

ANNUAL GENERAL MEETING, 12 APRIL 2018

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2017

OUR COMPETITIVENESS IN PROCESS MINING AND ANALYTICS CONTINUED TO STRENGTHEN

2307

Q1

- Our turnover grew by 13% due to strong growth in software license sales.
- We continued product development investments in controlled and targeted manner.

2062

Q2

- Decrease in turnover compared to previous year was due to decrease in consulting sales.
- There were no major license deals in Q2 so the average deal size was smaller than in Q1.
- We started to increase marketing and sales resources and activities particularly in international direct sales.

1733

Q3

- Decrease in turnover was mainly due to decrease in software license sales compared to previous year.
- Longer than expected sale cycle was the main reason for lower software license sales.
- We launched a common user interface for all our products. This improves the user experience significantly.

2381

Q4

- Strong growth in software sales turned revenue to growth track.

CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	Note	2017	2016
Net sales	3	8,484	8,634
Other operating income	4	18	18
Materials and services	6	154	419
Employee benefit expenses	7	5,682	5,362
Depreciation and amortization	8	913	866
Other operating expenses	9	1,320	1,243
Total expenses		8,070	7,891
Operating profit		432	761
Financial income	10	10	-4
Financial expenses	10	-48	-47
Financial items, net		-38	-51
Profit before tax		393	710
Income taxes	12	-146	-142
Profit for the year		247	568
Other items in comprehensive income that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		-7	9
Other items in comprehensive income, net of tax		-7	9
Total comprehensive income		240	577
Earnings per share, EUR			
Undiluted, euros	13	0.021	0.047
Diluted, euros	13	0.021	0.047

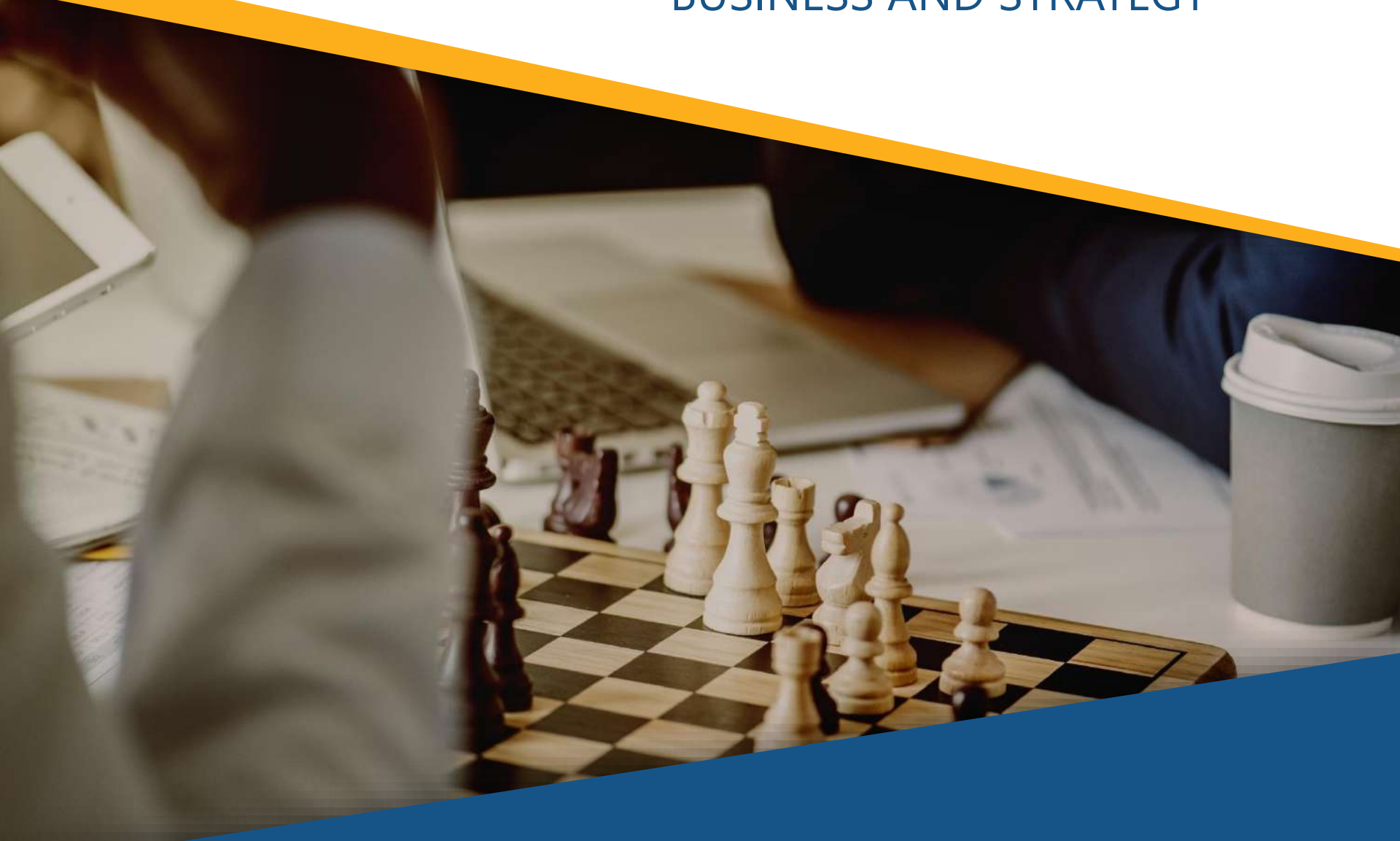
CONSOLIDATED BALANCE SHEET - ASSETS

(EUR 1,000)	Note	2017	2016
ASSETS			
Non-current assets			
Capitalized product development expenses	14	1,778	1,747
Other intangible assets	14	174	208
Goodwill	15	513	513
Tangible assets	16	153	193
Other investments		5	5
Deferred tax assets	19	122	23
Total non-current assets		2,745	2,688
Current assets			
Trade and other receivables	20	3,744	4,619
Cash and cash equivalents	21	318	565
Total current assets		4,061	5,184
Total assets		6,807	7,871

CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES

(EUR 1,000)	Note	2017	2016
EQUITY AND LIABILITIES			
Equity			
Share capital	22	1,359	1,359
Other funds		21	21
Treasury shares		-439	-439
Translation difference		-240	-233
Invested non-restricted equity fund		5	5
Retained earnings		2,426	2,538
Equity attributable to shareholders of the parent company		3,132	3,251
Current liabilities			
Trade and other payables	24	3,675	4,619
Total current liabilities		3,675	4,619
Total liabilities		3,675	4,619
Total equity and liabilities		6,807	7,871

BUSINESS AND STRATEGY



SHIFT IN CUSTOMER NEEDS FROM OPTIMIZING COSTS TO BUSINESS GROWTH

- Customers have an increasing need to combine business design to reality.
- Customer needs are shifting from cost savings to growth, new services and digitalization.
- QPR supports customers in planning and monitoring the change.
 - The key is to understand customer needs - the changes are planned by using process analysis, modeling and measuring tools.

VISION 2025

QPR is an international software company providing its customers automated process and EA analytics & modeling software. In Finland we also have a strong synergistic consulting business.

OUR OFFERING



STRATEGY: GROWTH IN INTERNATIONAL SOFTWARE SALES

Product development is especially focused on process mining and analytics.

We continue to speed up our product development by increasing resources in controlled manner.

We pay great attention to excellent user experience in product development.

We continue to increase our marketing and sales resources. Our goal is to grow especially international software sales. We aim to gain a significant share of the rapidly growing process mining and analytics market.

New customers and cash flow from modeling business in Finland and software sales in Middle East.

PROGRESS IN IMPLEMENTING OUR STRATEGY 2017

- We focused on strengthening our products' competitiveness and launched a common user interface for all our products.
- Number of SaaS deliveries continued to grow.
- We increased the size of our customer accounts. More and more customers are buying both modeling as well as analysis software and services.
- Strong increase in software sales turned the revenue to growth track. During 2018 we have announced, among others, the following new customer deals:
 - Process Mining Software to Fennovoima
 - Large Central Government Organization From Abu Dhabi Chooses QPR
 - Process Mining Software to Piraeus Bank
 - Process Mining Software to a global medical device company's European Business unit
 - Saudi Railway Company chooses QPR Software
 - Provision of consulting services to the Finnish Tax Administration in Enterprise Architecture



OUTLOOK 2018

OUTLOOK 2018

BUSINESS OUTLOOK

- Demand for process mining and analytics software grows especially in Europe.
 - There are signs of demand growth also in the US where particularly large enterprises are buying process mining and analytics tools.
- Competition in software business for process and enterprise architecture modeling and performance management is expected to remain tight in developed markets.
 - However, growth potential for these products is available in developing markets. QPR focuses especially in Middle East market.

FINANCIAL OUTLOOK

- We estimate our net sales to grow in 2018.
- The most significant source for growth is software business and in particular process mining and analytics software QPR ProcessAnalyzer.
- We estimate also consulting net sales to grow from previous year.
- We will increase our resources in international sales and marketing. Despite the growth in expenses, we estimate our comparable operating profit to grow.

THE MOST SIGNIFICANT IMPACTS FROM CHANGES IN NEW IFRS15 STANDARD IN 2018

- > Software net sales and profit is partly shifted to the first quarter of the year from other quarters.
 - Impact on Q1 2018 is EUR +0.2 - 0.3 million.
- > Group net sales and reseller commissions costs grow with the same amount, approximately EUR 1 million.
 - Slightly lowers relative profitability, but does not affect absolute profitability.
- > Some changes are implemented in timings of revenue recognition between years and quarters.
- > QPR will publish IFRS 15 restated quarterly figures for 2017 in April before publishing Q1 2018 Interim Report.

Dare to improve.

