



QPR Software Half Year Financial Report January – June 2020

QPR SOFTWARE STOCK EXCHANGE RELEASE, July 30, 2020 AT 9.00 AM

The coronavirus pandemic had an expected weakening impact on second quarter results

April-June 2020

- Net sales amounted to EUR 2,041 thousand (April-June 2019: 2,285).
- Net sales decreased 11% due to a decline in software license sales. Customers postponed software purchase decisions due to uncertainties related to coronavirus pandemic. Cloud services and consulting net sales increased.
- EBITDA was -EUR 60 thousand (153).
- Operating result (EBIT) amounted to EUR -384 thousand (-158).
- Result before taxes EUR -378 thousand (-164).
- Result for the quarter EUR -321 thousand (-98).

January-June 2020

- Net sales amounted to EUR 4,830 thousand (January-June 2019: 5,033).
- Net sales decreased 4% due to weak software license sales in the second quarter.
- EBITDA was EUR 330 thousand (650).
- Operating result (EBIT) amounted to EUR -339 thousand (29).
- Result before taxes EUR -342 thousand (3).
- Earnings per share EUR -0.026 (0.004).

Outlook for the full year 2020 remains unchanged.

Business operations

QPR Software's mission is to make customers agile and efficient in their operations. We innovate, develop, and sell software aimed at analyzing, monitoring, and modeling operations in organizations. Furthermore, we offer customers a variety of consulting services.

OUTLOOK

Operating environment and market outlook

In recent years, QPR Software has made significant investments in developing the Company's process mining software, as well as in renewing the user interfaces of its software products. The Company estimates that the demand for process mining software and related services will continue to grow rapidly over the course of 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.

Outlook for 2020

Customers postponed software purchase decisions in the second quarter due to uncertainties related to the coronavirus pandemic, which led to a 77% reduction in new software license sales. Several significant software license deals were postponed to the second half of the year.

Outlook published on February 27, 2020 remains intact

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 (2019: -213 thousand) due to planned increase in European sales personnel and growth investments in software products. EBITDA is expected to be positive (2019: EUR 1,036 thousand).

Mid-term financial targets

The Company's mid-term 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, where we target an annual growth of over 50%.

KEY FIGURES

EUR in thousands, unless otherwise indicated	Apr-Jun, 2020	Apr-Jun, 2019	Change, %	Jan-Jun, 2020	Jan-Jun, 2019	Change, %	Jan-Dec, 2019
Net sales	2,041	2,285	-11	4,830	5,033	-4	9,513
EBITDA	-60	153	-139	330	650	-49	1,036
% of net sales	-3.0	6.7		6.8	12.9		10.9
Operating result	-384	-158	-144	-339	29	-1,264	-213
% of net sales	-18.8	-6.9		-7.0	0.6		-2.2
Result before tax	-378	-164	-131	-342	3		-240
Result for the period	-321	-98	-228	-310	43	-824	-161
% of net sales	-15.7	-4.3		-6.4	0.9		-1.7
Earnings per share, EUR (basic and diluted)	-0.027	-0.008	-228	-0.026	0.004	-824	-0.013
Equity per share, EUR	0.199	0.234	-15	0.199	0.234	-15	0.222
Cash flow from operating activities	512	-14	3,694	921	996	-7	1,349
Cash and cash equivalents	722	871	-17	722	871	-17	1,035
Net borrowings	-569	-447	27	-569	-447	27	-251
Gearing, %	-22.9	-15.3	49	-22.9	-15.3	49	-9.1
Equity ratio, %	49.9	51.8	-4	49.9	51.8	-4	44.5
Return on equity, %	-24.4	-13.2	-85	-23.6	3.0	-899	-5.7

Return on investment, %	-26.4	-19.0	-39	-20.4	2.5	-917	-5.9
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REPORTING

QPR Software innovates, develops, sells and delivers software and services in international markets aimed at facilitating operational development in organizations. QPR Software reports one operating segment: Operational development of organizations. In addition to this, the Company reports revenue from products and services as follows: Software licenses, Renewable software licenses, Software maintenance services, Cloud services and Consulting.

Recurring revenue reported by the Company consists of Software maintenance services and Cloud services. In addition, recurring revenue includes Renewable software licenses.

Software licenses are sold to customers for perpetual use or for an agreed, limited period. Renewable software licenses are sold to customers as a user right with an indefinite duration. These contracts are automatically renewed at the end of the agreed period, usually one year, unless the agreement is terminated within notice period. Renewable license revenue is recognized at one point in time, in the beginning of the invoicing period.

Geographical areas reported are Finland, the rest of Europe (including Russia and Turkey), and the rest of the world. Net sales are reported according to the customer's headquarter location.

REVIEW BY THE CEO

The most important target for us this year is to grow our international software business. After investments in recent years into our software products, we now focus on growing of our international direct sales and building new strategic partnerships. Although the coronavirus pandemic will continue to have negative effects on our international software business in the short term, current outlays into growth are justified and will create long term value.

In the second quarter, we recruited new sales resources in European key markets, such as the United Kingdom and France. We continue to strengthen also our product development resources this year. Great user experience, high performance and excellent cloud service scalability remain our priorities.

In March, our personnel was moved almost fully into remote work due to coronavirus pandemic, and this transition was very smooth. The results of our product development are excellent and we have been able to proceed as planned. The biggest negative effects from the lock-down caused by the pandemic were in new software sales. Many customers decided to postpone their software purchases to the autumn, due to uncertainties related to the pandemic. This weakened significantly the results of the second quarter. Consulting projects and software deliveries, however, proceeded as planned and net sales in this business area increased by 14%.

As lock-down restrictions are being eased, we plan to come back to our workplaces in the offices in August and September. However, this will be done gradually, and with the necessary precautionary measures.

Jari Jaakkola
CEO

NET SALES DEVELOPMENT

NET SALES BY PRODUCT GROUP

EUR in thousands	Apr-Jun, 2020	Apr-Jun, 2019	Change, %	Jan-Jun, 2020	Jan-Jun, 2019	Change, %	Jan-Dec, 2019
Software licenses	79	341	-77	666	832	-20	1,552
Renewable software licenses	121	190	-36	608	733	-17	1,102
Software maintenance services	587	639	-8	1,158	1,283	-10	2,731
Cloud services	273	254	7	536	518	3	1,068
Consulting	981	861	14	1,861	1,667	12	3,061
Total	2,041	2,285	-11	4,830	5,033	-4	9,513

NET SALES BY GEOGRAPHIC AREA

EUR in thousands	Apr-Jun, 2020	Apr-Jun, 2019	Change, %	Jan-Jun, 2020	Jan-Jun, 2019	Change, %	Jan-Dec, 2019
Finland	1,170	1,199	-2	2,559	2,705	-5	4,863
Europe incl. Russia and Turkey	545	744	-27	1,278	1,650	-23	2,965
Rest of the world	326	342	-5	993	678	46	1,686
Total	2,041	2,285	-11	4,830	5,033	-4	9,513

April - June 2020

Net sales in the second quarter were EUR 2,041 thousand (2,285). The share of recurring revenue was 48% of net sales (47).

New software license net sales amounted to EUR 79 thousand (341) and decreased by 77% as customers postponed software purchase decisions to the autumn, due to uncertainties related to the coronavirus pandemic. Renewable software license net sales were EUR 121 thousand (190), due to lower sales in Finland and in international channel sales.

Software maintenance net sales were EUR 587 thousand (639) and decreased by 8% mainly due to a decrease in international channel maintenance net sales.

Cloud services net sales increased to EUR 273 thousand (254), despite temporary service pauses that were agreed with some customers that had to cope with the hardest negative impacts from the coronavirus pandemic. Consulting net sales, including software deliveries, amounted to EUR 981 thousand (861) and increased by 14%. Consulting projects and agreed software deliveries proceeded in the second quarter thus mainly as planned, despite the pandemic.

Net sales in Finland decreased by 2% and international net sales by 20%. The decrease in international net sales was due to a decline in new software as described earlier in this report. Of the Group net sales, 57% (52) derived from Finland, 27% (33) from the rest of Europe (including Russia and Turkey) and 16% (15) from the rest of the world.

January - June 2020

Net sales in January – June were EUR 4,830 thousand (5,033) and decreased by 4%. The share of recurring revenue was 48% of net sales (50).

Net sales in Finland decreased by 5%, which was due to lower new software license sales. International net sales were close to last year's level (-2%) and were impacted by the strong software license sales increase in the first quarter, and on the other hand by the decline in license sales caused by the pandemic in the second quarter.

Of the Group net sales, 53% (54) derived from Finland, 26% (33) from the rest of Europe (including Russia and Turkey) and 21% (13) from the rest of the world.

FINANCIAL PERFORMANCE

April - June 2020

The Group's earnings before interest, tax, depreciation and amortization (EBITDA) were EUR -60 thousand (153) and operating result (EBIT) was EUR -384 thousand (-158). The weaker operating result was due to lower net sales and increase in personnel expenses. Personnel expenses increased to EUR 1,757 (1,644) and grew by 7%. Other operating expenses decreased from the previous year and were EUR 109 thousand (228). The Group's fixed costs in April-June were EUR 2,190 thousand (2,183). Credit losses, included in fixed costs, were EUR 12 thousand (33).

Result before taxes was EUR -378 thousand (-164) and result for the period was EUR -321 thousand (-98). Earnings per share (fully diluted) were EUR -0.027 (-0.008).

January - June 2020

The Group's EBITDA was EUR 330 thousand (650) and operating result (EBIT) amounted to EUR -339 thousand (29). The decrease in operating result was due to outlays in growth business areas in line with the strategy, as well as due to decrease in net sales. Personnel expenses increased by 5% to EUR 3,497 thousand (3,337).

The Group's fixed costs were EUR 4,494 thousand (4,482) in the reporting period. Credit losses, included in fixed costs, were EUR 6 thousand (51).

Result before taxes was EUR -342 thousand (3) and result for the period was EUR -310 thousand (43). Earnings per share (fully diluted) were EUR -0.026 (0.004).

FINANCE AND INVESTMENTS

Cash flow from operating activities was EUR 921 thousand (996) in January - June. Cash and cash equivalents at the end of the reporting period were EUR 722 thousand (871).

Net financial expenses in January – June were EUR 3 thousand (26) and included currency exchange gains of EUR 4 thousand (-22).

Investments in January - June totaled EUR 583 thousand (489). Investments were mainly related to product development expenditure.

The Group's financial position is strong. At the end of the quarter, the Company had no interest-bearing bank loans. The gearing ratio was -23% (-15). At the end of the quarter, the equity ratio was 50% (52).

PRODUCT DEVELOPMENT

QPR innovates and develops software products that analyze, measure and model operations in organizations. The Company develops the following software products: QPR ProcessAnalyzer, QPR EnterpriseArchitect, QPR ProcessDesigner, and QPR Metrics.

In January - June, product development expenses were EUR 1,135 thousand (1,131). Product development expenses worth EUR 451 thousand (349) were capitalized. The amortization of capitalized product development expenses was EUR 434 thousand (409). The amortization period for capitalized product development expenses is four years.

QPR decided to start in June a new Digital delivery project that focuses on planning and developing a new digital business model. In this project, we are researching new models to fully deliver and deploy on-premise software digitally and remotely. This new digital business model is developed in the Middle Eastern market by creating a strategy monitoring software pilot. The pilot will include, among other things, digital workflows and approvals of strategy and performance management measures. Business Finland decided to grant this project EUR 100 thousand direct funding from their Covid-19 related program for business development in disruptive circumstances.

PERSONNEL

At the end of the quarter, the Group employed a total of 88 persons (78). The average number of personnel during the quarter was 85 (82).

The average age of employees is 42.1 (41.8) years. Women account for 22% (23) of employees, men for 78% (77). 17% (17) work in sales and marketing, 44% (42) in consulting and customer care, 29% (32) in product development, and 10% (10) in administration.

For incentive purposes, the Company has a bonus program that covers all employees. Short term remuneration of the top management consists of salary, fringe benefits, and a possible annual bonus based mainly on the Group and business unit net sales performance. Furthermore, the Company launched a key employee stock option plan in 2019.

STRATEGY

Our target is to grow our net sales by an average of 15 – 20% per annum over the next three years. The target is mainly based on growth in international software sales. We foresee significant growth potential especially in the process mining business, where we aim for an annual growth of more than 50%.

We innovate, develop and sell software and related services aimed at analyzing, measuring and modeling operations in organizations. Furthermore, we offer customers consulting services in operational development and digital business optimization.

We will further accelerate product development by increasing our resources in a controlled manner. In software development, we place special focus on excellent user experience. We focus our product development to meet the challenges our client organizations face, especially in leading and developing their operations in a digitalizing world. A special focus area for development is process mining.

In the next few years, we seek growth especially in our international software sales. To reach this target, we will continue to increase our resources and investments in international marketing and sales.

We also actively seek strategic partnerships to strengthen our international software sales and product development.

SHARES AND SHAREHOLDERS

	Jan-Jun, 2020	Jan-Jun, 2019	Change, %	Jan-Dec, 2019
Trading of shares				
Shares traded, pcs	561,866	721,744	-22	1,091,153
Volume, EUR	1,157,773	1,391,819	-17	2,229,163
% of shares	4.7	6.0		9.1
Average trading price, EUR	2.06	1.93	7	2.04
Shares and market capitalization				
	Jun 30, 2020	Jun 30, 2019	Change, %	Dec 31, 2019
Total number of shares, pcs	12,444,863	12,444,863	-	12,444,863
Treasury shares, pcs	457,009	457,009	-	457,009
Book counter value, EUR	0.11	0.11	-	0.11
Outstanding shares, pcs	11,987,854	11,987,854	-	11,987,854
Number of shareholders	1,193	1,121	6	1,146
Closing price, EUR	2.04	2.08	-2	2.34
Market capitalization, EUR	24,455,222	24,934,736	-2	28,051,578
Book counter value of all treasury shares, EUR	50,271	50,271	-	50,271
Total purchase value of all treasury shares, EUR	439,307	439,307	-	439,307
Treasury shares, % of all shares	3.7	3.7	-	3.7

GOVERNANCE

A notice was given in February 2020 to the shareholders of QPR Software Plc that the Annual General Meeting will be held on Tuesday 7 April, 2020 starting at 1:00 p.m. at the Company's headquarters. Due to the coronavirus pandemic, the Board of Directors resolved in March to cancel this meeting and convene the Annual General Meeting at a later stage as soon as it is practically possible to organize the meeting.

In May 2020, the Board of Directors gave a notice to the shareholders of QPR Software Plc that the Annual General Meeting will be held on Monday June 8, 2020. The Board of Directors of the Company resolved on extraordinary measures pursuant to the temporary legislation approved by the Finnish Parliament on April 24, 2020. In order to prevent the spread of the Covid-19 pandemic, the Annual General Meeting was held without shareholders' presence at the Meeting venue. Participation and exercise of shareholder rights in the Meeting was possible only by way of proxy representation, by submitting counterproposals and asking questions in advance.

The Annual General Meeting held on June 8, 2020 approved the Board's proposal that no dividend be paid for the financial year 2019. The Annual General Meeting made an advisory decision on the Remuneration Policy and decided to support the proposed Remuneration Policy.

The Annual General Meeting resolved that the number of Board Members is four (4) and re-elected Vesa-Pekka Leskinen, Topi Piela, Jarmo Rajala and Salla Vainio as members of the Company's Board of Directors. The term of office of the members of the Board of Directors expires at the end of the next Annual General Meeting. At its organizing meeting, the Board of Directors elected Vesa-Pekka Leskinen as its Chairman.

The Annual General Meeting elected Authorized Public Accountants KPMG Oy Ab as QPR Software's auditor with Miika Karkulahti, Authorized Public Accountant, acting as principal auditor. The term of office of the auditor expires at the end of the next Annual General Meeting.

The Annual General Meeting decided to authorize the Board of Directors to decide on an issue of new shares and conveyance of the own shares held by the Company (share issue) either in one or in several occasions. The share issue can be carried out as a share issue against payment or without consideration on terms to be determined by the Board of Directors.

All authorizations of the Board and other decisions made by the Annual General Meeting are available in their entirety on the stock exchange release published by the Company on June 8, 2020 on the investors section of the Company's web site, <https://www.qpr.com/investors/stock-exchange-and-press-releases>

EVENTS AFTER THE REVIEW PERIOD

The Company has no significant events after the review period to be reported.

SHORT-TERM RISKS AND UNCERTAINTIES

Internal control and risk management at QPR Software aims to ensure that the Company operates efficiently and effectively, distributes reliable information, complies with regulations and operational principles, reaches its strategic goals, reacts to changes in the market and operational environment, and ensures the continuity of its business.

QPR has identified the following three groups of risks related to its operations: risks related to business operations (country, customer, personnel, legal), risks related to information and products (QPR products, IPR, data security) and risks related to financing (foreign currency, short-term cash flow). The Company has an insurance policy covering property, operational and liability risks.

Financial risks include reasonable credit risk concerning individual business partners, which is characteristic to any international business. QPR seeks to limit this credit risk by continuous monitoring of standard payment terms, receivables and credit limits.

Approximately 46% of Group's trade receivables were in euro at the end of the quarter (61). At the end of the quarter, the Company had not hedged its non-euro trade receivables.

Risks and risk management related to the Company's business are further described in the Annual Report 2019, pages 24-25 (<https://www.qpr.com/investors/financial-information/annual-reports>).

FINANCIAL INFORMATION

In 2020, QPR Software will publish an interim report in English and Finnish on the following dates:

- Interim Report 1-9/2020: Tuesday, October 27, 2020

QPR SOFTWARE PLC BOARD OF DIRECTORS

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HALF YEAR FINANCIAL STATEMENTS

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

EUR in thousands, unless otherwise indicated	Apr-Jun, 2020	Apr-Jun, 2019	Change, %	Jan-Jun, 2020	Jan-Jun, 2019	Change, %	Jan-Dec, 2019
Net sales	2,041	2,285	-11	4,830	5,033	-4	9,513
Other operating income	25	0		25	0		0
Materials and services	260	260	0	700	522	34	1,143
Employee benefit expenses	1,757	1,644	7	3,497	3,337	5	6,455
Other operating expenses	109	228	-52	328	525	-37	878
EBITDA	-60	153	-139	330	650	-49	1,036
Depreciation and amortization	324	310	4	669	621	8	1,250

Operating result	-384	-158	-144	-339	29	-1,264	-213
Financial income and expenses	6	-6	196	-3	-26	88	-26
Result before tax	-378	-164	-131	-342	3	-12,280	-240
Income taxes	57	66	-13	32	40	-20	78
Result for the period	-321	-98	-228	-310	43	-824	-161
Earnings per share, EUR (basic and diluted)	-0.027	-0.008	-228	-0.026	0.004	-824	-0.013
Consolidated statement of comprehensive income:							
Result for the period	-321	-98	-228	-310	43	-824	-161
Other items in comprehensive income that may be reclassified subsequently to profit or loss:							
Exchange differences on translating foreign operations	-1	-1	11	0	0	-1	-5
Total comprehensive income	-322	-98	-227	-310	43	-820	-166

CONDENSED CONSOLIDATED BALANCE SHEET

EUR in thousands	Jun 30, 2020	Jun 30, 2019	Change, %	Dec 31, 2019
Assets				
Non-current assets:				
Intangible assets	2,032	1,850	10	2,044
Goodwill	513	513	0	513
Tangible assets	249	528	-53	371
Other non-current assets	183	87	109	141
Total non-current assets	2,976	2,978	0	3,068
Current assets:				
Trade and other receivables	2,129	2,821	-25	2,904
Cash and cash equivalents	722	871	-17	1,035
Total current assets	2,850	3,692	-23	3,939
Total assets	5,827	6,669	-13	7,007
Equity and liabilities				
Equity:				
Share capital	1,359	1,359	0	1,359
Other funds	21	21	0	21
Treasury shares	-439	-439	0	-439
Translation differences	-66	-61	8	-66
Invested non-restricted equity fund	5	5	0	5

Retained earnings	1,600	2,030	-21	1,882
Equity attributable to shareholders of the parent company	2,481	2,916	-15	2,762
Non-current liabilities:				
Interest-bearing liabilities	-	143	-	-
Total non-current liabilities	-	143	-	-
Current liabilities:				
Interest-bearing liabilities	153	281	-46	784
Advances received	853	1,037	-18	800
Accrued expenses and prepaid income	1,816	1,699	7	2,083
Trade and other payables	524	593	-12	579
Total current liabilities	3,346	3,611	-7	4,245
Total liabilities	3,346	3,753	-11	4,245
Total equity and liabilities	5,827	6,669	-13	7,007

CONSOLIDATED CASH FLOW STATEMENT

EUR in thousands	Apr-Jun, 2020	Apr-Jun, 2019	Change, %	Jan-Jun, 2020	Jan-Jun, 2019	Change, %	Jan-Dec, 2019
Cash flow from operating activities:							
Result for the period	-321	-98	-228	-310	43	-824	-161
Adjustments to the result	278	251	11	667	609	9	1,250
Working capital changes	554	-142	489	577	403	43	306
Interest and other financial expenses paid	-5	-10	-47	-27	-34	-21	-51
Interest and other financial income received	11	2	447	24	8	201	25
Income taxes paid	-5	-17	-72	-10	-34	-70	-18
Net cash from operating activities	512	-14	3,694	921	996	-7	1,349
Cash flow from investing activities:							
Purchases of tangible and intangible assets	-283	-249	14	-583	-489	19	-1,041
Net cash used in investing activities	-283	-249	14	-583	-489	19	-1,041
Cash flow from financing activities:							
Proceeds from short term borrowings							500
Repayments of short term borrowings	-76	-69	10	-652	-138	371	-278
Dividends paid	0			0			0
Net cash used in financing activities	-76	-69	9	-652	-138	371	222
Net change in cash and cash equivalents	154	-333	146	-314	368	-185	530

Cash and cash equivalents at the beginning of the period	572	1,204	-53	1,035	505	105	505
Effects of exchange rate changes on cash and cash equivalents	-4	-1	-436	1	-2	135	0
Cash and cash equivalents at the end of the period	722	871	-17	722	871	-17	1,035

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR in thousands	Share capital	Other funds	Translation differences	Treasury shares	Invested non-restricted equity fund	Retained earnings	Total
Equity Jan 1, 2019	1 359	21	-61	-439	5	1 987	2 873
Comprehensive income			0			43	43
Equity Jun 30, 2019	1 359	21	-61	-439	5	2 030	2 916
Dividends paid						0	0
Stock option scheme						56	56
Comprehensive income			-5			-204	-209
Equity Dec 31, 2019	1 359	21	-66	-439	5	1 882	2 762
Stock option scheme						28	28
Comprehensive income			0			-310	-310
Equity Jun 30, 2020	1 359	21	-66	-439	5	1 600	2 481

NOTES TO INTERIM FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES

This report complies with requirements of IAS 34 "Interim Financial Reporting". Starting from the beginning of 2020, the Group has applied certain new or revised IFRS standards and IFRIC interpretations, as described in the Consolidated Financial Statements 2019. The implementation of these new and revised requirements has not impacted the reported figures. For all other parts, the accounting principles and methods are the same as they were in the 2019 financial statements.

When preparing the consolidated financial statements, management is required to make estimates and assumptions regarding the future and to consider the appropriate application of accounting principles, which means that actual results may differ from those estimated.

All amounts presented in this report are consolidated figures, unless otherwise noted. The amounts presented in the report are rounded, so the sum of individual figures may differ from the sum reported. This report is unaudited.

Definitions for key indicators can be found in the end of the latest annual report, on pages 64-65:

<https://www.qpr.com/investors/financial-information/annual-reports>

INTANGIBLE AND TANGIBLE ASSETS

EUR in thousands	Jan-Jun, 2020	Jan-Jun, 2019	Jan-Dec, 2019
Increase in intangible assets:			
Acquisition cost Jan 1	11,159	10,057	10,057
Increase	472	460	1,102
Increase in tangible assets:			
Acquisition cost Jan 1	2,487	2,433	2,433
Increase	62	29	54

CHANGE IN INTEREST-BEARING LIABILITIES

EUR in thousands	Jan-Jun, 2020	Jan-Jun, 2019	Jan-Dec, 2019
Interest-bearing liabilities Jan 1	784	562	562
Proceeds from short term borrowings	21	-	500
Repayments	652	138	278
Interest-bearing liabilities Jun 30	153	424	784

PLEDGES AND COMMITMENTS

EUR in thousands	Jun 30, 2020	Jun 30, 2019	Dec 31, 2019	Change, %
Business mortgages (held by the Company)	2,385	1,385	1,385	72
Minimum lease payments based on lease agreements:				
Maturing in less than one year	8	21	17	-50
Maturing in 1-5 years	10	9	0	
Total	19	30	17	10
Total pledges and commitments	2,403	1,415	1,402	71

CONSOLIDATED INCOME STATEMENT BY QUARTER

EUR in thousands	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Net sales	2,041	2,789	2,499	1,981	2,285	2,748
Other operating income	25	-	0	-	0	-
Materials and services	260	440	379	243	260	263
Employee benefit expenses	1,757	1,739	1,743	1,375	1,644	1,693
Other operating expenses	109	220	178	175	228	296
EBITDA	-60	390	199	188	153	497
Depreciation and amortization	324	345	322	307	310	310
Operating result	-384	45	-123	-119	-158	187
Financial income and expenses	6	-9	-3	3	-6	-20
Result before tax	-378	36	-126	-116	-164	167
Income taxes	57	-25	7	31	66	-26
Result for the period	-321	11	-119	-85	-98	141

GROUP KEY FIGURES

EUR in thousands, unless otherwise indicated	Jan-Jun or Jun 30, 2020	Jan-Jun or Jun 30, 2019	Jan-Dec or Dec 31, 2019
Net sales	4,830	5,033	9,513
Net sales growth, %	-4.0	-2.3	-5.3
EBITDA	330	650	1,036
% of net sales	6.8	12.9	10.9
Operating result	-339	29	-213
% of net sales	-7.0	0.6	-2.2
Result before tax	-342	3	-240
% of net sales	-7.1	0.1	-2.5
Result for the period	-310	43	-161
% of net sales	-6.4	0.9	-1.7
Return on equity (per annum), %	-23.6	3.0	-5.7
Return on investment (per annum), %	-20.4	2.5	-5.9
Cash and cash equivalents	722	871	1,035
Net borrowings	-569	-447	-251

Equity	2,481	2,916	2,762
Gearing, %	-22.9	-15.3	-9.1
Equity ratio, %	49.9	51.8	44.5
Total balance sheet	5,827	6,669	7,007
Investments in non-current assets	535	1,051	1,156
% of net sales	11.1	20.9	12.2
Product development expenses	1,135	1,131	2,293
% of net sales	23.5	22.5	24.1
Average number of personnel	85	82	82
Personnel at the beginning of period	83	82	84
Personnel at the end of period	88	78	83
Earnings per share, EUR (basic and diluted)	-0.026	0.004	-0.013
Equity per share, EUR	0.199	0.234	0.222