



QPR Software January – March, 2020

Financial Results

QPR Software In Brief

- Software and solution provider specialized in process mining, process and enterprise architecture modeling and performance management.
- Founded in 1991. Listed on NASDAQ Helsinki.
- Customers in over 50 countries.
- Own R&D, located in Helsinki and Oulu, Finland.
- Software product portfolio renewed in recent years, funded from cashflow
 - New process mining software and new User Interface for all software products.
 - Extension of process modeling product to enterprise architecture product.
- Several patents in the US for process mining technology.
- Software accounts for 70%, implementation 10% and consulting 20% of net sales.

January – March 2020

- Net sales increased to EUR 2,789 thousand (Q1 2019: 2,748).
 - International net sales increased by 13%, driven by software license sales
- Subcontracting, personnel, recruiting and marketing expenses increased.
 - EBITDA EUR 390 thousand (497)
 - Operating profit (EBIT) EUR 45 thousand (187).
- Strong financial position
 - No long-term interest-bearing bank loans
 - Gearing ratio -12% (-24) , equity ratio 51% (53)
- In the first quarter, the effects of coronavirus pandemic were limited.
 - Negative impact on private sector consulting
 - Delays in software purchases

January – March 2020

NET SALES BY PRODUCT GROUP

EUR in thousands	Jan-Mar, 2020	Jan-Mar, 2019	<i>Change,</i> <i>%</i>	Jan-Dec, 2019
Software licenses	587	491	<i>20</i>	1,552
Renewable software licenses	487	543	<i>-10</i>	1,102
Software maintenance services	571	644	<i>-11</i>	2,731
Cloud services	263	264	<i>0</i>	1,068
Consulting	880	806	<i>9</i>	3,061
Total	2,789	2,748	<i>1</i>	9,513

January – March 2020

NET SALES BY GEOGRAPHIC AREA

EUR in thousands	Jan-Mar, 2020	Jan-Mar, 2019	<i>Change,</i> %	Jan-Dec, 2019
Finland	1,389	1,506	-8	4,863
Europe incl. Russia and Turkey	733	906	-19	2,965
Rest of the world	667	336	99	1,686
Total	2,789	2,748	1	9,513

Outlook

- In recent years, QPR has made significant investments in developing its process mining software, as well as in renewing the user interfaces of its software products.
- The demand for process mining software and related services will continue to grow rapidly in 2020.
- In developed markets, we expect the competition for process and enterprise architecture modeling software, as well as for performance management software to remain tight.
 - However, there is still growth potential for these products in emerging markets, especially for performance management software.

Markets and Business Outlook



Coronavirus impacts on our business

- Despite the apparent negative effects to its business due to corona virus pandemic, QPR does not change its outlook for 2020, published on February 27, 2020.
- Based on current information, we estimate that the pandemic will have negative effects on our business mainly on the second and third quarter of this year.

Outlook for 2020



- Based on actual sales performance in early 2020 and current sales funnel, **QPR expects net sales to grow in 2020 (2019: EUR 9,513 thousand).**
- The most significant sources of growth are international process mining and performance management software sales and deliveries.
- Operating result (EBIT) is estimated to be negative in 2020 (2019: -213 thousand).
 - Increase in European sales personnel.
 - Growth investments in software products.
- **EBITDA is expected to be positive** (2019: EUR 1,036 thousand).

Mid-term Financial Targets

- Target in 2020 – 2022 is to grow net sales by an average of 15 – 20% per annum.
- The target is mainly based on international net sales growth in process mining.
 - In process mining, we target an annual growth of over 50%.

Customers

A Sample of our Customers





Dare to improve.

Founded

1991

Stock symbol

QPR1V: Nasdaq, Helsinki

Customers

Over 2000

Products

QPR ProcessAnalyzer
QPR Metrics
QPR ProcessDesigner
QPR EnterpriseArchitect

Corporate headquarters

Helsinki, Finland

Sold licenses

Over 1 million worldwide

Industry recognitions

Gartner, Ventana Research,
Palladium, Forrester Research