

QPR Software Plc

Annual General Meeting, 22 March, 2016
Jari Jaakkola, Chief Executive Officer

Financial year 2015

Challenging business environment.

Net sales on previous year's level.

Operating profit decreased due investments in growth.

Development in 2015



Net sales in process mining and measuring software and consulting services grew.

We invested in new reseller recruitment, training and product launches with new resellers. 16 new resellers started in 13 countries.

In process and enterprise architecture modeling and performance management software, the tightened competition had a negative impact on sales in part of QPR's reseller channel. This cannibalized net sales growth from new products, services and resellers entirely.

Net sales EUR 9,436 thousand (9,541).

Operating profit EUR 368 thousand (1,095).



Consolidated Income Statement

(EUR 1,000)	2015	2014
Net sales	9 436	9 541
Other operating income	1	26
Materials and services	558	337
Employee benefit expenses	6 477	6 092
Depreciation and amortization	822	761
Other operating expenses	1211	1281
Total expenses	9 069	8 471
Operating profit	368	1 095
Financial income	26	23
Financial expenses	-47	-53
Financial items, net	-21	-30
Profit before tax	347	1 065
Income taxes	-9	-175
Profit for the year	338	890
Earnings per share, EUR	0,028	0,074

Consolidated Balance Sheet – Assets

(EUR 1,000)	2015	2014
ASSETS		
Non-current assets		
Capitalized product development expenses	1 695	1 374
Other intangible assets	347	440
Goodwill	513	513
Tangible assets	274	175
Other investments	5	5
Deferred tax assets	23	22
Total non-current assets	2 856	2 529
Current assets		
Trade and other receivables	4 592	4 572
Cash and cash equivalents	585	1 426
Total current assets	5 177	5 998
Total assets	8 033	8 527

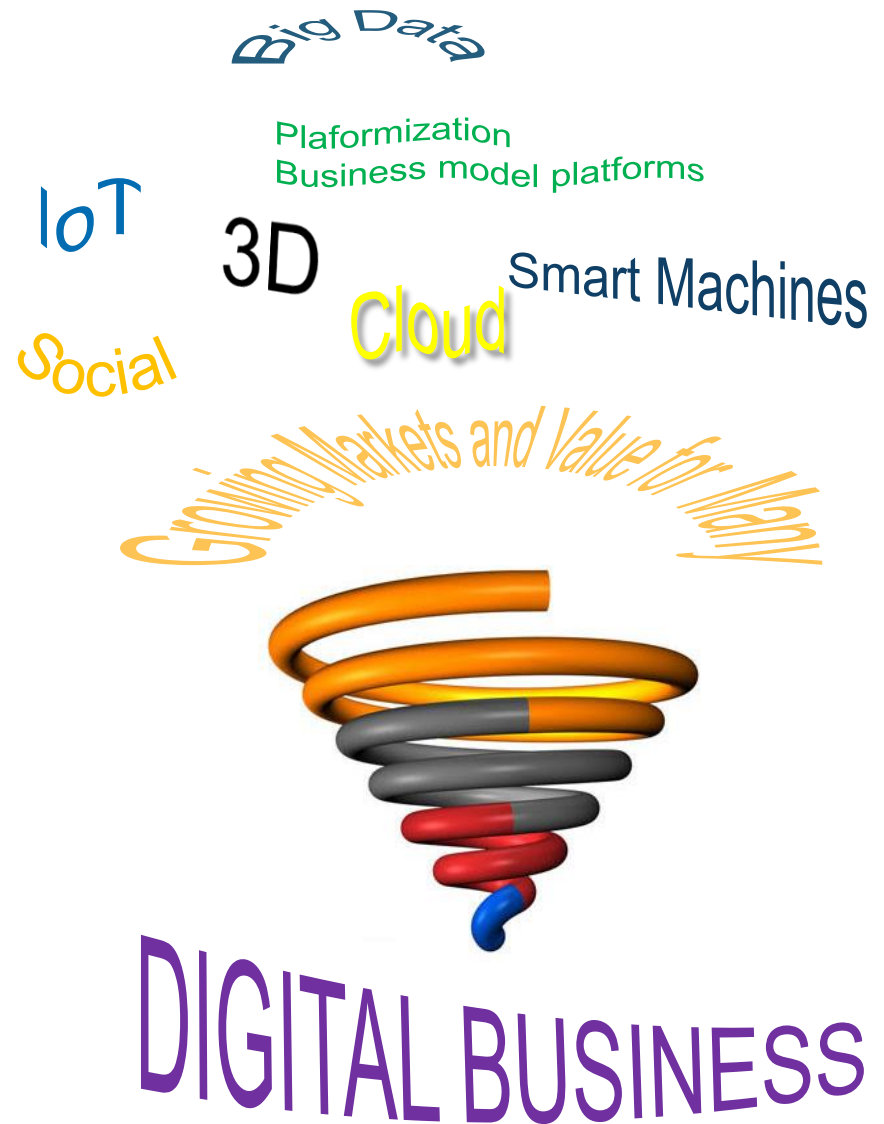
Consolidated Balance Sheet – Equity and Liabilities

(EUR 1,000)	2015	2014
EQUITY AND LIABILITIES		
Equity		
Share capital	1 359	1 359
Other funds	21	21
Treasury shares	-439	-439
Translation difference	-242	-221
Invested non-restricted equity fund	5	5
Retained earnings	2 210	2 471
Equity attributable to shareholders of the parent company	2 914	3 196
Non-current liabilities		
Deferred tax liabilities	9	25
Total non-current liabilities	9	25
Current liabilities		
Trade and other payables	4 609	5 306
Interest-bearing liabilities	500	0
Total current liabilities	5 109	5 306
Total liabilities	5 119	5 331
Total equity and liabilities	8 033	8 527

Business and Strategy

Market development: Digitalization accelerates

- > The customer increasingly rises to focal point
- > Organizations can utilize digitalization in
 - Expansion of current customers relationships
 - New business designs in new ecosystems
 - Streamlining operations, cost reductions
- > In operational development, this shows particularly in
 - Change impacts
 - Analyzing and measuring implementations



Our business

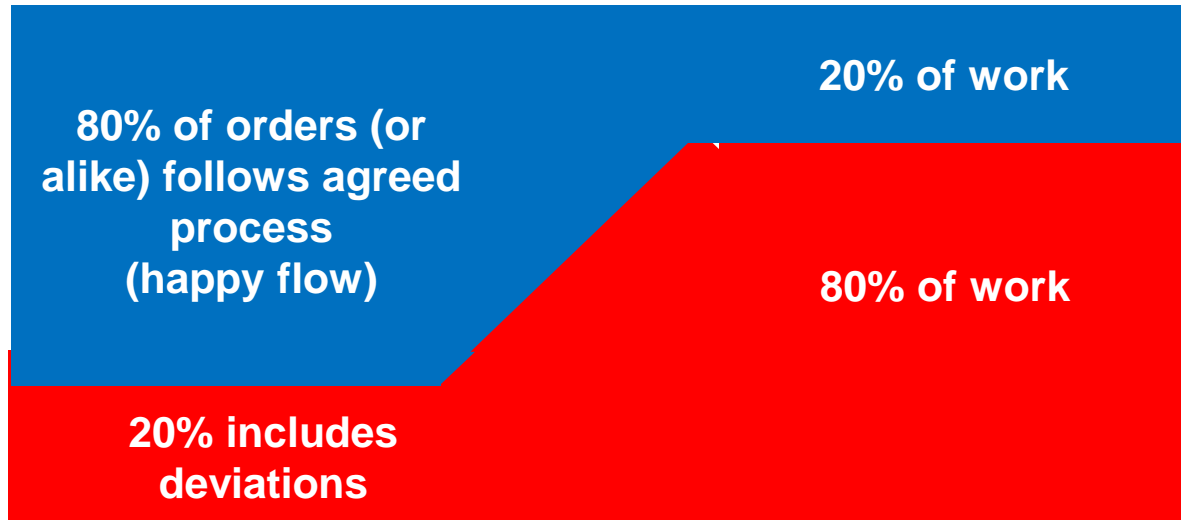
- > We innovate, develop and sell in international markets software aimed at analyzing, monitoring and modeling operations in organizations.
- > In our home market Finland we offer customers a variety of services for operational development planning and execution.
- > We provide customers insight into their business operations – and this insight enables them to streamline and improve business operations and to execute their strategies swiftly and effectively.



Strategy

- To differentiate from competitors by developing our software products to meet with the increasing challenges organizations face in leading and developing their operations in digitalizing world.
- Special focus areas for development are process mining, process analytics and operational performance measuring
 - We believe that the relevant market for these focus areas grows significantly, as companies collect more and more transaction and other event data from their operations.
 - In software development, special focus is placed on processing and analyzing large amounts of data, as well as excellent user experience.
 - In the next three years, QPR seeks to grow especially its process mining, analytics and measuring software sales in the international markets.
- In our home market Finland, solution selling plays an increasingly important role.

An example of process mining and analytics benefits: Identify critical 20% of operations, that causes 80% of work



Business volume

Work effort

Solution:

- > Identify deviations and find root causes – minimize deviations
- > Make cost of deviations visible
- > Calculate ROI (return on investment) for process development initiatives
- > Select development initiatives with best ROI.



Examples of process mining and analytics benefits

- EUR 100 million operating capital released by removing bottlenecks in invoicing.
 - EUR 17 million invoiced after identifying uninvoiced orders.
 - Delivery accuracy from 74% to 80%.
 - 20% increase in sales – due to improved delivery accuracy and increased internal efficiency.
 - 50% reduction in business critical order changes
 - 80% reduction in incorrect invoices
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- Plug and play QPR ProcessAnalyzer solution is available for the following IT systems
 - SAP, Oracle, Microsoft, Salesforce, ServiceNow, Epicor, Infor M3, IFS

Outlook 2016

Outlook 2016

- > In process mining software and process analysis services, we continue outlays in direct sales in Finland and in international channel sales
 - We estimate that this business will continue to grow this year.
- > In process and enterprise architecture modeling and performance management software, the tightened competition is expected to continue to have a negative impact on sales in part of QPR's reseller channel.
 - To offset this impact, we seek growth from new reseller partnerships initiated in 2015, especially from Middle East and Africa.
- > In Finland, we expect to maintain our leading position in modeling and analysis software aimed at operational development in organizations, as well as in recent years strengthened position in operational development consulting.
- > We estimate operating profit excluding special items to grow in 2016 compared to 2015.



Dare to improve.

> **Founded**

1991

> **Corporate headquarters**

Huopalahdentie 24,
00350 Helsinki

> **Stock symbol**

QPR1V:Nasdaq Helsinki

> **Industry recognitions**

Gartner, Ventana Research,
The Palladium Group, Forrester
Research, Nucleus Research

> **Customers**

2000+ (800 in Finland)

> **Sold licenses**

>1 million worldwide

> **Consulting services**

Strategic alignment and execution
Operational Development
Transformations
Operational Excellence

> **Products**

QPR ProcessDesigner
QPR EnterpriseArchitect
QPR Metrics
QPR ProcessAnalyzer
QPR Portal