



Formpipe.

Interim report January - March 2014

PERIOD JANUARY 1 – MARCH 31, 2014

- Net sales SEK 79.0 m (SEK 67.2 m)
- System revenue SEK 49.5 m (SEK 46.1 m)
- EBITDA SEK 15.2 m (SEK 12.2 m)
- EBITDA margin 19.2 % (18.1 %)
- EBIT 5.3 m (SEK 3.2 m)
- Net profit SEK 2.8 m (SEK 0.4 m)
- EPS before dilution SEK 0.05 (SEK 0.01)
- Cash flow from operating activities SEK 14.9 m (SEK 20.2 m)

INCOME STATEMENT - SUMMARY

(SEK Million)	jan-mar		Rolling 12	Full year
	2014	2013	months	2013
Net sales	79,0	67,2	305,9	294,1
whereof recurring revenue	38,0	36,2	148,1	146,3
EBITDA	15,2	12,2	67,6	64,6
EBIT	5,3	3,2	29,4	27,3

COMMENTS FROM THE GROUP CEO

The year 2014 has started up much better than 2013. Nevertheless, we feel that we do not reach a level that reflects our potential, the quarter could have been even better.

In the evaluation of a global procurement for a Group within the Life Science industry, our product got the highest rating of all participating tenders. We were still not chosen because of uncertainty regarding our delivery capabilities for global implementation projects.

At some procurements in Denmark, where we considered ourselves in a good position to win, we just missed the target by a few points in the evaluations. For instance we participated in a procurement for a Danish government agency with our Swedish product for process-oriented document and case management, also this time we received high ratings for our product.

Investing resources in bids that ultimately do not give business moves focus from other parts of our business. The balance between efforts on new procurements and sales to existing customers is a very important part of our business. In addition to the tenders above, we have also participated in another few big procurements that we do not yet know the outcome of, but we are of the opinion that we have great potential to win.

In Denmark, as we know, the municipal market was challenging for us in 2013. During the first quarter of 2014, we have taken several steps towards improved profitability for our system deliveries, however, the general market climate has not yet improved significantly, and we have some work left to reach past sales levels in this area.

The Swedish framework agreement for e-archives that were procured by the SKL (The Swedish Association of Local Authorities and Regions) is now active and customers have started to call-off from the agreement. However, activity is not yet high enough to provide any significant positive impact on our sales.

Although we feel that the quarter could have been better, we can still conclude that our first quarter lands on a turnover that is up 18% and operating profit that is 66 % better than last year. It's a step in the right direction but we believe we are well placed to make it even better ahead.

SIGNIFICANT EVENTS DURING THE PERIOD JANUARY – MARCH 2014

ORDER FROM THE MINISTRY OF CULTURE

Formpipe and The Danish Ministry of Culture signs a new contract expanding their solution of the Grants Management product TAS. The total order value amounts to SEK 1 million.

ORDER FROM A SWEDISH AUTHORITY

Formpipe receives an order from a Swedish authority on the ECM product Long-Term Archive. The business value for Formpipe is estimated to SEK 1 million.

MARKET

According to the Radar Group, ECM continues to be a high priority investment area for companies and organizations. Greater regulatory requirements and effective information management as a means of competition are important driving forces that have a tendency to be continually strengthened in connection with the increased amount of information. The Danish and Swedish license markets for ECM software will, according to Gartner, amount to around SEK 840 (800) million in 2014, which is an increase of almost 5 percentage points.

Formpipe targets the markets for the public sector in Sweden and Denmark as well as the international market for life sciences.

PUBLIC SECTOR

DANISH PUBLIC SECTOR

The Danish public sector is the largest individual market for Formpipe. Formpipe is the market leader in the public sector and has a broad product offering with associated services within the ECM area (document and message management, payment handling and self-services / modes of cooperation). The Danish public sector is a model for efficient and digital public administration in Europe and has an express focus on investing in IT support in order to boost its internal efficiency.

SWEDISH PUBLIC SECTOR

Formpipe has a broad product offering within the framework for ECM to the Swedish public sector for compliance with regulatory requirements and to facilitate efficient and digital public administration. In the future, the company believes, as do external analysis companies, that the need for more efficient management will mean that the Swedish public sector will continue to invest in existing or new IT systems in order to realize its potential.

CHALLENGES/DRIVING FORCES IN THE PUBLIC SECTOR

Public administrations, both in Sweden and in Denmark, are facing the challenge of improving efficiency, productivity and the quality of their services. All these challenges must though be met with unchanged or even reduced

budgets. Information and communication technology helps the public sector to handle challenges such as:

- Ever increasing squeeze on financial conditions.
- Increased demands in regard to transparency and improved service levels from citizens and companies.
- A demographic reality that means that in future we must do more with fewer resources.

LIFE SCIENCE

Within the private sector, the company's efforts are focused strongly on becoming an established supplier within quality management (document and message management) to the life science sector. Like the public sector, this sector has strict regulatory requirements. The market is strictly regulated by the regulations of the FDA (U.S. Food and Drug Administration) which makes the segment country-independent and opens up an export market that is far larger than the company's existing primary markets.

THE FUTURE

Formpipe is a leading supplier of ECM solutions in Sweden and Denmark. The board considers that the company is well-positioned to be able to develop and strengthen its leading position while retaining good profitability levels. The company sees good opportunities to continue to utilize its experience from its successes within the public sector in Sweden and Denmark, which from an international perspective are considered models for efficient public administration, in order to target new markets and customer segments. With well-invested products, solid experience of the public sector and facilities for continued product development, the company sees opportunities to focus on the demand at EU level which with increased regulatory requirements can be expected to increase its investments in the coming years. In addition to the Swedish public sector, FormPipe Software also focuses on the life science sector, which like the public sector is a segment that is strictly regulated by regulatory requirements. The Company has developed a very competitive offering to this sector. The life science market is faced with the same regulatory requirements regardless of geographical location, which creates a very large international market. The company's strategy with focus on the public sector and Life Science creates good opportunities to be able to efficiently develop market-leading offerings and need sector-specific requirements.

The board believes that Formpipe, which is one of the largest European-based ECM suppliers, is well-positioned with a stable customer base, a high share of recurring revenue and a focus on customer segments with a high need for ECM solutions. At the same time, the board considers that the ECM market is a sector undergoing consolidation and views acquisitions as a good complement to organic growth.

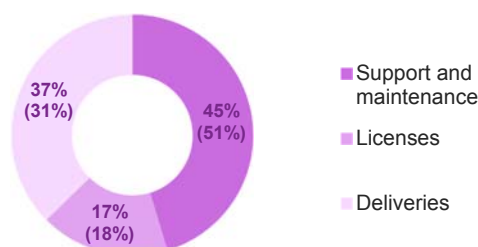
FINANCIAL INFORMATION

INCOME

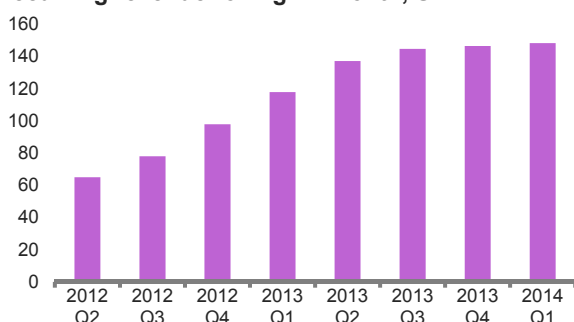
JANUARY – MARCH 2014

Net sales for the period totaled SEK 79.0 million (67.2 million), which corresponds to an increase of 18 %. System revenue increased by 7 % from the previous year and totaled SEK 49.5 million (46.1 million). Total recurring revenue for the period increased by 5 % from the previous year and totaled SEK 38.0 million (36.2 million), which is equivalent to 48 % of net sales. Exchange rate effects have affected net sales positively by SEK 2.0 million in comparison with the previous year.

Breakdown of sales, Jan – Mar 2014



Recurring revenue rolling 12-month, SEKm



COSTS

JANUARY – MARCH 2014

The operating costs for the period increased by 15 % and totaled SEK 73.7 million (64.0 million). Personnel costs rose by 10 % and totaled SEK 46.5 million (42.2 million). Selling expenses totaled SEK 10.3 million (6.9 million). Other costs totaled SEK 15.2 million (12.8 million).

Sales and EBITDA margin, SEKm



EARNINGS

JANUARY – MARCH 2014

Operating profit before depreciation and amortization and acquisition-related costs (EBITDA) totaled SEK 15.2 million (12.2 million) with an EBITDA margin of 19.2 % (18.1 %). Operating profit (EBIT) totaled SEK 5.3 million (3.2 million) with an operating margin of 6.7 % (4.8 %). Net profit totaled SEK 2.8 million (0.4 million). Exchange rate effects have affected EBITDA positively by SEK 0.4 million in comparison with the previous year.

FINANCIAL POSITION AND LIQUIDITY

CASH EQUIVALENTS

Cash and cash equivalents at the end of the period amounted to SEK 20.4 million (9.8 million). The company had interest-bearing liabilities at the end of the period totaling SEK 154.3 (171.3) million. The company's net liabilities totaled SEK 133.9 million (172.4 million).

The company has bank overdraft facilities for a total of SEK 10.0 million and for DKK 17 million, which were not utilized at the end of the period (- million).

DEFERRED TAX ASSET

By the end of the period the company's deferred tax assets attributable to accumulated losses amounted to SEK 27.7 million (SEK 27.7 million).

EQUITY

Equity at the end of the period amounted to SEK 266.9 million (233.7 million), which was equivalent to SEK 5.45 (4.78) per outstanding share at the end of the period. The weakening of the Swedish krona has strengthened the value of the group's net assets in foreign currencies by SEK 0.4 million (-6.1 million) from the end of the year.

EQUITY RATIO

The equity ratio at the end of the period was 47 % (43 %).

CASH FLOW

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities for the period January - March totaled SEK 14.9 million (2.2 million).

INVESTMENTS AND ACQUISITIONS

Total investments for the period January - March amounted to SEK 8.5 million (6.9 million), of which investments affecting cash flow totaled SEK 7.2 million (6.4 million).

Investments in intangible assets totaled SEK 8.2 million (6.8 million) and refer to capitalized product development costs.

Investments in tangible assets totaled SEK 0.2 million (0.2 million).

FINANCING

During the period January – March the company has amortized SEK 7.5 million (7.3 million) and interest-bearing liabilities amounted to SEK 154.3 million (171.3 million) at the end of the period.

OTHER

EMPLOYEES

The number of employees at the end of the reporting period totaled 230 persons (223 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.

TRANSACTIONS WITH RELATED PARTIES

No transactions with related parties 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 OMX 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 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 established in 2004 and has offices in Stockholm, Uppsala, Linköping and Copenhagen. Formpipe Software AB (publ) is listed on NASDAQ OMX Stockholm.

CALENDAR FOR FINANCIAL INFORMATION

April 25, 2014	Annual General Meeting
July 14, 2014	Interim Report Jan-Jun
October 24, 2014	Interim Report Jan-Sep
February 17, 2015	Year-end report for 2014

This interim report has not been subject to review by the company's auditors.

FINANCIAL INFORMATION

Can be ordered from the below contact details. All financial information is published on www.formpipe.com immediately after being made public.

CONTACT INFORMATION

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CONSOLIDATED INCOME STATEMENT SUMMARY

(SEK 000)	jan-mar	
	2014	2013
Net Sales	79 005	67 204
Sales expenses	-10 343	-6 892
Other costs	-15 151	-12 827
Personell costs	-46 527	-42 155
Capitalized work for own account	8 187	6 825
Operating profit/loss before depreciation/amortization comparative items (EBITDA)	15 171	12 155
Depreciation/amortization	-9 851	-8 936
Operating profit/loss (EBIT)	5 320	3 220
Financial income and expenses	-2 040	-2 342
Exchange rate differences	-32	-380
Tax	-442	-111
Net profit for the period	2 807	386
<u>Of which the following relates to:</u>		
Parent company shareholders	2 578	239
Shareholding with no controlling influence	229	147
<u>Other comprehensive income</u>		
Translation differences	418	-6 535
Other comprehensive income for the period, net after tax	418	-6 535
Total comprehensive income for the period	3 224	-6 149
<u>Of which the following relates to:</u>		
Parent company shareholders	2 996	-6 296
Shareholding with no controlling influence	229	147
<i>EBITDA margin, %</i>	<i>19,2%</i>	<i>18,1%</i>
<i>EBIT margin, %</i>	<i>6,7%</i>	<i>4,8%</i>
<i>Profit margin, %</i>	<i>3,6%</i>	<i>0,6%</i>
Earnings per share attributable to the parent company's shareholders during the period (SEK per share)		
- before dilution	0,05	0,00
- after dilution	0,05	0,00
Average no. of shares before dilution, in 000	48 935	48 935
Average no. of shares after dilution, in 000	48 935	48 935

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CONSOLIDATED BALANCE SHEET SUMMARY

(SEK 000)	31 mar		31 dec
	2014	2013	2013
Intangible assets	448 223	424 738	449 414
Tangible assets	2 739	2 355	2 935
Financial assets	1 351	1 315	1 351
Deferred tax asset	27 771	27 673	27 936
Current assets (excl. cash equivalents)	72 691	72 533	90 035
Cash equivalents	20 429	9 804	20 269
TOTAL ASSETS	573 204	538 417	591 940
Equity	266 879	233 743	264 060
Shareholding with no controlling influence	3 016	1 863	2 787
Long-term liabilities	149 159	159 880	156 621
Current liabilities	154 150	142 931	168 472
TOTAL EQUITY AND LIABILITIES	573 204	538 417	591 940
Net interest-bearing debt (-) / cash (+)	-133 914	-161 518	-141 533

CHANGES IN CONSOLIDATED EQUITY

(SEK 000)	Equity attributable to the parent company's shareholders					Shareholdings with no controlling influence	
	Share capital	Other contributed capital	Translation reserves	Profit/loss brought forward	Total		Total
Eget kapital 1 januari 2013	4 893	177 908	-11 357	68 595	240 039	1 716	241 755
Totalresultat							
Periodens resultat	-	-	-	239	239	147	386
Övriga totalresultatposter	-	-	-6 535	-	-6 535	-	-6 535
Summa totalresultat	-	-	-6 535	239	-6 296	147	-6 149
Transaktioner med aktieägare							
Summa transaktioner med aktieägare	-	-	-	-	-	-	-
Eget kapital 31 mars 2013	4 893	177 908	-17 892	68 834	233 743	1 863	235 606
Eget kapital 1 januari 2014	4 893	178 568	-2 701	83 301	264 060	2 787	266 847
Totalresultat							
Periodens resultat	-	-	-	2 578	2 578	229	2 807
Övriga totalresultatposter	-	-	241	-	241	-	241
Summa totalresultat	-	-	241	2 578	2 819	229	3 048
Transaktioner med aktieägare							
Summa transaktioner med aktieägare	-	-	-	-	-	-	-
Eget kapital 31 mars 2014	4 893	178 568	-2 460	85 879	266 879	3 016	269 895

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CASH FLOW STATEMENT SUMMARY

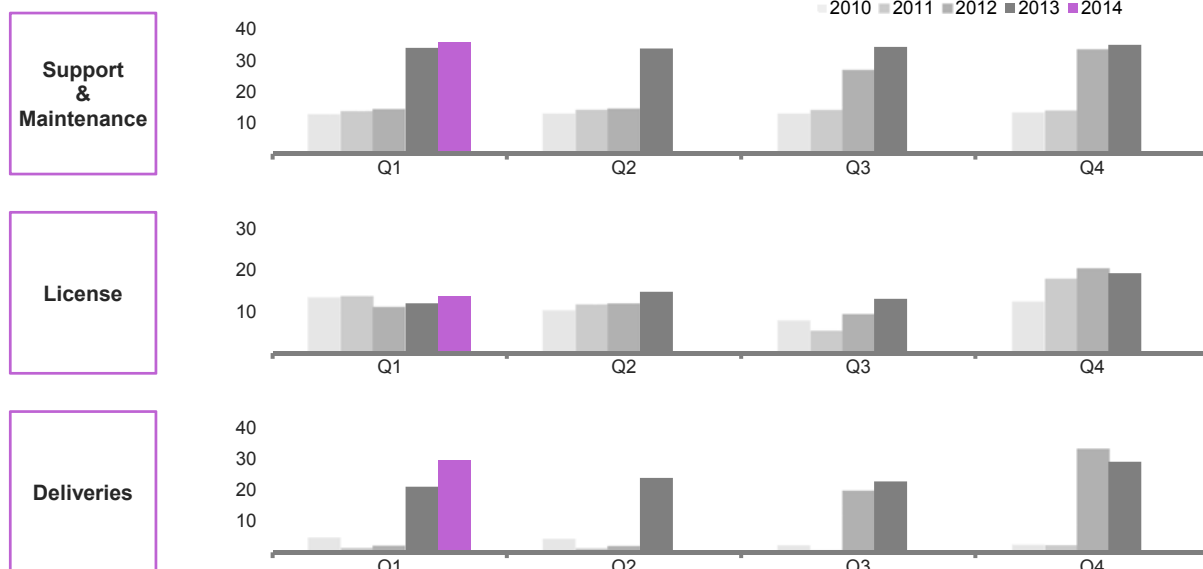
(SEK 000)	jan-mar	
	2014	2013
Cash flow from operating activities before working capital changes	12 558	9 542
Cash flow from working capital changes	2 319	10 617
Cash flow from operating activities	14 877	20 159
Cash flow from investing activities	-7 218	-6 374
<i>Of which acquisition of business activities</i>	-	-
Cash flow from financing activities	-7 498	-7 670
<i>Of which dividend paid</i>	-	-
Cash flow for the period	161	6 115
Change in cash and cash equivalent		
Cash and cash equivalent at the beginning of the period	20 269	3 636
Translation differences	-	53
Cash flow for the period	161	6 115
Cash and cash equivalent at the end of the period	20 429	9 804
Free cash flow	7 659	13 785

8 QUARTERS IN SUMMARY

(SEK 000)	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1
Support and maintenance	14 764	27 038	33 622	34 077	33 838	34 393	35 425	35 815
Licenses	11 951	9 586	20 290	12 022	14 783	13 094	19 465	13 649
System revenue	26 715	36 624	53 912	46 099	48 620	47 487	54 891	49 465
<i>whereof recurring revenue</i>	<i>16 689</i>	<i>29 048</i>	<i>35 751</i>	<i>36 209</i>	<i>35 952</i>	<i>36 566</i>	<i>36 566</i>	<i>38 017</i>
Deliveries	2 365	20 005	33 405	21 105	23 933	22 810	29 187	29 540
Net sales	29 080	56 629	87 317	67 204	72 553	70 297	84 078	79 005
Sales expenses	-2 146	-5 197	-9 020	-6 892	-6 720	-6 625	-9 661	-10 343
Other costs	-6 872	-10 901	-15 815	-12 827	-15 258	-13 962	-15 710	-15 151
Personnel costs	-14 407	-31 196	-42 900	-42 155	-44 656	-38 090	-46 685	-46 527
Capitalized development costs	4 006	5 558	7 649	6 825	7 153	7 302	8 459	8 187
Total operating expenses	-19 419	-41 736	-60 086	-55 048	-59 481	-51 374	-63 598	-63 834
EBITDA	9 661	14 893	27 231	12 156	13 073	18 922	20 480	15 171
%	33,2%	26,3%	31,2%	18,1%	18,0%	26,9%	24,4%	19,2%
Items affecting comparability	-3 731	-3 151	-	-	-	-	-	-
Depreciation/amortization	-2 994	-7 146	-9 171	-8 936	-9 087	-9 540	-9 753	-9 851
EBIT	2 936	4 597	18 060	3 220	3 986	9 382	10 727	5 320
%	10,1%	8,1%	20,7%	4,8%	5,5%	13,3%	12,8%	6,7%

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SALES ANALYSIS BY QUARTER



SEGMENT SUMMARY

There have been no material changes to the segments' assets during the period.

(SEK 000)	jan-mar 2014			
	Sweden	Denmark	Eliminations	Group
Sales, external	28 334	50 671	-	79 005
Sales, internal	161	981	-1 142	-
Total sales	28 495	51 651	-1 142	79 005
Costs, external	-21 237	-42 597	-	-63 834
Costs, internal	-981	-161	1 142	-
Operating profit/loss before depreciation/amortization and one-off items (EBITDA)	6 278	8 893	-	15 171
%	22,0%	17,2%		19,2%

(SEK 000)	jan-mar 2013			
	Sweden	Denmark	Eliminations	Group
Sales, external	25 146	42 058	-	67 204
Sales, internal	211	770	-981	-
Total sales	25 357	42 828	-981	67 204
Costs, external	-19 983	-35 065	-	-55 048
Costs, internal	-770	-211	981	-
Operating profit/loss before depreciation/amortization and one-off items (EBITDA)	4 604	7 552	-	12 156
%	18,2%	17,6%		18,1%

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NUMBER OF SHARES

	2010-01-01	2011-01-01	2012-01-01	2013-01-01	2014-01-01
	2010-12-31	2011-12-31	2012-12-31	2013-12-31	2014-03-31
Number of outstanding shares at the beginning of the period	11 736 181	12 004 504	12 233 647	48 934 588	48 934 588
Issued shares during the period	268 323	229 143	36 700 941	-	-
Number of outstanding shares at the end of the period	12 004 504	12 233 647	48 934 588	48 934 588	48 934 588

KEY RATIOS FOR THE GROUP

	jan-mar	
	2014	2013
Net sales, SEK 000	79 005	67 204
EBITDA, SEK 000	15 171	12 156
EBIT, SEK 000	5 320	3 220
Net profit for the period, SEK 000	2 807	386
EBITDA margin, %	19,2%	18,1%
EBIT margin, %	6,7%	4,8%
Profit margin, %	3,6%	0,6%
Return on equity, %*	6,4%	4,9%
Return on working capital, %*	7,2%	7,1%
Equity ratio, %	46,6%	43,4%
Equity per outstanding share at the end of the period, SEK	5,45	4,78
Earnings per share - before dilution, SEK	0,05	0,01
Earnings per share - after dilution, SEK	0,05	0,01
Share price at the end of the period, SEK	4,95	5,95

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

PARENT COMPANY INCOME STATEMENT SUMMARY

(SEK 000)	jan-mar	
	2014	2013
Net sales	2 627	2 439
Operating expenses		
Sales expenses	-313	-275
Other costs	-3 046	-2 474
Personnel costs	-7 968	-6 598
Depreciation/amortization	-381	-214
Total operating expenses	-11 708	-9 562
Operating profit/loss	-9 082	-7 123
Other financial items	-107	-114
Net profit for the period	-9 189	-7 237

PARENT COMPANY BALANCE SHEET SUMMARY

(SEK 000)	31 mar		31 dec
	2014	2013	2013
Intangible assets	4 914	317	5 171
Tangible assets	702	661	720
Financial assets	418 495	423 408	423 741
Deferred tax asset	7 898	4 996	7 898
Current assets (excl. cash equivalents)	2 525	1 894	17 843
Cash and bank balances	20 112	10 135	15 256
TOTAL ASSETS	454 646	441 411	470 629
Restricted equity	22 584	22 584	22 584
Non-restricted equity	183 478	178 717	192 667
Total equity	206 062	201 301	215 251
Long-term liabilities	126 841	144 135	134 105
Current liabilities	121 744	95 975	121 273
TOTAL EQUITY AND LIABILITIES	454 646	441 411	470 629

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DEFINITIONS

SYSTEM 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 rental license agreement.

EBITDA

Earnings before depreciation, amortization, acquisition-related costs and other items of a one-off nature.

EBIT

Operating profit/loss

FREE CASH FLOW

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

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).

OPERATING MARGIN BEFORE DEPRECIATION AND AMORTIZATION (EBITDA MARGIN)

Earnings before depreciation, amortization, acquisition-related costs and other items of a one-off nature 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.

EQUITY RATIO

Equity as a percentage of the balance sheet total.

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.