice, however, some customers are judged to be in need of re-planning to postpone projects for practical or technical reasons. There is also reason to believe that, for these practical reasons, fewer new procurements will be initiated than would otherwise have been expected.

**PRIVATE SECTOR**

The global ERP software market was estimated at USD 35.81 billion in 2018 and is expected to reach USD 78.40 billion by 2026<sup>3</sup>. As cloud solutions are becoming increasingly accepted due to their scalability, reliability and flexibility, many ERP customers are changing their views on their internal IT architecture. This shift, where customers see the benefits of moving to the cloud, opens up new opportunities for Formpipe. Lasernet is a product that complements ERP systems and enables business documents to be delivered in exactly the format and layout desired. Labeled continues its strong growth internationally, a positive development that is primarily a result of Formpipe's close collaboration with Microsoft and their offering in the cloud (Azure) regarding Microsoft Dynamics. Labeled is a natural complement to Dynamics and improves the customer experience through efficient document management. Microsoft supports the marketing of Labeled, for instance through their global market places Microsoft Azure Marketplace and Microsoft AppSource.

There is potential to expand Formpipe's offering with more products through this channel. This may include, for instance, our product Long-Term Archive, which can make it easier for companies and organizations to execute on their cloud strategy. By providing Long-Term Archive in Azure, customers can move all their business systems to the cloud without the risk of losing valuable information. Both Gartner and Microsoft find this area (often referred to as Cloud Migration or Application Retirement) as a significant growth area.

**Estimated impact of Covid-19 for the business area Private Sector:**

Within the business area Private Sector, the risk of negative impact of Covid-19 is assessed as greater than for Formpipe's other two business areas. New sales are mainly driven by our partners selling the product Labeled as part of ERP system implementation projects, such as Microsoft Dynamics etc. At present, the demand

is good but there is reason to believe that if the pandemic becomes long-lasting, new ERP investments will come to be pushed for the future. There is also a significant risk that customers within the private sector will end up in financial problems with missing payments as a result and that existing agreements within Support & Maintenance and SaaS will be lost.

When the pandemic is over, the possible deferred ERP investments are estimated to have created a pent-up need with a demand that is higher than normal at that stage.

## Financial Information

### REVENUE

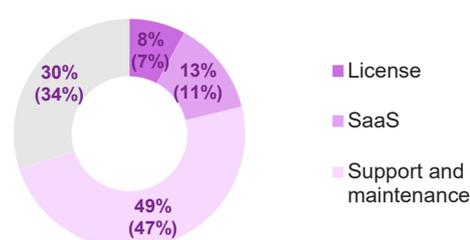
**July-September 2020**

Net sales for the period totalled to SEK 96.4 million (92.4 million), which corresponds to an increase of 4 %. Software revenue increased by 11 % from the previous year and totalled to SEK 69.1 million (62.5 million). Total recurring revenue for the period increased by 10 % from the previous year and totalled to SEK 63.3 million (57.8 million), which is equivalent to 66 % of net sales (63 %). Exchange rate effects have affected net sales negatively by SEK 0.5 million in comparison with the previous year.

**January – September 2020**

Net sales for the period totalled to SEK 299.8 million (290.7 million), which corresponds to an increase of 3 %. Software revenue increased by 9 % from the previous year and totalled to SEK 209.9 million (192.0 million). Total recurring revenue for the period increased by 9 % from the previous year and totalled to SEK 186.4 million (170.7 million), which is equivalent to 62 % of net sales (59 %). Exchange rate effects have affected net sales negatively by SEK 0.9 million in comparison with the previous year.

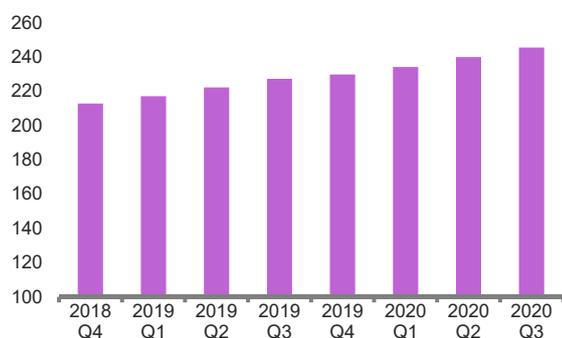
Breakdown of sales revenue, Jan–Sep 2020



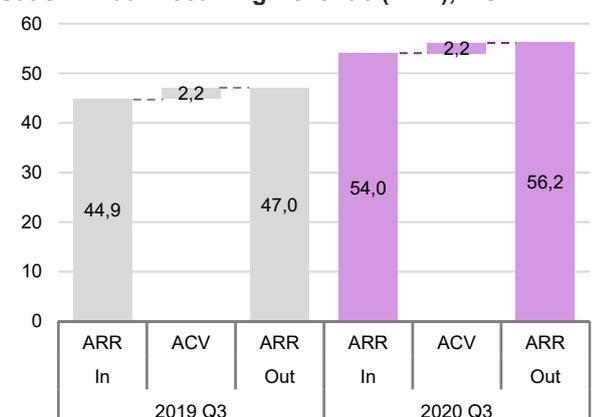
<sup>3</sup> <https://www.alliedmarketresearch.com/ERP-market>

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

### Recurring revenue rolling 12 months, MSEK



### SaaS Annual Recurring Revenue (ARR), MSEK



### COSTS

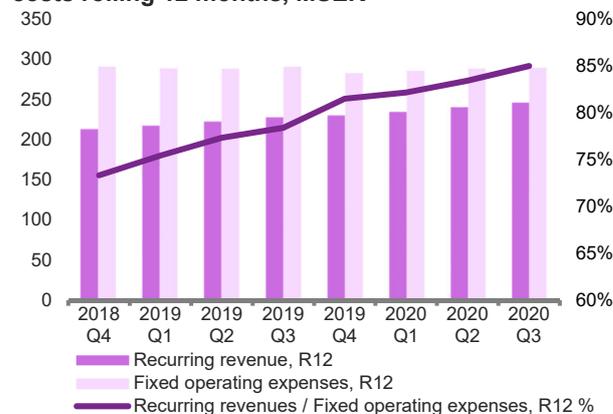
#### July – September 2020

The operating costs for the period totalled to SEK 82.4 million (81.2 million). Personnel costs totalled to SEK 50.2 million (47.9 million). Selling expenses totalled to SEK 9.7 million (9.9 million). Other costs totalled to SEK 19.0 million (20.1 million).

#### January – September 2020

The operating costs for the period totalled to SEK 259.2 million (258.5 million). Personnel costs totalled to SEK 161.3 million (155.9 million). Selling expenses totalled to SEK 31.2 million (34.6 million). Other costs totalled to SEK 57.2 million (55.7 million).

### Recurring revenues in relation to fixed operating costs rolling 12 months, MSEK



### EARNINGS

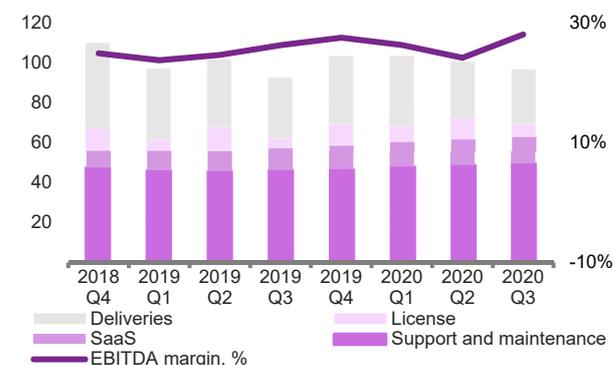
#### July – September 2020

Operating profit before depreciation and amortization and items affecting comparability (EBITDA) totalled to SEK 27.0 million (24.3 million) with an EBITDA margin of 28.1 % (26.3 %). Operating profit (EBIT) totalled to SEK 14.0 million (11.2 million) with an operating margin of 14.5 % (12.1 %). Net profit totalled to SEK 9.2 million (8.3 million). Exchange rate effects have affected EBITDA positively by SEK 0.1 million in comparison with the previous year.

#### January – September 2020

Operating profit before depreciation and amortization and items affecting comparability (EBITDA) totalled to SEK 78.4 million (72.3 million) with an EBITDA margin of 26.2 % (24.9 %). Operating profit (EBIT) totalled to SEK 40.6 million (32.2 million) with an operating margin of 13.5 % (11.1 %). Net profit totalled to SEK 29.4 million (23.0 million). Exchange rate effects have affected EBITDA positively by SEK 0.5 million in comparison with the previous year.

### Sales and EBITDA margin, MSEK



## FINANCIAL POSITION AND LIQUIDITY

### Cash equivalents

Cash and cash equivalents at the end of the period amounted to SEK 27.4 million (32.6 million). The company had interest-bearing debt at the end of the period totalling to SEK 69.8 million (68.2 million), whereof 22.6 million (28.2 million) refers to lease debts according to IFRS 16. The company's total bank overdraft limit amounts to SEK 50.0 million, at the end of the period it was not utilized (40.0 million).

The company's net debt position thereby totalled to SEK 42.4 million (35.7 million), which corresponds to a net debt position of SEK 19.8 million (7.5 million) excluding IFRS 16-related debt.

During the period, dividends were paid amounting to SEK 32.1 million (31.7 million).

### Deferred tax asset

By the end of the period the company's deferred tax assets attributable to accumulated losses amounted to SEK 9.7 million (SEK 10.9 million).

### Equity

Equity at the end of the period amounted to SEK 405.3 million (396.1 million), which was equivalent to SEK 7.58 (7.45) per outstanding share at the end of the period. Changes in the value of the Swedish krona compared to other currencies have changed the value of the group's net assets in foreign currencies by SEK 3.8 million (13.0 million) from the end of the year.

During the period the company has issued 290,000 shares due to the warrant program 2017/2020. After the issue of new shares the number of shares amounts to 53,463,907 and the share capital amounts to SEK 5,346,390.70.

### Equity ratio

The equity ratio at the end of the period was 57 % (60 %).

## CASH FLOW

### Cash flow from operating activities

Cash flow from operating activities for the period January - September totalled to SEK 65.4 million (15.6 million). The cash flow has been affected positively by a decreased working capital tied up compared to previous periods.

### Investments and acquisitions

Total investments for the period January - September amounted to SEK 79.6 million (36.2 million).

Investments in intangible assets totalled to SEK 30.6 million (34.4 million) and refer to capitalized product development costs.

Investments in tangible and financial assets totalled to SEK 2.9 million (1.8 million).

Acquisitions of subsidiaries amounted to SEK 46.1 million (- million).

### Financing

During the period, a new loan of SEK 58.7 million (- million) was raised as payment for the acquisition of subsidiaries.

During the period January - September the company amortized SEK 22.1 million (79.1 million). Whereof SEK 5.4 million relates to leasing debts.

The existing bank overdraft facility totalling to SEK 50.0 million was not utilized at the end of the period (SEK 40.0 million). Leasing related liabilities amounted to SEK 22.6 million (28.2 million) at the end of the period. The company's interest-bearing debt at the end of the period was thereby SEK 69.8 million (68.2 million).

During the period, dividends were paid to the company's shareholders amounting to SEK 32.1 million (31.7 million).

As an outcome from the exercise of the personnel warrant program 2017/2020, 290,000 new shares was issued and payments amounting to SEK 4.6 million (2.9 million) has been added to the Company. At the same time the Company repurchased 181,000 warrants to a value of SEK 1.3 million (2.6 million).

During the period, a new warrant program (2020/2023) has been issued to the company's employees, amounting to 500,000 warrants, which provided the company with payments of SEK 0.8 million (0.6 million).

## Significant events during the period January – September 2020

### JANUARY-MARCH

#### New date of the annual general meeting and an updated calendar for financial information

Due to the uncertainty arising from the spread of the Corona virus, Covid-19, the Board of Directors decided to postpone the Annual General Meeting until Tuesday, June 30, 2020 at 10:00 am. By postponing the Annual General Meeting, the Board of Directors was given the opportunity to continue to analyze and assess the situation, and based on this, evaluate the proposed dividend for 2019.

As a consequence of the postponed Annual General Meeting, the publication of the interim report for January-June was postponed until August 19, 2020.

## APRIL-JUNE

### Increased number of shares

During the period the personnel warrant program 2017/2020 was exercised. A total of 290,000 new shares were issued from this program. The number of shares and votes in the Company was therefore increased with 290,000 and the share capital increased with SEK 29,000. After the issue of new shares, the total number of shares and votes in the Company amounts to 53,463,907 and the share capital to SEK 5,346,390.7.

## JULY-SEPTEMBER

### Dividends

During the period, dividends were paid amounting to SEK 32.1 million (31.7 million)

### Issue of warrants

It was decided at the AGM held on 30 June to issue 500 warrants offered to all employees within the Formpipe Software group, where one warrant gives the right to subscribe for one new share and runs over three years. The program was fully subscribed.

### Acquisition

As of July 31, Formpipe acquired 100% of the shares in the company EFS Technology Ltd. The purchase price amounted to GBP 6 million, which was paid in connection with the takeover and financed through a combination of own cash and loans.

No other significant events have occurred during the period.

## Significant events after the period's end

No significant events have occurred after the end of the period.

## Other

### EMPLOYEES

The number of employees at the end of the reporting period totalled to 244 persons (225 persons).

### RISKS AND UNCERTAINTY FACTORS

The significant risk and uncertainty factors for the group and the parent company, which include business and financial risks, are described in the annual report for the last financial year. For risks related to Covid-19, see this report under the section Market. During the period there have been no other changes in the risk and uncertainty factors for the group and the parent company.

## TRANSACTIONS WITH RELATED PARTIES

No related party transactions have occurred during the period.

### ACCOUNTING POLICIES

The group's financial reports are prepared in accordance with International Financial Reporting Standards (IFRS) in the way in which they have been adopted by the European Union, the Swedish Annual Accounts Act, RFR 1 Additional Accounting Regulations for Groups issued by the Swedish Financial Reporting Board and in accordance with the regulations that the Stockholm Stock Exchange stipulates for companies listed on Nasdaq Stockholm. Preparing financial reports in accordance with IFRS requires that the company management makes accounting evaluations and estimates and makes assumptions that affect the application of the accounting policies and the reported values of assets, liabilities, income and costs. The actual result can differ from these estimates and evaluations. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The interim report covers pages 1-15 and the interim report on pages 1-7 is thus an integral part of this financial report. The most important accounting policies according to IFRS, which constitute the accounting standard for the preparation of this interim report, are stated in the company's most recently published annual report.

The financial reports of the parent company have been prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities issued by the Swedish Financial Reporting Board. The same accounting policies and methods of calculation have been applied in the interim report and in the most recent annual report.

### ABOUT FORMPIPE

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

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

### CALENDAR FOR FINANCIAL INFORMATION

February 16, 2021	Interim report Jan-Dec
April 28, 2021	Interim report Jan-Mar
April 28, 2021	Annual General Meeting
July 15, 2021	Interim report Jan-Jun
October 29, 2021	Interim report Jan-Sep

#### FINANCIAL INFORMATION

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

#### CONTACT INFORMATION

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Stockholm October 27, 2020  
Formpipe Software AB  
The Board of Directors and the Managing Director

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**CONSOLIDATED INCOME STATEMENT SUMMARY**

(SEK 000)	Jul-Sep		Jan-Sep	
	2020	2019	2020	2019
<b>Net Sales</b>	<b>96 383</b>	<b>92 425</b>	<b>299 772</b>	<b>290 738</b>
Sales expenses	-9 718	-9 924	-31 198	-34 625
Other costs	-19 042	-20 143	-57 195	-55 743
Personnel costs	-50 192	-47 885	-161 318	-155 907
Capitalized work for own account	9 606	9 811	28 347	27 831
<b>Operating profit/loss before depreciation/amortization and non-comparative items (EBITDA)</b>	<b>27 037</b>	<b>24 285</b>	<b>78 408</b>	<b>72 295</b>
Depreciation/amortization	-13 075	-13 065	-37 856	-40 095
<b>Operating profit/loss (EBIT)</b>	<b>13 962</b>	<b>11 220</b>	<b>40 552</b>	<b>32 200</b>
Financial income and expenses	-356	-179	-798	-1 451
Exchange rate differences	-1 593	-106	-1 389	-677
Tax	-2 835	-2 665	-8 988	-7 060
<b>Net profit for the period</b>	<b>9 179</b>	<b>8 271</b>	<b>29 376</b>	<b>23 012</b>
<u>Of which the following relates to:</u>				
Parent company shareholders	9 179	8 271	29 376	23 012
<u>Other comprehensive income</u>				
Translation differences	2 939	4 733	3 819	12 981
Other comprehensive income for the period, net after tax	2 939	4 733	3 819	12 981
<b>Total comprehensive income for the period</b>	<b>12 117</b>	<b>13 003</b>	<b>33 195</b>	<b>35 993</b>
<u>Of which the following relates to:</u>				
Parent company shareholders	12 117	13 003	33 195	35 993
<i>EBITDA margin, %</i>	<i>28,1%</i>	<i>26,3%</i>	<i>26,2%</i>	<i>24,9%</i>
<i>EBIT margin, %</i>	<i>14,5%</i>	<i>12,1%</i>	<i>13,5%</i>	<i>11,1%</i>
<i>Profit margin, %</i>	<i>9,5%</i>	<i>8,9%</i>	<i>9,8%</i>	<i>7,9%</i>
Earnings per share attributable to the parent company's shareholders during the period (SEK per share)				
- before dilution	0,17	0,16	0,55	0,43
- after dilution	0,17	0,15	0,55	0,43
Average no. of shares before dilution, in 000	53 464	53 174	53 303	53 015
Average no. of shares after dilution, in 000	53 659	53 420	53 502	53 394

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

## CONSOLIDATED BALANCE SHEET SUMMARY

(SEK 000)	Sep 30		Dec 31
	2020	2019	2019
Intangible assets	538 274	480 047	472 389
Tangible assets	29 594	35 325	33 745
Financial assets	3 739	5 202	4 824
Deferred tax asset	9 799	10 936	7 664
Current assets (excl. cash equivalents)	96 489	99 366	122 268
Cash equivalents	27 370	32 568	33 682
<b>TOTAL ASSETS</b>	<b>705 265</b>	<b>663 444</b>	<b>674 573</b>
Equity	405 318	396 145	400 129
Shareholding with no controlling influence	-	-	-
Long-term liabilities	85 317	50 534	43 791
Current liabilities	214 631	216 765	230 654
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>705 265</b>	<b>663 444</b>	<b>674 573</b>
Net interest-bearing debt (-) / cash (+)	-42 451	-35 668	690

## CHANGES IN CONSOLIDATED EQUITY

(SEK 000)	Equity attributable to the parent company's shareholders				Total
	Share capital	Other contributed capital	Other reserves	Profit/loss brought forward	
<b>Balance at January 1, 2019</b>	<b>5 288</b>	<b>207 768</b>	<b>18 770</b>	<b>159 196</b>	<b>391 023</b>
<b>Comprehensive income</b>					
Net profit for the period	-	-	-	23 012	23 012
Other comprehensive income items	-	-	12 981	-	12 981
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>12 981</b>	<b>23 012</b>	<b>35 993</b>
<b>Transaction with owners</b>					
Dividend	-	-	-	-31 732	-31 732
Share issue	29	2 828	-	-	2 856
Repurchase of warrants	-	-2 610	-	-	-2 610
Employee warrant schemes	-	615	-	-	615
<b>Total transaction with owners</b>	<b>29</b>	<b>833</b>	<b>-</b>	<b>-31 732</b>	<b>-30 871</b>
<b>Balance at September 30, 2019</b>	<b>5 317</b>	<b>208 600</b>	<b>31 750</b>	<b>150 476</b>	<b>396 145</b>
<b>Balance at January 1, 2020</b>	<b>5 317</b>	<b>208 600</b>	<b>23 712</b>	<b>162 498</b>	<b>400 129</b>
<b>Comprehensive income</b>					
Net profit for the period	-	-	-	29 376	29 376
Other comprehensive income items	-	-	3 819	-	3 819
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>3 819</b>	<b>29 376</b>	<b>33 195</b>
<b>Transaction with owners</b>					
Dividend	-	-	-	-32 078	-32 078
Share issue	29	4 553	-	-	4 582
Repurchase of warrants	-	-1 260	-	-	-1 260
Employee warrant schemes	-	750	-	-	750
<b>Total transaction with owners</b>	<b>29</b>	<b>4 043</b>	<b>-</b>	<b>-32 078</b>	<b>-28 006</b>
<b>Balance at September 30, 2020</b>	<b>5 346</b>	<b>212 644</b>	<b>27 531</b>	<b>159 795</b>	<b>405 318</b>

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## CASH FLOW STATEMENT SUMMARY

(SEK 000)	Jul-Sep		Jan-Sep	
	2020	2019	2020	2019
Cash flow from operating activities before working capital changes	26 611	25 670	68 644	65 597
Cash flow from working capital changes	-23 473	-4 208	-3 209	-49 958
<b>Cash flow from operating activities</b>	<b>3 138</b>	<b>21 462</b>	<b>65 435</b>	<b>15 639</b>
Cash flow from investing activities	-57 866	-16 267	-79 554	-36 234
Cash flow from financing activities	13 075	9 657	7 464	-73 145
<i>Of which dividend paid</i>	<i>-32 078</i>	<i>-</i>	<i>-32 078</i>	<i>-31 732</i>
<b>Cash flow for the period</b>	<b>-41 653</b>	<b>14 852</b>	<b>-6 655</b>	<b>-93 740</b>
<b>Change in cash and cash equivalent</b>				
Cash and cash equivalent at the beginning of the period	68 854	16 754	33 682	123 782
Translation differences	169	962	342	2 526
Cash flow for the period	-41 653	14 852	-6 655	-93 740
<b>Cash and cash equivalent at the end of the period</b>	<b>27 370</b>	<b>32 568</b>	<b>27 370</b>	<b>32 568</b>

## 8 QUARTERS IN SUMMARY

(SEK 000)	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3
License	10 670	4 972	11 629	4 678	10 157	7 508	10 235	5 817
SaaS	9 031	10 475	10 728	11 532	12 323	12 884	13 373	13 755
Support and maintenance	47 461	46 037	45 671	46 241	46 705	47 952	48 849	49 552
Software revenues	67 161	61 484	68 029	62 450	69 185	68 344	72 457	69 123
<i>whereof recurring revenue</i>	<i>56 491</i>	<i>56 512</i>	<i>56 399</i>	<i>57 773</i>	<i>59 028</i>	<i>60 836</i>	<i>62 222</i>	<i>63 307</i>
Deliveries	42 389	35 339	33 461	29 975	33 874	34 749	27 839	27 260
<b>Net sales</b>	<b>109 550</b>	<b>96 823</b>	<b>101 490</b>	<b>92 425</b>	<b>103 059</b>	<b>103 093</b>	<b>100 296</b>	<b>96 383</b>
Sales expenses	-13 549	-11 864	-12 836	-9 924	-12 918	-11 210	-10 270	-9 718
Other costs	-19 966	-16 794	-18 806	-20 143	-17 220	-19 037	-19 116	-19 042
Personnel costs	-58 156	-54 121	-53 900	-47 885	-52 979	-54 870	-56 256	-50 192
Capitalized development costs	9 419	8 955	9 065	9 811	8 430	9 148	9 593	9 606
Total operating expenses	-82 252	-73 825	-76 478	-68 140	-74 687	-75 970	-76 048	-69 346
<b>EBITDA</b>	<b>27 299</b>	<b>22 998</b>	<b>25 012</b>	<b>24 285</b>	<b>28 372</b>	<b>27 122</b>	<b>24 248</b>	<b>27 037</b>
%	24,9%	23,8%	24,6%	26,3%	27,5%	26,3%	24,2%	28,1%
Items affecting comparability	-	-	-	-	-	-	-	-
Depreciation/amortization	-11 159	-13 502	-13 528	-13 065	-13 059	-12 302	-12 479	-13 075
<b>EBIT</b>	<b>16 140</b>	<b>9 496</b>	<b>11 484</b>	<b>11 220</b>	<b>15 314</b>	<b>14 820</b>	<b>11 769</b>	<b>13 962</b>
%	14,7%	9,8%	11,3%	12,1%	14,9%	14,4%	11,7%	14,5%

\* As of January 1, 2019, the Group applies IFRS 16 according to the modified retroactive transition method, which means that the comparative figures will not be recalculated. The effect of the application of IFRS 16 means that the operating leases previously expensed on a straight-line basis over the income statement under the item "Other expenses" from Q1 2019 are expensed under depreciation and financial items instead.

\* A reclassification has been made as of 1 January 2020 from the revenue type support and maintenance to deliveries regarding the danish product TAP. The reclassification covers the period 2018 Q4 to 2019 Q4 with the amount of 2,5 MDDK per quarter.

## SEGMENT SUMMARY

The Group's segments are divided according to which customer groups they target. The segments are divided into SE Public, DK Public, Private and Other and reflect the Group's internal reporting and follow-up of Group management.

The SE Public and DK Public segments find their customers in Sweden's and Denmark's public sectors. Segment Private collects the Group's offers that are aimed at customers outside the public sector and are not bound to any particular geographic market. Segment Other includes the Group's older products that are not included in any of the other segments and the Group's overhead costs.

(Tkr)	Jan-Sep 20						IFRS 16	Koncern
	SE Public	DK Public	Private	Other	Elim.			
License	3 813	5 318	14 428	-	-	-	23 559	
SaaS	13 261	4 545	22 206	-	-	-	40 013	
Support & Maintenance	59 856	38 368	44 669	3 461	-	-	146 353	
Delivery	11 485	63 975	14 387	1	-	-	89 848	
Sales, internal	80	56	1 890	-	-2 026	-	-	
<b>Net sales</b>	<b>88 495</b>	<b>112 262</b>	<b>97 580</b>	<b>3 462</b>	<b>-2 026</b>	-	<b>299 772</b>	
Costs, external	-50 790	-82 967	-76 826	-16 685	-	5 904	-221 364	
Costs, internal	16	-80	-1 962	-	2 026	-	-	
<b>EBITDA</b>	<b>37 720</b>	<b>29 214</b>	<b>18 791</b>	<b>-13 222</b>	-	<b>5 904</b>	<b>78 408</b>	
%	42,6%	26,0%	19,3%	-381,9%			26,2%	

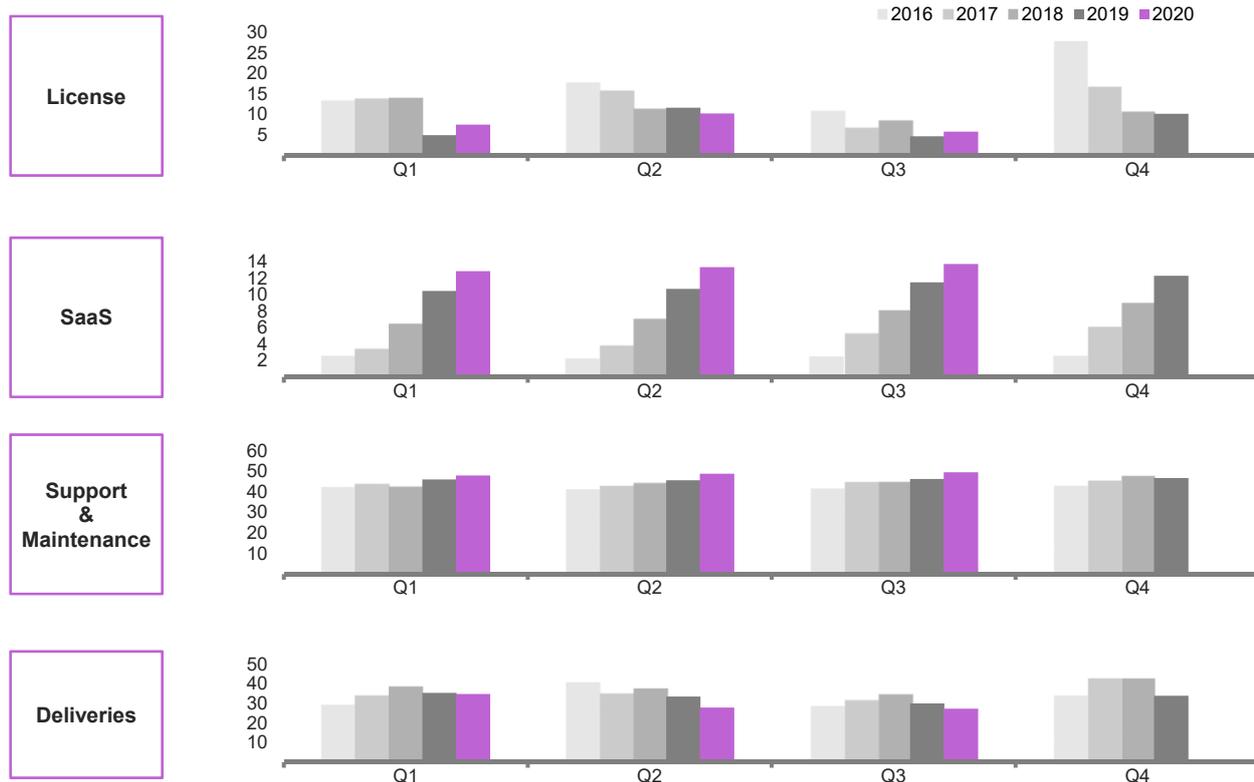
(Tkr)	Jan-Sep 19						IFRS 16	Koncern
	SE Public	DK Public	Private	Other	Elim.			
License	6 038	2 693	12 548	-	-	-	21 279	
SaaS	12 214	4 956	15 560	5	-	-	32 736	
Support & Maintenance	59 388	32 110	42 506	3 944	-	-	137 949	
Delivery	13 066	69 308	16 401	0	-	-	98 775	
Sales, internal	132	60	1 722	-	-1 914	-	-	
<b>Net sales</b>	<b>90 838</b>	<b>109 127</b>	<b>88 738</b>	<b>3 949</b>	<b>-1 914</b>	-	<b>290 738</b>	
Costs, external	-54 154	-86 001	-70 714	-13 504	-	5 929	-218 443	
Costs, internal	-54	-137	-1 722	-	1 914	-	-	
<b>EBITDA</b>	<b>36 629</b>	<b>22 989</b>	<b>16 302</b>	<b>-9 555</b>	-	<b>5 929</b>	<b>72 295</b>	
%	40,3%	21,1%	18,4%	-242,0%			24,9%	

## NUMBER OF SHARES

	2016-01-01	2017-01-01	2018-01-01	2019-01-01	2020-01-01
	2016-12-31	2017-12-31	2018-12-31	2019-12-31	2020-09-30
Number of outstanding shares at the beginning of the period	50 143 402	51 273 608	51 873 025	52 887 406	53 173 907
Share issue from warrant programme	1 130 206	599 417	314 576	286 501	290 000
Non-cash issue	-	-	699 805	-	-
<b>Number of outstanding shares at the end of the period</b>	<b>51 273 608</b>	<b>51 873 025</b>	<b>52 887 406</b>	<b>53 173 907</b>	<b>53 463 907</b>

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## SALES ANALYSIS BY QUARTER



## KEY RATIOS FOR THE GROUP

	Jan-Sep	
	2020	2019
Net sales, SEK 000	299 772	290 738
EBITDA, SEK 000	78 408	72 295
EBITDA-adj., SEK 000	50 061	44 464
EBIT, SEK 000	40 552	32 200
Net profit for the period, SEK 000	29 376	23 012
EBITDA margin, %	26,2%	24,9%
EBITDA-adj. margin, %	16,7%	15,3%
EBIT margin, %	13,5%	11,1%
Profit margin, %	9,8%	7,9%
Return on equity, %*	10,3%	9,1%
Return on working capital, %*	13,0%	12,4%
Equity ratio, %	57%	60%
Equity per outstanding share at the end of the period, SEK	7,58	7,45
Earnings per share - before dilution, SEK	0,55	0,43
Earnings per share - after dilution, SEK	0,55	0,43
Share price at the end of the period, SEK	28,00	22,80

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

#### PARENT COMPANY INCOME STATEMENT SUMMARY

(SEK 000)	Jul-Sep		Jan-Sep	
	2020	2019	2020	2019
<b>Net sales</b>	<b>30 072</b>	<b>30 798</b>	<b>97 131</b>	<b>99 355</b>
Operating expenses				
Sales expenses	-1 122	-944	-3 067	-4 427
Other costs	-11 396	-11 854	-32 332	-33 112
Personnel costs	-15 935	-15 604	-52 664	-51 624
Depreciation/amortization	-1 585	-1 503	-4 673	-4 482
Total operating expenses	-30 038	-29 905	-92 737	-93 645
<b>Operating profit/loss</b>	<b>34</b>	<b>893</b>	<b>4 395</b>	<b>5 709</b>
Other financial items	-356	-267	193	-1 607
Appropriations	-	-	-	-
Tax	-	-	2	-
<b>Net profit for the period</b>	<b>-322</b>	<b>626</b>	<b>4 590</b>	<b>4 103</b>

#### PARENT COMPANY BALANCE SHEET SUMMARY

(SEK 000)	Sep 30		Dec 31
	2020	2019	2019
Intangible assets	7 560	9 362	10 248
Tangible assets	854	1 021	891
Financial assets	346 809	279 208	278 846
Deferred tax asset	-	-	-
Current assets (excl. cash equivalents)	44 496	49 632	68 756
Cash and bank balances	-	12 794	641
<b>TOTAL ASSETS</b>	<b>399 718</b>	<b>352 017</b>	<b>359 381</b>
Restricted equity	23 037	23 008	23 008
Non-restricted equity	167 628	192 051	191 077
Total equity	190 665	215 059	214 085
Long-term liabilities	32 310	-	-
Current liabilities	176 744	136 958	145 296
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>399 718</b>	<b>352 017</b>	<b>359 381</b>

#### PLEGDED ASSETS AND CONTINGENT LIABILITIES

Pledged assets referred to shares in subsidiaries as security for loans. The pledged assets in the Group was the same as disclosed for the Parent Company.

(SEK 000)	Sep 30		Dec 31
	2020	2019	2019
Pledged assets	-	-	-
Contingent liabilities	-	-	-

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## BUSINESS ACQUISITION

In order to strengthen Formpipe's position in the business area Private and contribute to additional growth, the British company EFS Technology Ltd. ("EFS") was acquired July 31. EFS is an established and leading supplier of software for document management to the banking and financing industry. The acquisition was for 100 % of the shares in EFS and has impacted the balance sheet and cash position as specified below. Since the transaction date, EFS has contributed MSEK 5.2 in sales and MSEK 1.5 in operating profit before depreciation and non-comparative items (EBITDA). Had the acquisition taken place on January 1 2020, EFS would have contributed a total of MSEK 27.0 in sales and MSEK 6.8 in EBITDA. The acquisition increases the group's ARR with MSEK 16.5.

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

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

### Acquisition balance sheet and purchase price specification

<b>(SEK '000)</b>	<b>Fair value</b>
Tangible assets	825
Intangible assets	13 731
Trade and other receivables	6 462
Cash and cash equivalents	22 983
Trade payables and other liabilities	-20 534
Deferred tax	-2 667
<b>Acquired net assets</b>	<b>20 800</b>
Goodwill	48 249
<b>Total purchase price</b>	<b>69 050</b>
- Existing cash in the acquired business	-22 983
<b>Changes to group cash at acquisition</b>	<b>46 067</b>

## DEFINITIONS

Formpipe uses alternative key figures, also called APM (Alternative Performance Measures). Formpipe's APM's are calculated from the financial reports, which are prepared in accordance with applicable rules for financial reporting, where prepared figures is altered by adding or subtracting amounts from the presented numbers. Below the alternative performance measures, that Formpipe uses in published reports, are defined and described

### **Software revenue**

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

### **Recurring revenue**

Revenue of an annually recurring nature such as support and maintenance revenue and revenue from SAAS services regarding license agreements.

### **Annual recurring revenue (ARR)**

Recurring revenue for the period's last month multiplied by 12, to obtain the recurring revenue for the coming 12 months from contracts with recognized revenue.

### **ARR IN**

Initial value for the period's Annual recurring revenue.

### **ACV**

Annual recurring revenue of the period's won and lost contracts (net).

### **ARR OUT**

Closing value of the period's Annual recurring revenue, provided that all new/lost contracts (ACV) of the period have begun/ceased to be recognized.

### **Fixed operating expenses**

Other costs and personnel costs

### **Operating expenses**

Sales costs, other costs, personnel costs, capitalized development and depreciation.

### **EBITDA**

Earnings before depreciation, amortization, acquisition-related costs and other items affecting comparability.

### **EBITDA-adj.**

EBITDA exclusive capitalized work for own account

### **Items affecting comparability**

The item must be of a material nature to be reported separately and considered undesirable from the regular core operations and complicate the comparison. For example, acquisition-related items, restructuring-related items and write-downs

### **EBIT**

Operating profit/loss

### **Operating margin before depreciation and amortization (EBITDA margin)**

Earnings before depreciation, amortization, acquisition-related costs and other items affecting comparability as a percentage of net sales.

### **Operating margin before depreciation and amortization (EBITDA-adj margin)**

Earnings before capitalized work for own account, depreciation, amortization, acquisition-related costs and other items affecting comparability as a percentage of net sales.

### **Operating margin (EBIT margin)**

Operating profit/loss as a percentage of net sales.

### **Profit margin**

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

### **Earnings per share - before dilution**

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

### **Earnings per share - after dilution**

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

### **Equity per share**

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

### **Return on equity**

Profit/loss after tax as a percentage of average equity

### **Return on working capital**

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

### **Free cash flow**

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

### **Net interest-bearing debt**

Interest bearing debts minus cash and cash equivalents

### **Equity ratio**

Equity as a percentage of the balance sheet total.