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PRESS RELEASE, 7 MAY 2012

## FormPipe Software acquires the Danish company Traen for a threefold increase in total revenue

FormPipe Software acquires all shares in the Danish software and service company Traen, active within Enterprise Content Management (ECM) for approximately SEK 300<sup>1</sup> million on a cash and debt-free basis. The acquisition is financed through a fully guaranteed rights issue of approximately SEK 125 million, as well as through bank financing. FormPipe Software thereby becomes the Nordic countries' leading software company in ECM for the public sector.

- Traen is a Danish software and service company that focuses on ECM within the public sector. The great majority of Traen's activities are carried out in Denmark, and the majority of its clients are found within the public sector. In 2011, Traen's total revenue amounted to SEK 215<sup>2</sup> million, and the operating profit before depreciation and amortisation (EBITDA) to SEK 49<sup>2</sup> million. The group's pro forma total revenue and EBITDA for 2011 after the acquisition amounts to SEK 327 million and SEK 80 million, respectively.
- The acquisition values Traen at approximately SEK 300<sup>1</sup> million on a cash and debt-free basis. Traen has continued to deliver a strong development during the beginning of 2012 and is thought to show higher operating profit in 2012 compared to 2011. The acquisition of Traen is expected to lead to an immediate increase in earnings per share.
- The acquisition of Traen is an essential step in FormPipe Software's strategy to grow and expand its geographical presence in the Nordic countries through acquisitions. Through the acquisition, FormPipe Software will become the Nordic countries' leading software company within ECM in the public sector. The business model of FormPipe Software provides the possibility for economies of scale, and by expanding operations, the Board estimates the Company's margins to improve.
- In order to finance parts of the acquisition payment, the Board of FormPipe Software has decided to implement a fully guaranteed rights issue of

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<sup>1</sup> Based on the exchange rate on 6 May 2012, DKK/SEK 1.19

<sup>2</sup> Based on the average exchange rate for 2011, DKK/SEK 1.21; see also the table "Non-audited financial key figures, pro forma"

approximately SEK 125 million, excluding expenses related to the transaction, conditioned on the approval from an Extra General Meeting. The Extra General Meeting will be held on 7 June 2012.

- Shareholders, including the principal owner Provider Capital Sweden AB and parts of the Company's management, which together hold approximately 16.8 per cent of the shares and the voting rights in FormPipe Software, have committed to voting for the rights issue at the Extra General Meeting as well as to subscribing to their respective pro rata share in the rights issue. In addition to this, a guarantee consortium led by Carnegie Investment Bank AB has guaranteed, provided that certain conditions are met, to subscribe to shares in the rights issue for up to 83.2 per cent of the rights issue amount. Through subscription undertakings and guarantee undertakings, the rights issue is fully guaranteed.
- FormPipe Software has historically been overcapitalised to enable it to carry out acquisitions. Through the loan that is now being taken in order to finance the acquisition, it is assessed that the company will achieve a more efficient capital structure.
- Detailed terms of the rights issue will be published no later than on 4 June 2012.

**A telephone press conference will be held today, 7 May 2012, at 11:00 AM CET on telephone number 020 21 58 90 (+46 8 21 58 90 from mobile phone or overseas), meeting code 298879.**

### Background and motives

*"With the acquisition of Traen, we are taking a great stride forward to become the Nordic countries' leading software company within ECM in the public sector. Denmark is a leading country in digital documents in the public sector, something which provides us with expertise that we will be able to utilise in the entire group. The Danish market is also difficult to break into since it requires locally grounded products with specific functions. Traen's product offering is of very high quality, adapted for precisely this market, and it also has long-standing and firm client relationships, with a high degree of recurring revenue".*

*Christian Sundin, CEO of FormPipe Software*

The strategy of FormPipe Software AB ("FormPipe Software" or "the Company") is to develop high quality ECM products for organisations with specific requirements. The clients of FormPipe Software are primarily found in the public sector, which is at the forefront when it comes to the use of cases and documents systems. The ever increasing demand for improved citizen service and administrative productivity within the public sector has allowed FormPipe Software to evolve along with its clients over time. FormPipe Software has the strongest product line on the market, with a well-developed standard functionality for public administration in Sweden, which means that FormPipe Software is chosen as the supplier of ECM products in the majority of public Swedish transactions.

The Acquisition of Traen Holding A/S ("Traen") from DKA II A/S and other sellers ("the Acquisition") is an essential step in FormPipe Software's strategy to grow and expand

its geographical presence on the ECM market through acquisitions. Through the Acquisition, FormPipe Software will become the Nordic countries' leading software company within ECM for the public sector. FormPipe Software's business model provides possibilities for economies of scale, and by expanding operations, the Board estimates the Company's margins to improve.

Over the last few years, FormPipe Software has carried out several favourable acquisitions, which have successfully been integrated into the Company's operations. In 2005, Digital Diary with the product W3D3 was acquired; in 2006, ALP Data; in 2007, the Danish Company EFS Technology with the product LaserNet; and in 2008, EBI Systems with the product Platina. These acquisitions have contributed to an increased client base as well as a wider and stronger product line.

For a number of years, FormPipe Software has been evaluating the acquisition possibilities in the nearby Nordic markets. Traen was identified at an early stage as a company with closely related operations, including the delivery of attractive product-related services. Now that FormPipe Software's alternatives for expansion onto the Danish market have been assessed, the Company's Board of Directors and management regard an acquisition of Traen to be the most advantageous.

- The product lines of Traen and FormPipe Software are highly similar, both targeted at the public sector, though on different geographical markets.
- Traen holds a leading position on the Danish market for ECM solutions for the public sector and, similar to FormPipe Software, Traen works with a strong, locally grounded offer, on a market characterised by high demands for local knowledge and local adaptation.
- The merged company will possess greater resources for turning to new markets and client segments with new product offers, such as FormPipe Software's products for Life Science and long-term archiving as well as Traen's products for Grants Management. A common greater and stronger base created through a merger provides improved conditions for the expansion of these and other vertical offers on a wider geographical market. The Company is expected to have a relatively short start-up period before it is able to offer long-term archiving to the Danish public sector.
- FormPipe Software and Traen each have a well-balanced product portfolio with a stable client base within the public sector and a large share of recurring revenue. FormPipe Software's share of recurring revenue as of 2011 was 57 per cent, which corresponds to SEK 64 million of the total revenue in the same year. The corresponding figures for Traen in 2011 were 37 per cent and SEK 79<sup>3</sup> million. Out of Traen's ten largest clients, nine have been among the 20 largest clients for at least three years. The group after the Acquisition is estimated to have over 350 clients within the Swedish and Danish public sectors.

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<sup>3</sup> Based on the average exchange rate for 2011, DKK/SEK 1.21

- Today, Traen delivers its products through its own delivery organisation, which is made up of just over 70 consultants. This is something FormPipe Software views as positive, as the Company, in the recent years' transition to becoming a pure product company, has identified a need of a return to closer relationships with end clients in order to ensure that the right priorities are identified within product development. On the Danish market, the new group will continue to carry out client delivery, mainly through its own delivery organisation. However, this will be combined with partnering companies as sub-suppliers in order to achieve minimal risk in the business model. On the Swedish market, the majority of the deliveries will continue to take place through partnering companies. However, the Company will take this opportunity to use the newly acquired delivery organisation in Sweden to implement a number of projects each year. Above all, the Company deems it valuable to carry out projects in connection with the launch of new products, where it is deemed especially important to get good reference clients into production quickly and with quality assurance, as well as to ensure that these pilot clients provide feedback for the product development at an early stage.
- A further potential revenue synergy, identified for the joint company, provides the opportunity, with the aid of Traen's good reputation and strength in terms of delivering to the client, to sell FormPipe Software's products for case and document management to larger authorities in Denmark. Traen has previously made an active choice not to focus on this client segment with respect to cases and documents.
- The merger will, over time, be able to yield direct cost savings within product development, initially in testing and quality assurance primarily, but will also afford long-term possibilities for cost reduction through coordinated product development. The Company also sees potential benefits from coordinating the new group's total of four off-shore centres.
- Cost savings are also expected to occur through the decrease of fixed costs within administration, management and boards.
- Traen has a deferred tax asset of SEK 19<sup>4</sup> million, which FormPipe Software is calculated to be able to utilise in the coming years.

### Traen in brief

Traen is a leading Danish software and service company that focuses on clients in the public sector. The Company develops software within ECM (or "ESDH", elektronisk sags- og dokumenthåndtering, following the Danish designation) and has a broad and stable client base consisting of approximately 80 clients. These clients primarily consist of municipalities and government authorities. Traen places its main emphasis on areas such as case and document management, workflows and Grants Management and selfservice and collaboration.

Traen Informationssystemer A/S was founded in 1998. During 2008, the company was restructured and has since showed increased sales and highly improved margins. In

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<sup>4</sup> Based on the exchange rate on 31 December 2011, DKK/SEK 1.20

2009, Traen Informationssystemer A/S merged with Ementor Danmark A/S to form Traen. Traen currently has a focused organisation with well-defined processes and goals. As of 31 December 2011, the company had 159 full-time employees and 30 full-time off-shore resources. Traen also has a Swedish operation with approximately fifteen employees based in Stockholm.

In 2011, Traen's total revenue amounted to SEK 215<sup>5</sup> million with an operating profit before depreciation and amortisation (EBITDA) of SEK 49<sup>5</sup> million.

### **FormPipe Software after the Acquisition**

The new FormPipe Software will be one of the Nordic countries' leading software companies within ECM. Traen and FormPipe Software have similar product offerings, and the new company will hold a strong position in the Danish and Swedish public sectors. Through the Acquisition, a company is formed with a strong client base and with a large share of recurring revenue. After the acquisition the group is estimated to have approximately 230 full-time employees and 65 full-time off-shore resources.

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<sup>5</sup> Based on the average exchange rate for 2011, DKK/SEK 1.21; see also the table "Non-audited financial key figures, pro forma"

## Non-audited financial key figures, pro forma (1 January 2011 – 31 December 2011)

The pro forma financial information presented below has not been audited. The financial information with regard to FormPipe Software, which has been drawn up in accordance with IFRS, is taken from audited accounting documents for 2011. The financial information with regard to Traen is taken from internally produced pro forma in Traen Holding, which have been drawn up in accordance with generally accepted accounting principles in Denmark.

No acquisition analysis has been performed for the production of the pro forma financial information. The difference between the purchase sum and Traen's equity is presented in the pro forma below as goodwill. This assessment may come to be amended when the final acquisition analysis has been completed.

SEK MILLION	FormPipe Software <sup>1</sup>	Traen reported <sup>2</sup>	Proforma adjustment <sup>3</sup>	Traen adjusted	Pro forma
Sales	112.5	214.8	0	214.8	327.3
EBITDA	30.4	46.9	2.4	49.3	79.7
EBITDA margin	27.0%	21.8%		23.0%	24.3%

Based on the average exchange rate for 2011, DKK/SEK 1.21

BALANCE SHEET, DECEMBER 31 2011				
SEK MILLION	FormPipe Software <sup>1</sup>	Traen <sup>2</sup>	Adjustments	Pro forma
Intangible fixed assets	146.7	98.8	184.6	430.1
Tangible fixed assets	0.9	1.4		2.3
Financial fixed assets	0.0	1.4		1.4
<b>Total fixed assets</b>	<b>147.6</b>	<b>101.5</b>	<b>184.6</b>	<b>433.8</b>
Deferred tax assets	6.4	18.8		25.2
Current assets	34.0	59.1		93.1
Cash & Bank	12.8	6.6		19.4
<b>Total current assets</b>	<b>53.2</b>	<b>84.5</b>		<b>137.7</b>
<b>TOTAL ASSETS</b>	<b>200.8</b>	<b>186.0</b>	<b>184.6</b>	<b>571.4</b>
<b>Equity</b>	<b>130.4</b>	<b>-43.1</b>	<b>147.1</b>	<b>234.4</b>
Long-term debts	8.5	170.8	37.5	216.8
Short-term debts	61.9	58.3		120.2
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>200.8</b>	<b>186.0</b>	<b>184.6</b>	<b>571.4</b>

Based on the exchange rate on 31 December 2011, DKK/SEK 1.20

<sup>1</sup> FormPipe Software's Annual Report 2011.

<sup>2</sup> Traen Management accounts 2011 drawn up in accordance with Danish GAAP.

<sup>3</sup> Adjustments for consultancy fees to a previous principal owner, which will cease in connection with the Acquisition. Note:

1) The subsidiary company Traen AB (equity interest 64.9%) has been consolidated to 100% in the pro forma figures.

2) An adjustment will be made for adaptation to FormPipe Software's accounting principles. The effects are not able to be quantified at the present time.

### **The Acquisition in brief**

On 6 May 2012, FormPipe Software and the shareholders of Traen entered an agreement, in accordance with which FormPipe Software shall acquire 100 per cent of the shares in Traen, provided that certain terms and conditions are fulfilled. Based on a net debt in Traen of SEK 164<sup>6</sup> million and a company value of SEK 300<sup>7</sup> million on a cash and debt-free basis, the total consideration amounts to SEK 136 million.

The Acquisition will be paid in cash, which will be financed through a combination of bank loans and a rights issue with preferential rights for the shareholders in FormPipe Software. The closing of the Acquisition is expected to be on 31 July 2012, at which time the total consideration will be paid.

### **Bank financing**

In order to partially finance the Acquisition, FormPipe Software will take a new loan with Swedbank AB, amounting to a total of SEK 210 million. The majority of the loan will be used to settle all of Traen's existing loans. Out of the total loan amount, SEK 120 million refers to an acquisition credit, which will be repaid over five years. FormPipe Software has historically been overcapitalised in order to be able to carry out acquisitions, and through the loan that is now being taken in order to finance the Acquisition, it is assessed that the Company will achieve a more efficient capital structure.

### **The Rights Issue**

On 6 May, the Board decided, subject to approval in an Extra General Meeting, to raise approximately SEK 125 million in connection to the Acquisition of Traen, before any issue related expenses, through a rights issue with preferential rights for the Company's existing shareholders to subscribe to new shares in proportion to the number of shares held on the record day. In the event that all newly issued shares are not subscribed to with the support of subscription rights, the shareholders and others have the possibility of subscribing to the remaining shares, without the support of subscription rights.

The Board will announce the final terms and conditions for the Rights Issue ("the Rights Issue"), including maximal increase of the share capital, and the number of shares to be issued, as well as the subscription price of the new shares, no later than on 4 June 2012.

The record day for the right to participate in the Rights Issue is on 13 June 2012, and the subscription period runs from 18 June 2012 to 2 July 2012.

In the allocation of shares subscribed to without the support of subscription rights, shares are allocated in the first instance to share subscribers who have subscribed to shares with the support of subscription rights (upon over-subscription, in relation to the number of subscription rights that each of them has utilised for subscription and, to the extent this cannot take place, through the drawing of lots), and in the second instance to shareholders and others who have indicated their interest in subscribing to shares without the support of subscription rights (upon over-subscription, in relation

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<sup>6</sup> Net debt on 31 December 2011. Based on the exchange rate on 31 December 2011, DKK/SEK 1.20

<sup>7</sup> Based on the exchange rate on 6 May 2012, DKK/SEK 1.19

to the subscribed amount and, to the extent this cannot take place, through the drawing of lots), and in the third instance to guarantors with allocation pro rata in relation to the guaranteed amount.

The Rights Issue presupposes the approval of the Extra General Meeting, which will be held on 7 June 2012 at 16:00 at the Company's premises on S:t Eriksgatan 117 in Stockholm. As part of the Rights Issue, the Board has further decided to present a proposal at the General Meeting regarding changes to the articles of association with respect to the limits for FormPipe Software's share capital and number of shares. The invitation to the General Meeting will be published on 10 May 2012 and will be available on [www.formpipe.se](http://www.formpipe.se), please see separate press release.

### Subscription undertaking and issue guarantee

The shareholders, including the principal owner Provider Capital Sweden AB and parts of the Company's management, which together hold approximately 16.8 per cent of the shares and the voting rights in FormPipe Software, have committed to voting in favour of the Rights Issue at the Extra General Meeting as well as to subscribing to their respective pro rata share in the Rights Issue.

In addition to this, a guarantee consortium led by Carnegie Investment Bank AB has guaranteed, provided that certain conditions are met, to subscribe to further shares in the Rights Issue for up to 83.2 per cent of the Rights Issue amount.

Thereby, the Rights Issue is fully guaranteed through subscription undertakings and issue guarantees.

### Conditions for the Acquisition

The fulfilment of the Acquisition presupposes the Extra General Meeting's approval of the Board's decision regarding the Rights Issue. The completion of the Acquisition is also conditional upon, e.g., the correctness of certain guarantees and that there is no so-called Material Adverse Effect with regard to Traen.

### Preliminary schedule

DATE	
4 June 2012	Subscription price and offer ratio made public through a press release
7 June 2012	Extra General Meeting to vote on the Board's decision regarding the Rights Issue
11 June 2012	The share is traded excluding subscription rights
13 June 2012	Planned day for publication of the prospectus
13 June 2012	Record day for the right to participate in the Rights Issue, that is shareholders who on this day are registered in FormPipe Software's share register will receive subscription rights for participation in the Rights Issue
18 June – 27 June 2012	Trading in subscription rights
18 June – 2 July 2012	Subscription period
around 5 July 2012	Announcement of the preliminary outcome
31 July 2012	Expected closing of the transaction



As a result of the Acquisition and the Rights Issue, the Company has decided to postpone the interim report for the period January – June, and a new financial agenda will be communicated.

**Financial and legal advisers**

Carnegie Investment Bank AB is financial adviser and the Law Firm Lindahl is legal adviser to FormPipe Software. PwC has supplied due diligence services. Carnegie Investment Bank AB is the Sole Lead Manager in the Rights Issue.

**Telephone press conference**

Date: Monday 7 May 2012

Time: 11:00 AM CET

Telephone number (not from mobile phone or overseas): 020 21 58 90

Telephone number (from mobile phone or overseas): + 46 8 21 58 90

Code: 298879

### **For further information, please contact**

Christian Sundin, CEO of FormPipe Software AB, +46 705 67 73 85

For more information about the Company, please visit [www.formpipe.se](http://www.formpipe.se)

Stockholm, 7 May 2012

FormPipe Software AB (publ)

The above information has been made public in accordance with the Securities Market Act and/or the Financial Instruments Trading Act. The information was made public at 08:00 AM CET on 7 May 2012.

### **About FormPipe Software**

FormPipe Software AB (publ) is a software company within ECM (Enterprise Content Management). We develop and supply ECM products for the structuring of information in larger companies, authorities and organisations. Our software helps organisations to capture, manage and place information in a context. Reduced costs, minimised risk exposure and structured information are benefits gained from using our ECM products.

FormPipe Software was established in 2004 and has offices in Stockholm, Uppsala, Linköping and Copenhagen. FormPipe Software AB (publ) is listed on NASDAQ OMX Stockholm.

### **IMPORTANT INFORMATION**

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The information on the Rights Issue in this press release is not an offer to acquire, subscribe to or by other means trade in shares, subscription rights or other securities in FormPipe Software. A prospectus regarding the Rights Issue and the subsequent quotation of new shares on NASDAQ OMX Stockholm will be produced and submitted to Finansinspektionen (the Swedish Financial Supervisory Authority). Subsequent to Finansinspektionen's approval and registration of the prospectus, it will be released and its availability maintained on, inter alia, FormPipe Software's website.

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