



QPR Software Plc

Interim report January-September 2023



QPR Software in Brief

Company in a nutshell

QPR Software Plc is a leader in Digital Twin of an Organization (DTO) technology providing software for process mining, enterprise modeling and strategy & performance management.

QPR allows customers to gain **valuable insights for informed decisions** that make a difference.

Software products

QPR Digital twin of an Organization (DTO) suite:

- **Process Mining – QPR ProcessAnalyzer**
- **Enterprise Modeling - QPR EnterpriseArchitect**
- **Strategy & Performance Management - QPR Metrics**

Basic facts

Founded

1991

Stock symbol

QPR1V: Nasdaq, Helsinki

Corporate headquarters

Helsinki, Finland

Licenses sold

Over 1 million worldwide

Certifications

- ISO 9001
- ISO 27001

Industry recognitions

Gartner, Palladium, Ventana
Research, Forrester Research

2000+ Customers



QPR Software

Strong process know-how and unique technology



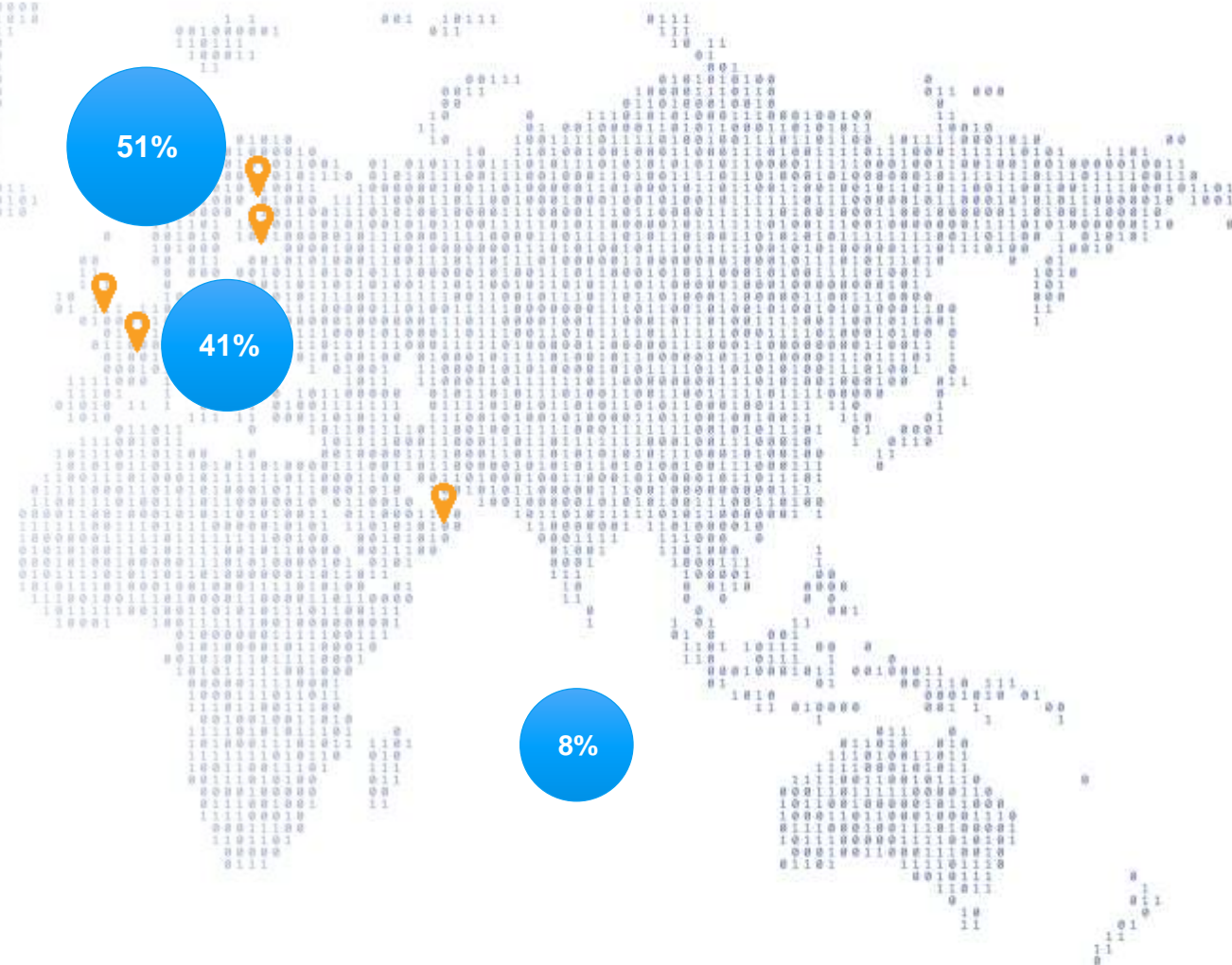
Heikki Veijola
Chief Executive
Officer

2022	Jan-Sept 23
7,8 MEUR Net sales 2022	5,95 MEUR Net sales
-2,7 MEUR Operating result 2022	-468 kEUR Operating result
+35% SaaS-business growth 2022	+43% SaaS-business growth

- Our mission is to help organizations by increasing **the transparency of processes and business operations**
- We are **leading provider** of Digital Twin of an Organization (DTO) software
- In process analysis software, we are the **market leader** in the Nordic countries and one of the most advanced companies in the world
- QPR has **globally the only** process mining software running natively on **Snowflake Data Cloud**
- QPR Software Named a **Visionary** in 2023 Gartner® Magic Quadrant™ for Process Mining Tools

Our market, in which we operate

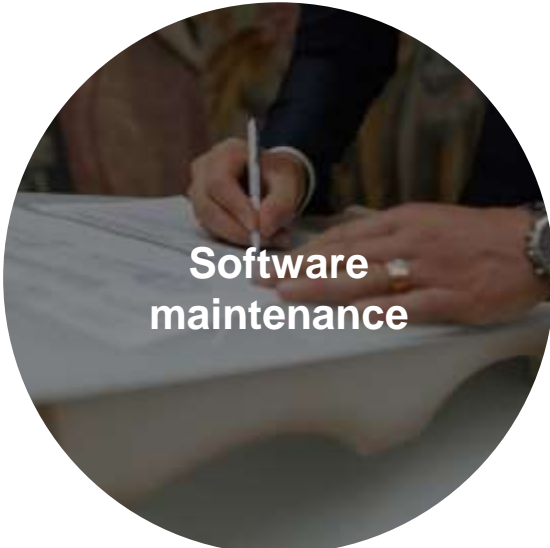
- Own sales staff in Finland and the United Arab Emirates
- In 2022 Marketing and sales investments, especially in Northern and Central Europe and Great Britain
- Our position in the Middle East market is strong
- **Market shares of 2022 turnover by geography:**
 - Finland: 51% (54%)
 - Other Europe incl. Turkey: 41% (34%)
 - Other world: 8% (12%)



The company presents the received income with the following distribution 




**Renewable software
licences**



**Software
maintenance**



SaaS (Software-as-a-Service)



**Software
licences**



Consulting

Products- and services

with which our customers achieve significant quality and cost improvements in several areas of their operations

Process mining

- The process mining method utilizes artificial intelligence and machine learning algorithms, using data directly from the organization's own systems
- The method visualizes and analyzes the course of the organization's processes

Business development

- We offer the tools, methods, and capabilities that enable the customer to develop and strengthen their organization's management systems and processes to improve performance

Strategy management

- We help our customers define the organization's strategy, and we support its implementation and performance measurement



CONSULTING

QPR DTO Solution



Digital Transformation Management

- Strategy and performance management
- Program and project management



Identification of projects, transformation objectives and risks



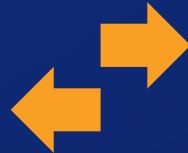
Process KPIs



Enterprise modeling

- Model everything from business models to application & technology portfolios

As-is processes
Improvement ideas



To-be processes for
conformance testing



Process & enterprise mining


- Discovery & analysis
- Business rules & conformance, and notifications
- Operational KPIs and dashboards



Data Cloud

- Data storage
- Data pipelines & transformation

Professional Services

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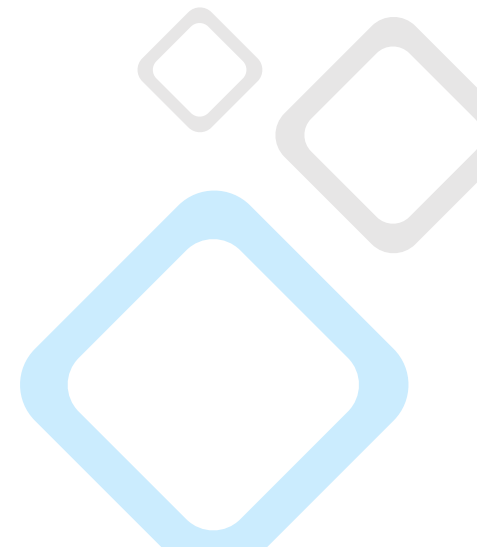
QPR Software

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January-September 2023 highlights



- SaaS software business grew +43% (January-September 2022: +29%)
- Net sales amounted to EUR 5,951 thousand, increase of 5% (January-September 2022: 5,650)
- EBITDA was EUR 275 thousand (-1,324)
- Operating result (EBIT) amounted to EUR -468 thousand (-2,090)
- Result before taxes was EUR -555 thousand (-2,119)
- Result was EUR -555 thousand (-2,119)
- Earnings per share was EUR -0,031 (-0,147)



July-September 2023 highlights



- SaaS software business grew +33%
- Net sales amounted to EUR 1,806 thousand, increase of 23% (July-September 2022: 1,468)
- EBITDA was EUR 242 thousand (-853)
- Operating result (EBIT) amounted to EUR –12 thousand (-1,102)
- Result before taxes was EUR -37 thousand (-1,111)
- Result was EUR -37 thousand (-1,111)
- Earnings per share was EUR -0,002 (-0,069)

Net sales development



NET SALES BY PRODUCT GROUP

EUR in thousands	July- Sept, 2023	July- Sept, 2022	<i>Change,</i> %	Jan- Sept, 2023	Jan- Sept, 2022	<i>Change,</i> %	Jan- Dec, 2022
Software licenses	174	56	208	383	357	7	560
Renewable software licenses*	78	80	-3	453	509	-11	583
Software maintenance services*	428	452	-5	1,272	1,386	-8	1,803
SaaS	585	441	33	1,754	1,227	43	1,738
Consulting	541	438	24	2,089	2,200	-5	3,139
Total	1,806	1,468	23	5,951	5,680	5	7,823

*Jan-Sept, 2022 categorization between renewable license and software maintenance revenue has been adjusted with 2023 reporting policy (reported in Jan-Sept, 2022: renewable software licenses: 631, software maintenance services:1265)

NET SALES BY GEOGRAPHIC AREA

EUR in thousands	July- Sept, 2023	July- Sept, 2022	Change, %	Jan- Sept, 2023	Jan- Sept, 2022	Change, %	Jan- Dec, 2022
Finland	793	920	-14	2,799	3,037	-8	4,126
Europe incl. Turkey	702	530	32	2,398	1,868	28	2,745
Rest of the world	310	18	1618	754	775	-3	953
Total	1,806	1,468	23	5,951	5,680	5	7,823

Profit & Loss January-September 2023



- The Group Net Sales EUR 5,951 +5%
- The Group's variable expenses were 762 thousand euros (1,141), -33% due to closing fixed price Middle East projects.
- The Group's fixed expenses were EUR 5,658 -15%: personnel reductions and savings implemented in the last quarter of 2022 and second quarter 2023, among other saving measures.
- The Group's EBITDA 275k€ (-1,324k€) +121%, the operating result was -468k€ (-2,090) +78%
- The result before taxes was –555€ and the result for the period was -555k€.
- Earnings per share were EUR –0.031 per share.

EUR in thousands, unless otherwise indicated	July-Sept, 2023	July-Sept, 2022	Change, %	Jan-Sept, 2023	Jan-Sept, 2022	Change, %	Jan-Dec, 2022
Net sales	1,806	1,468	23	5,951	5,680	5	7,823
Other operating income	1	0	-	1	0	-	4
Materials and services	147	406	-64	762	1,141	-33	1,552
Employee benefit expenses	1,056	1,711	-38	4,023	5,262	-24	7,214
Other operating expenses	361	204	77	892	601	48	814
EBITDA	242	-853	128	275	-1,324	121	-1,753
Depreciation and amortization	254	249	2	743	766	-3	1,017
Operating result	-12	-1,102	99	-468	-2,090	78	-2,770
Financial income and expenses	-25	-9	185	-87	-30	191	-62
Provisions	-	-	-	-	-	-	-33
Result before tax	-37	-1,111	97	-555	-2,119	74	-2,864
Income taxes	-	0	-	-	0	-	-3
Result for the period	-37	-1,111	97	-555	-2,119	74	-2,868
Earnings per share, EUR (basic and diluted)	-0.002	-0.069	97	-0.031	-0.147	79	-0.202
Consolidated statement of comprehensive income:							
Result for the period	-37	-1,111	97	-555	-2,119	74	-2,868
Exchange differences on translating foreign operations	0	0	-	1	1	-25	-2
Total comprehensive income	-37	-1,110	97	-554	-2,118	74	-2,870

- Cash flow from operations in the review period January-September was positive, 20 thousand euros (-2,042).
- The investments were 511 thousand euros (1,164), and they were product development investments.
- The net cash flow of the financing was 656 thousand euros (2,798), consisting mainly of 703 thousand euros from the company's directed share issue. In comparison year company collected 2,948 thousand euro from share issue.
- The group's financial position is fair. At the end of the review period, the group's cash and cash equivalents were 181 thousand euros (36) and short-term receivables were 1,896 thousand euros (2,325).
- The company has enhanced the collection of its trade receivables. In addition, the group has available other short-term cash resources of 500 thousand euros.
- At the end of the review period, the group had a bank loan, of which EUR 1.0 million was long-term and EUR 500 thousand was short-term.
- Covenants are attached to the loan, which is based on the company's EBITDA and equity ratio.
- Regarding the covenants, the EBITDA is tested every six months and the equity ratio is tested annually according to the situation on the last day of the year. EBITDA for the first half of the year exceeded the limit defined by the covenants.

- Supported by the current contract base and the projected growth of SaaS (Software as a Service) net sales, **QPR expects the growth of SaaS net sales to be more than 35% and estimates that the entire net sales will remain at the same level as in 2022** (2022: 7,823 thousand euros).
- The company **expects EBITDA to improve considerably and end up clearly positive in the 2023 financial year**. EBITDA in 2022 was –1,753 thousand euros.

Previous outlook for 2023



- The exceptional circumstances caused by increased interest rates, inflation, rising geopolitical risks, and a market downturn in Europe continue to affect new customer acquisition, and companies' investments and prolong decision-making in early 2023.
- Supported by the existing contract base and forecasted growth in SaaS (Software as a Service) net sales , **QPR expects the SaaS net sales growth to be above 35% and estimates its net sales to increase** (2022: 7,823 thousand euros) in 2023.
- The company expects **notable EBITDA improvement leading to a level of break even in the 2023 financial year**. EBITDA was -1,753 thousand euros in 2022.



QPR

Dare to improve.

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1991

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Over 1 million worldwide

Customers
Over 2000

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Research, Forrester
Research

Products
QPR ProcessAnalyzer
QPR EnterpriseArchitect
QPR ProcessDesigner
QPR Metrics
QPR BusinessPortal