



**QPR Software Plc**  
**Half Year Financial Report**  
January-June 2024

# **QPR Software Plc Half Year Financial Report January-June 2024**

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**QPR Software Plc Half-Year Report January-June 2024: SaaS and software revenue grew. The company's turnaround is progressing as planned. Several partnership agreements were signed in North America.**

## **FINANCIAL DEVELOPMENT BRIEFLY**

### **APRIL-JUNE 2024**

- SaaS net sales increased by +15%
- Software net sales increased by +13%
- Net sales was 1,473 thousand euros, down -23% (April-June 2023: 1,908) due to company's discontinuation of consulting outside the core business.
- EBITDA was 181 thousand euros (8), a difference of 173 thousand euros from the comparison period
- The operating profit was -66 thousand euros (-231), a difference 165 thousand euros from the comparison period
- Profit before taxes was -87 thousand euros (-254), a difference 167 thousand euros from the comparison period
- The result was -87 thousand euros (-249), a difference 162 thousand euros from the comparison period
- Earnings/share was -0.005 euros (-0.015)
- Cash flow from operations EUR -243 thousand (185)

### **JANUARY-JUNE 2024**

- SaaS net sales increased by +15%
- Software net sales increased by +8%
- Net sales was 3,242 thousand euros, down -22% (January-June 2023: 4,146) due to company's discontinuation of consulting outside the core business.
- EBITDA was 476 thousand euros (-28), a difference of 504 thousand euros from the comparison period

- The operating profit was -34 thousand euros (-517), a difference 483 thousand euros from the comparison period
- Profit before taxes was -74 thousand euros (-579), a difference 505 thousand euros from the comparison period
- The result was -74 thousand euros (-579), a difference 344 thousand euros from the comparison period
- Earnings/share was -0.004 euros (-0.036)
- Cash flow from operations EUR -248 thousand (660)

## **OUTLOOK FOR 2024 (Unchanged)**

The company monitors the development of the world's economic situation and geopolitical tensions. The slowly budding recovery of economic growth, falling interest rates and normalizing inflation will improve the financial position of customers, and investment decisions can be expected to accelerate towards the end of 2024.

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 double-digit and estimates that the entire software net sales will grow in 2024 (2023: 5,122 thousand euros).

The company expects the operating result to improve significantly in the financial year 2024. The operating result in 2023 was -813 thousand euros.

## **CEO REVIEW**

In the second quarter of the year, we achieved significant milestones that have positively affected our operations. The company's turnaround is progressing according to plan. The markets are showing signs of recovery, and we have successfully expanded our agreements with existing clients, increased our international partner network, and acquired new customers. One of our most important achievements in the first half of the year was finding new partners in North America.

Our strategy-focused SaaS revenue grew by 15% in April-June, and software revenue increased by 13%. The group's total revenue declined due to our decision to discontinue non-core consulting services in Finland at the end of 2023. The EBITDA was positive at 181 thousand euros, which is 173 thousand euros more than the comparative period. The company's net result was slightly negative. At this stage of the turnaround, our results may fluctuate quarterly, with the timing of individual larger deals significantly impacting the quarters.

QPR Software has been a pioneer in process management for 33 years, and we are committed to continuous innovation and excellence. In April, Gartner named us a Visionary for the second time in the Magic Quadrant™ for Process Mining Platforms report. Our QPR ProcessAnalyzer software received special recognition for its unique integration with the Snowflake AI Data Cloud service. This allows our customers real-time data availability, improved performance, scalability, and security. Additionally, QPR ProcessAnalyzer utilizes AI and machine learning, supporting our customers' digitalization and transformation projects.

One of the main goals of our strategy is to strengthen our global partner network. A significant step forward in this was forming new partnerships in the United States. In June, we participated in Snowflake's largest annual event, the Data Cloud Summit, in San Francisco, where we strengthened our collaboration with the Snowflake ecosystem in many ways.

North America is a potential market for us, as many of Snowflake's customers are located in the United States. Snowflake Data Cloud compatibility has been an important factor in establishing new partnership agreements and sets us apart from our competitors. During the first half of the year, we entered into partnership agreements with four companies: Solution BI, Accelance, TranSigma, and Cognitio Analytics. These partners received reseller rights for QPR ProcessAnalyzer in the United States. We are currently engaged in several similar discussions with new potential partners and customers.

Our position in the Middle Eastern market has developed positively throughout the first half of the year. QPR is known as a reliable player, and our partner network is active. In particular, the financial sector in this market has shown increasing interest in our process mining solutions. This provides us with an excellent foundation to continue our growth and further expand our market share during the second half of the year.

Despite the uncertainty in our business environment, we look at the second half of the year with optimism. Our strong foundation creates growth opportunities in the market, and our technology, innovation, and strategic partnerships enable us to serve new customers and support the achievement of our business objectives. In June, QPR appointed Antti Kivalo as the new Sales Director. He will start in his position at the beginning of September, and under his leadership, the company's sales and growth will gain new focus.

I would like to warmly thank our customers, partners, investors, and shareholders for their trust in the first half of the year. Special thanks also to all our employees for their hard work for the future and success of our company.

Heikki Veijola

CEO

## KEY FIGURES

EUR in thousands, unless otherwise indicated	April- June, 2024	April- June, 2023	<i>Change, %</i>	Jan-June, 2024	Jan-June, 2023	<i>Change, %</i>	Jan-Dec, 2023
Net sales	1,473	1,908	-23	3,242	4,146	-22	7,550
EBITDA	181	7	2,367	476	-28	1,801	182
% of net sales	12.3	0.4		14.7	-0.68		2.4
Operating result	-66	-231	71	-34	-517	93	-813
% of net sales	-4.5	-12.1		-1.0	-12.5		-10.8

Result before tax	-87	-254	66	-74	-579	87	-924
Result for the period	-87	-249	65	-74	-579	87	-924
% of net sales	-5.9	-13.0		-2.3	-14		-12.2
Earnings per share, EUR (basic and diluted)	-0.005	-0.015	69	-0.004	-0.036	88	-0.055
Equity per share, EUR	0.019	-0.002	916	0.020	-0.002	911	0.020
Cash flow from operating activities	-243	185	-232	-248	660	138	850
Cash and cash equivalents	31	156	-81	31	156	-80	885
Net borrowings	1,482	1,682	-12	1,482	1,682	-12	934
Gearing, %	420.4	4302.6	-90	420.4	4302.6	-90	268
Equity ratio, %	10.7	-1.1	1,110	10.7	-1.1	1,110	8.1
Return on equity, %	-99.1	-925.0	89	-21.1	-1 145	99	-221.5
Return on investment, %	-1.2	-101.6	99	-1.2	-134	98	-42.0

## REPORTING AND BUSINESS OPERATIONS

QPR Software Plc is a pioneer in business process optimization solutions and has positioned itself as a leading player in Digital Twin of an Organization (DTO) technology and one of the most advanced process mining software companies in the world.

QPR innovates, develops, and delivers software for analyzing, monitoring and modeling the operations of organizations. The company also offers consulting services to ensure that customers get full value from the software and associated methods.

QPR Software reports one business segment, which is Organizational 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.

The company's reported recurring revenues consist of SaaS net sales, maintenance services, as well as revenue from renewable licenses. Licenses are sold to customers for perpetual use or for an agreed, limited period. The revenue from SaaS and maintenance services is recorded monthly as recurring revenue over the contract period.

Renewable software licenses are sold to customers as a user right with an indefinite-term contract. These contracts are automatically renewed at the end of the agreed period, usually

one year, unless the agreement is terminated within the notice. Renewable license revenue is recognized at one point in time, in the beginning of the invoicing period, yet at the earliest on the delivery.

The geographical areas reported are Finland, the rest of Europe (including Turkey), and the rest of the world. Net sales are reported according to the location of the customer's headquarters. Until 2023, the company provided consulting services, predominantly to public administration, which were unrelated to its core business. In the end of 2023, the company discontinued these activities. In the future, the company will prioritize offering consulting services tailored to the software it develops, aiming to deliver maximum added value to its customers.

The company began reporting the production costs of the cloud platform within the materials and services expense category starting from 2024. The figures for the comparative period will be presented at the end of this interim report's table section, according to both reported and 2024 cost groupings.

## NET SALES DEVELOPMENT

### NET SALES BY PRODUCT GROUP

EUR in thousands	April-June, 2024	April-June, 2023	Change, %	Jan-June, 2024	Jan-June, 2023	Change, %	Jan-Dec, 2023
Software licenses	87	30	194	321	209	54	485
Renewable software licenses	66	73	-10	291	375	-22	504
Software maintenance services	427	422	1	838	845	-1	1 720
SaaS	686	595	15	1 347	1 170	15	2 371
Consulting	207	789	-74	445	1 547	-71	2 469
<b>Total</b>	<b>1 473</b>	<b>1 908</b>	<b>-23</b>	<b>3 242</b>	<b>4 146</b>	<b>-22</b>	<b>7 550</b>

### NET SALES BY GEOGRAPHIC AREA

EUR in thousands	April-June, 2024	April-June, 2023	Change, %	Jan-June, 2024	Jan-June, 2023	Change, %	Jan-Dec, 2023
Finland	658	929	-29	1 328	2 006	-34	3 499
Europe incl. Turkey	611	763	-20	1 403	1 696	-17	3 128
Rest of the world	204	217	-6	510	443	15	923

Total	1 473	1 908	-23	3 242	4 146	-22	7 550
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## APRIL-JUNE 2024

The net sales for April to June was 1,473 thousand euros (1,908), and it decreased by 23% compared to the same period last year. The group discontinued consulting services outside our core business in Finland at the end of 2023. The proportion of recurring revenue in the total revenue increased from 57 percent to 80 percent.

SaaS net sales, which is at the core of our strategy, grew by 15%, and software net sales grew by 13% in the April-June period.

The net sales from software licenses was 87 thousand euros (30), representing an increase of 194%. The growth was mainly due to the expansion of the partner network, which brought new commercial opportunities and customers. Additionally, existing partners increased their sales, which was reflected in the growth of license sales compared to the previous comparison period.

The net sales from renewable software licenses was 66 thousand euros (73), a decrease of 10%. This decline was due to several factors, including the termination of individual customer contracts and the transition of customers to the SaaS service model. This decline was partly offset by newly acquired customers and price increases made in response to inflationary pressures.

The net sales from software maintenance services was 427 thousand euros (422), an increase of 1%. This was due to price increases to counter inflation pressures, a positive currency exchange rate impact, Middle East customers transitioning to the software maintenance model, and winning back lost customers. The impact of growth was reduced by customer churn and, to a lesser extent, by negative currency exchange rate effects.

The SaaS net sales grew by 15% and amounted to 686 thousand euros (595). This growth was primarily due to the expansion of existing customer relationships and gains achieved in new customer acquisition. On the other hand, fluctuations in exchange rates and customer churn had a negative impact on the development of SaaS net sales.

The net sales from consulting was 207 thousand euros (789), a 74% decrease due to the company's discontinuation of consulting services outside its core business in Finland. Additionally, the company recognized revenue from fixed-price projects in the Middle East according to the completion percentage in the second quarter of 2023. These projects were completed during the second quarter of the same year.

The Group's net sales was 45 % (49) from Finland, 41% (40) from the rest of Europe (including Turkey) and 14 % (11) from the rest of the world.

## JANUARY-JUNE 2024

The net sales January-June was 3,242 thousand euros (4,146), and it decreased by 22 % compared to the same period last year. This decline is due to the company's decision to discontinue non-core consulting services in Finland at the end of 2023. The proportion of recurring revenue of the total revenue increased from 58 percent to 76 percent.

Our SaaS net sales, which is at the core of our strategy, grew by 15%, and software net sales grew by 8% in the January-June period. The proportion of software net sales in the total net sales grew from 63 percent to 86 percent.

The net sales from software licenses was 321 thousand euros (209) and it grew by 54%. The growth was mainly due to an increase in partner sales volume, a new licensing agreement with a customer in the Middle East, and an expansion with a global pharmaceutical company in accordance with a previous agreement.

The net sales from renewable software licenses was 291 thousand euros (375), a decrease of 22%. The decline was due to several factors, including customer churn, customers transitioning to SaaS service models, and negative currency exchange effects. These factors were partially offset by new customers and price increases implemented to counter inflationary pressures.

The net sales from software maintenance services was 838 thousand euros (845), a decrease of 1%. This was due to customer churn and, to a lesser extent, the transition of existing customers to the SaaS service model. The decline was offset by the expansion of cooperation with existing customers, new customer contracts, price increases made to counter inflationary pressures, and positive exchange rate effects.

SaaS net sales grew by 15% to 1,347 thousand euros (1,170). The growth was primarily driven by the expansion of existing customer relationships and successes in acquiring new customers. The shift of customers from licenses to the SaaS service model and, to some extent, price increases due to inflationary pressures also contributed to the growth. On the other hand, fluctuations in exchange rates and customer churn had a negative impact on the development of SaaS net sales.

Consulting revenue was 445 thousand euros (1,547), a decrease of 71%, following the company's discontinuation of consulting services outside its core business in Finland. Additionally, the company recognized revenue from fixed-price projects in the Middle East according to their completion status during the first half of 2023. These projects were completed in the second quarter of the same year.

The Group's net sales was 41 % (48) from Finland, 43% (41) from the rest of Europe (including Turkey) and 16 % (11) from the rest of the world.

## **FINANCIAL DEVELOPMENT**

### **APRIL-JUNE 2024**

The group's EBITDA for April-June was 181 thousand euros (8), an improvement of 173 thousand euros compared to the previous year. The operating profit was -66 thousand euros (-230), an increase of 164 thousand euros compared to the reference period. The season's result was -87 thousand euros, which is a significant improvement compared to the previous year's -249 thousand euros.

The active measures implemented by the company in 2023 to improve cost structure and enhance business profitability are already partially visible in the first half of 2024 and to be fully realized by the third quarter.



The variable expenses of the group amounted to 223 thousand euros (304), primarily driven by the completion of demanding fixed-price software delivery projects in the Middle East during the second quarter of 2023. This completion resulted in a notable decrease in the requirement for external services, thus reducing expenses.

The company's fixed expenses were 1,069 thousand euros (1,597), and they decreased by 33% compared to the comparison period. This decrease was due to the savings programs implemented in the second and last quarter of 2023, as well as the reduced personnel costs as a result of the change negotiations. The overall effect of the cost-saving measures will be realized from the third quarter of 2024. The impact of cost-saving measures was partially offset by lower product development activations and investments required for the reorganization of the company's operational activities.

Earnings per share were EUR 0.005 (-0.015) per share.

## **JANUARY-JUNE 2024**

The Group's EBITDA in January-June was 476 thousand euros (-28), an improvement of 504 thousand euros compared to the previous year. The operating profit was -34 thousand euros (-517), an increase of 483 thousand euros compared to the reference period. The net profit for the period was -74 thousand euros, which is a significant improvement compared to the previous year (-579).

The active measures implemented by the company in 2023 to improve cost structure and develop business profitability are already partially visible in the first quarter of 2024 and fully realized by the third quarter.

The variable expenses of the group amounted to 483 thousand euros (773), primarily driven by the completion of demanding fixed-price software delivery projects in the Middle East during the previous year's second quarter. This completion resulted in a notable decrease in the requirement for external services, reducing expenses.

The company's fixed expenses were 2,283 thousand euros (3,401), and they decreased by 33% compared to the comparison period. This decrease was due to the savings programs implemented in the second and last quarter of 2023, as well as the reduced personnel costs as a result of the change negotiations. The overall effect of the cost-saving measures will be realized from the third quarter of 2024. The effect of cost-saving measures was partially reduced by lower product development activations.

Earnings per share were EUR -0.004 (-0.036) per share.

## **FINANCE AND INVESTMENTS**

The cash flow from operations for the period was negative -248 thousand euros (660). The main reason for this change compared to the comparable period was successful collection in the last quarter of 2023, particularly regarding the advanced license payments for 2024. A greater portion of the advance payments was collected in the last quarter of 2023, leading to a lower cash flow from annual licenses in the first quarter of 2024. Annual billing is mostly concentrated around the end of the year, making it seasonal.

The change in working capital was affected by higher sales commissions paid to the company's personnel for 2023, as well as holiday compensation for employees who left due to the change negotiations. The negative cash flow was also due to the fact that the largest new deals occurred in a market where payment behavior is slow.

The negative change in working capital in the second quarter was particularly influenced by the fact that the invoice due dates fell on the last day of the period, which was a weekend, thus shifting the receivables to the third quarter. Additionally, there was a technical issue in the billing schedule, which caused customer payments to be moved to the beginning of the third quarter.

Net financial expenses amounted to 19 thousand euros (30), including exchange losses of 1 thousand euros (4).

Investments totaled 189 thousand euros (432), and those were mainly research and development investments.

The company's financing net cash flow was -417 thousand euros (-89). The negative net cash flow was primarily due to the company reducing its loan by 500 thousand euros and having a credit limit in use.

The group's financial situation is fair. At the end of the review period, the group's cash and cash equivalents were 31 thousand euros (156). Short-term receivables were 1,357 thousand (1,034).

Euro-denominated receivables accounted for 70%, and 87% of invoices had not yet matured. Of the total amount of short-term receivables, the share of 1-30 days overdue receivables was 5%, 30-60 days 3% and more than 60 days 5%.

The group has a credit limit of 500,000 euros available.

At the end of the review period, the group had a bank loan of EUR 1,000 thousand, of which 500 thousand euros was long-term. In accordance with the original financing agreement, the first installment of EUR 0.5 million is due on January 31, 2024. After this, installments of EUR 0.5 million will mature annually in January 2025 and 2026. The covenants related to the loan are based on the company's EBITDA and equity ratio. The EBITDA of the covenants is tested every six months, and the equity ratio is tested annually according to the situation on the last day of the year. The EBITDA exceeded the agreed covenant limit for the first half of the year.

The company's free cash flow, operating and investment cash flows, and office lease costs totaled -606 thousand euros (139). The change was influenced by shifts in the timing of operating cash flows, which were mitigated by a significant decrease in investment cash flows and lower paid office lease costs.

The equity ratio was 11% (-1), and it enhanced by the improved results, the directed share issue carried out in the third quarter of 2023 resulting 760 thousand euros proceed. The equity ratio was reduced by the loss-making result of -924 thousand euros for the financial year 2023.

Additionally, in June, after more than twenty years, the company decided to move to new premises in Keilaniemi, Espoo, as part of its transformation. The move offers a more suitable and functional environment for business growth, as Keilaniemi is home to several major IT companies. The new premises are better aligned with the company's current situation due to their size and significantly lower cost, as the expenses are only about one-third of those of the previous premises. However, the new lease agreement will negatively impact on the company's

equity ratio, as the IFRS 16 accounting treatment will increase lease liabilities by approximately 100 thousand euros.

## PRODUCT DEVELOPMENT

QPR has positioned itself as a leading player in Digital Twin of an Organization (DTO) technology. The company innovates and develops software products that analyze, measure, and model the operations of organizations.

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.

Product development expenses for the first half of the year were 557 thousand euros (866) and product development expenses were capitalized in the balance sheet of 189 thousand euros (432). Product development depreciation was recorded at 459 thousand euros (342). The amortization period for capitalized product development expenses is four years.

## PERSONNEL

At the end of the review period, the group employed 29 people (35). The average number of personnel in April-June was 30 (39).

The average age of the personnel is 45 (44) years. Women account for 23% (31) of employees, and men for 77% (69). Of all personnel, 16% (17) work in sales and marketing, 31% (28) in consulting and customer care, 42% (41) in product development, and 11% (14) in administration.

Personnel expenses were 1,841 thousand euros (3,029), of which the share of salaries and bonuses was 1,331 thousand euros (2,262).

For incentive purposes, the company has a bonus program covering the entire personnel. The top management's short-term remuneration consists of monetary salary, fringe benefits and a possible annual bonus, mainly determined by the net sales development of the group and profit units. In addition, the company has a stock option program for key personnel.

## SHARES AND SHAREHOLDER

Trading of shares	Jan-June, 2024	Jan-June, 2023	Change, %	Jan-Dec, 2023
Shares traded, pcs	2,843,442	804,749	253	3,538,455
Volume, EUR	1,370,778	501,548	173	1,585,931
% of shares	15.9	5.0	218	19,8
Average trading price, EUR	0.48	0.62	-23	0.45
Average trading value per day, EUR	11,145	4,045	176	6 318

Treasury shares acquired during the year, pcs	-	-	-	-
Shares and market capitalization	June 30, 2024	June 30, 2023	Change, %	Dec 31, 2023
Total number of shares, pcs	18,175,192	16,455,321	10	18,175,192
Treasury shares, pcs	256,849	339,471	-24	339,471
Book counter value, EUR	0.11	0.11	-	0.11
Outstanding shares, pcs	17,918,343	16,115,850	11	17,835,721
Number of shareholders	2 058	1,830	12	1,943
Closing price, EUR	0.57	0.56	2	0.33
Market capitalization, EUR	10,213,456	8,992,644	14	5,957,131
Book counter value of all treasury shares, EUR	28,253	45,484	-38	37,342
Total purchase value of all treasury shares, EUR	244,349	405,726	-40	347,552
Treasury shares, % of all shares	1.4	2.5	-44	1.9

## GOVERNANCE

The Annual General Meeting of QPR Software Plc was held on May 15, 2024, in Helsinki. The General Meeting adopted the Company's financial statements for the financial year 2023 and discharged the members of the Board of Directors and the CEO from liability. The General Meeting resolved that no dividend be paid based on the balance sheet adopted for the financial year ended on December 31, 2023, and adopted the Company's Remuneration Report and Remuneration Policy. Further, the General Meeting resolved to authorize the Board of Directors to decide on share issues and on the issue of other special rights entitling to shares as well as on the acquisition of own shares.

### Annual accounts and the use of the profit shown on the balance sheet

The General Meeting adopted the Company's financial statements and discharged the members of the Board of Directors and the CEO from liability for the financial period January 1 – December 31, 2023. The General Meeting resolved that no dividend be paid based on the balance sheet adopted for the financial year ended on December 31, 2023.

### Remuneration of the members of the Board of Directors and the Auditor

The General Meeting resolved that the Chairman of the Board of Directors be paid EUR 45,000 per year and the other members of the Board of Directors EUR 25,000 per year. Approximately 40 percent of the remuneration will be paid in shares and 60 percent in cash. The shares will be granted as soon as possible after the Annual General Meeting and if the insider regulations allow it. The members of the Board of Directors will also be reimbursed for travel and other expenses incurred while they are managing the Company's affairs.

The remuneration of the Auditor shall be paid according to the reasonable invoice.

### Board of Directors and Auditor

The General Meeting confirmed that the number of Board members is four (4). Pertti Ervi was re-elected as the Chairman of the Board of Directors and Antti Koskela and Jukka Tapaninen were re-elected as members of the Board of Directors. Linda von Schantz was elected as a new member of the Board of Directors.

Authorized Public Accountants KPMG Oy Ab was re-elected as the Company's auditor. KPMG Oy Ab has announced that Petri Kettunen, Authorized Public Accountant, will act as the principal auditor.

### **Authorization of the Board of Directors to decide on share issues and on the issue of other special rights entitling to shares**

The General Meeting resolved to authorize the Board of Directors to decide on issuances of new shares and conveyances of the own shares held by the Company (share issue) either in one or more instalments. The share issues can be carried out against payment or without consideration on terms to be determined by the Board of Directors. The authorization also includes the right to issue special rights referred to in Chapter 10, Section 1 of the Finnish Companies Act, which entitle to the Company's new shares or own shares held by the Company against consideration. Based on the authorization, the maximum number of new shares that may be issued and own shares held by the Company that may be conveyed in share issues or on the basis of special rights is 6,361,317 shares. The authorization includes the right to deviate from the shareholders' pre-emptive subscription right. The authorization is in force until the next Annual General Meeting.

### **Authorization of the Board of Directors to decide the acquisition of own shares**

The General Meeting resolved to authorize the Board of Directors to decide on the acquisition of the Company's own shares. Based on the authorization, an aggregate maximum amount of 500,000 own shares may be acquired, either in one or more instalments. The authorization includes the right to acquire own shares otherwise than in proportion to the existing shareholdings of the Company's shareholders, using the Company's non-restricted shareholders' equity. The authorization is in force until the next Annual General Meeting.

## **SHORT-TERM RISKS AND UNCERTAINTIES**

Internal control and risk management at QPR Software aim 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 that business continuity is secured considering the financial position.

The Company 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 privacy, and security), and risks related to financing and liquidity (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 of any international business. QPR seeks to limit this credit risk by continuously monitoring standard payment terms, receivables, and credit limits.

Approximately 70% of the Group's trade receivables were in euros at the end of the quarter (79%). At the end of the quarter, the Company had not hedged its non-euro trade receivables.

## **EVENTS AFTER THE REVIEW PERIOD**

### **Change in QPR Software Plc's Management: CFO Mervi Kerkelä-Hiltunen leaves the company**

QPR Software Plc's CFO Mervi Kerkelä-Hiltunen has resigned and will continue her career outside the company. Kerkelä-Hiltunen will remain as CFO of QPR Software until early October 2024.

### **QPR Software Plc appoints Taru Mäkinen as new Chief Financial Officer**

QPR Software Plc has appointed Taru Mäkinen (born 1975, Master of Science in Economics and Business Administration) as its new Chief Financial Officer. Mäkinen will start in her role and as a member of the Executive Management Team in October. Mäkinen brings over 20 years of diverse experience in various leadership roles in financial management. Most recently, she served as the CFO of Casambi Technologies Oy and previously at Efecte Plc.

## **FINANCIAL REPORTING**

QPR will publish financial announcements as follows:

- Interim Report January-September 2024 on Friday 25 October 2024

QPR Software's financial statement bulletin, activity report, audit report, and report on the corporate governance system for the financial year 2023 were published on Friday, February 16, 2024.

QPR's Annual Report 2023 was published on Friday, March 22, 2024. The annual report can be found on the company's website in the Investors section.

## **QPR SOFTWARE PLC**

### **BOARD OF DIRECTORS**

#### **For further information:**

Heikki Veijola

Chief Executive Officer

QPR Software Plc

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## QPR Software in Brief

QPR Software (Nasdaq Helsinki) is a leading player in the Digital Twin of an Organization (DTO) use case and one of the most advanced process mining software companies in the world. The company innovates, develops, and delivers software for analyzing, monitoring, and modeling organizational operations. Additionally, QPR provides consulting services to ensure its customers derive full benefits from the software and associated methodologies.

[www.qpr.com](http://www.qpr.com)

## DISTRIBUTION

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## HALF YEAR FINANCIAL REPORT

QPR Software's Board of Directors has approved this half-year financial report for January 1–June 30, 2024, to be published.

The figures for the financial year 2023 presented in the figures section of the half-year financial report have been audited. The presented half-year financial figures have not been audited.

## CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

EUR in thousands, unless otherwise indicated	April-June, 2024	April-June, 2023	Change, %	Jan-June, 2024	Jan-June, 2023	Change, %	Jan-Dec, 2023
Net sales	1,473	1,908	-23	3,242	4,146	-22	7,550
Other operating income	-	1	-		1	-	1
Materials and services	223	304	-27	483	773	-38	896
Employee benefit expenses	820	1,368	-40	1,841	3,029	-39	5,287
Other operating expenses	249	229	9	442	372	19	1,186
EBITDA	181	8	2,289	476	-28	1,789	182
Depreciation and amortization	247	238	4	510	489	4	995
Operating result	-66	-230	71	-34	-517	93	-813

Financial income and expenses	-21	-23	-11	-40	-62	-35	-111
Provisions	0	-	-	0	0	-	-
Result before tax	-87	-253	66	-74	-579	87	-924
Income taxes	0	5	-	0	0	-	0
Result for the period	-87	-249	65	-74	-579	87	-924
Earnings per share, EUR (basic and diluted)	-0.005	-0.015	69	-0.004	-0.036	93	-0.055
Consolidated statement of comprehensive income:							
Result for the period	-87	-249	65	-74	-579	87	-924
Exchange differences on translating foreign operations	0	0	0	-1	1	-216	1
Total comprehensive income	-87	-249	65	-75	-578	87	-925

## CONDENSED CONSOLIDATED BALANCE SHEET

EUR in thousands	June 30, 2024	June 30, 2023	Change, %	Dec 31, 2023
<b>Assets</b>				
Non-current assets:				
Intangible assets	1,962	2,498	-21	2,245
Goodwill	358	358	0	358
Tangible assets	56	114	-51	81
Right-of-use assets	404	338	19	318
Other non-current assets	277	277	0	277
Total non-current assets	3,058	3,585	-15	3,279
Current assets:				
Trade and other receivables	1,832	1,410	30	1,706
Cash and cash equivalents	31	156	-80	884
Total current assets	1,863	1,566	19	2,590
Total assets	4,921	5,151	-4	5,869



Equity and liabilities				
Equity:				
Share capital	80	1,359	-94	80
Other funds	21	21	1	21
Treasury shares	-244	-348	-30	-348
Translation differences	-60	-67	10	-67
Invested non-restricted equity fund	4,925	2,943	67	4,925
Retained earnings	-4,369	-3,947	-11	-4,263
Equity attributable to shareholders of the parent company	352	-39	1004	348
Non-current liabilities:				
Interest-bearing liabilities	500	1,000	-50	1,000
Interest-bearing lease liabilities	389	243	60	192
Total non-current liabilities	889	1,243	-28	1,192
Current liabilities:				
Provisions	-	-	-	-
Interest-bearing liabilities	595	500	19	500
Interest-bearing lease liabilities	29	95	-69	126
Advances received	1,122	1,465	-23	1,558
Accrued expenses and prepaid income	1,375	1,308	5	1,539
Trade and other payables	559	579	-3	607
Total current liabilities	3,680	3,947	-7	4,329
Total liabilities	4,569	5,190	-12	5,521
Total equity and liabilities	4,921	5,151	-4	5,869

## CONSOLIDATED CONDENSED CASH FLOW STATEMENT

EUR in thousands	April- June, 2024	April- June, 2023	Change, %	Jan- June, 2024	Jan- June, 2023	Change, %	Jan-Dec, 2023
Cash flow from operating activities:							
Result for the period	-87	-249	65	-74	-518	86	-924
Adjustments to the result	269	288	-7	581	481	21	1,078



Equity Jan 1, 2023	1,359	21	-66	-406	2,943	-3,364	487
Stock option scheme						36	36
Reduction of share capital	-1,279				1,279		0
Disposal of own shares				58		-10	48
Share issue, net					703		703
Comprehensive income			0			-924	-925
Equity Dec 31, 2023	80	21	-66	-348	4,925	-4,263	348
Stock option scheme						35	35
Reduction of share capital							0
Disposal of own shares				103		-55	49
Share issue, net							0
Comprehensive income			6			-87	-81
Equity June 30, 2024	80	21	-60	-245	4,925	-4,370	352

## NOTES TO INTERIM FINANCIAL STATEMENTS

### ACCOUNTING PRINCIPLES

This report complies with the requirements of IAS 34 "Interim Financial Reporting".

The half-year financial report does not contain full notes and other information presented in the financial statements, and therefore the interim report should be read in conjunction with the Financial Statements Bulletin published for 2023.

In preparing the half-year report, the same accounting principles have been followed as in the 2023 annual financial statements, except for new standards and standard amendments that came into effect starting January 1, 2024. The new standards and standard amendments had no significant impact on QPR Software's consolidated financial statements.

The company began reporting the production costs of the cloud platform within the materials and services expense category starting from 2024. The figures for the comparative period will be presented at the end of this interim report's table section, according to both reported and 2024 cost groupings.

Considering the company's financial position, this financial statement has been prepared on a going concern basis. The company entered into a refinancing agreement in January 2023.

In preparation of the consolidated financial report, company's 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.

## INTANGIBLE AND TANGIBLE ASSETS

EUR in thousands	April-June, 2024	April-June, 2023	Jan-Dec, 2023
Increase in intangible assets:			
Acquisition cost Jan 1	14,836	14,217	14,217
Increase	177	432	619
Acquisition cost at June 30	15,013	14,649	14,836
Increase in tangible assets:			
Acquisition cost Jan 1	2,816	2,816	2,816
Increase	111	0	0
Acquisition cost at June 30	2,927	2,816	2,816

## CHANGES IN INTEREST-BEARING LIABILITIES

EUR in thousands	April-June, 2024	April-June, 2023	Jan-Dec, 2023
Interest-bearing liabilities Jan 1	1,818	2,279	2,279
Proceeds from borrowings	95	1,500	1,500
IFRS 16	100	-332	-319
Repayments	500	1,610	1,641
Interest-bearing liabilities June 30	1,513	1,837	1,818

## PLEDGES AND COMMITMENTS

EUR in thousands	June 30, 2024	June 30, 2023	Change, %	Dec 31, 2023
Business mortgages (held by the Company)	2,382	2,380	0	2,382

Minimum lease payments based on lease agreements:				
Maturing in less than one year	30	42	-28	30
Maturing in 1-5 years	11	59	-81	27
Total	41	101	-59	57
Total pledges and commitments	2,424	2,480	-2	2,439

### CONSOLIDATED INCOME STATEMENT BY QUARTER (2023 RESTATED)

EUR in thousands	April-June, 2024	Jan-Mar, 2024	Oct-Dec, 2023	July-Sept, 2023	April-June, 2023
Net sales	1,473	1,769	1,599	1,806	1,908
Other operating income	-	-	-	-	1
Materials and services	223	260	229	240	304
Employee benefit expenses	820	1,021	1,202	1,056	1,368
Other operating expenses	249	193	199	268	229
EBITDA	181	295	-31	242	8
Depreciation and amortization	247	263	252	254	238
Operating result	-66	32	-283	-12	-231
Financial income and expenses	-21	-20	-24	-25	-23
Provisions	0	0	-	-	-
Result before tax	-87	13	-307	-37	-254
Income taxes	0	0	0	-	5
Result for the period	-87	13	-307	-37	-249

### CONSOLIDATED INCOME STATEMENT BY QUARTER (2023 AS PUBLISHED)

EUR in thousands	April-June, 2024	Jan-Mar, 2024	Oct-Dec, 2023	July-Sept, 2023	April-June, 2023
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Net sales	1,473	1,769	1,599	1,806	1,908
Other operating income	-	-	-	-	1
Materials and services	223	260	134	147	221
Employee benefit expenses	820	1,021	1,202	1,056	1,368
Other operating expenses	249	193	294	361	313
EBITDA	181	295	-31	242	7
Depreciation and amortization	247	263	252	254	238
Operating result	-66	32	-283	-12	-231
Financial income and expenses	-21	-20	-24	-25	-23
Provisions	0	0	-	-	-
Result before tax	-87	13	-307	-37	-254
Income taxes	0	0	0	-	5
Result for the period	-87	13	-307	-37	-249

## GROUP KEY FIGURES

EUR in thousands, unless otherwise indicated	Jan-June or June, 2024	Jan-June or June, 2023	Jan-Dec or Dec 31, 2023
Net sales	3,242	4,146	7,550
Net sales growth, %	-21.8	-1.6	-3.5
EBITDA	476	-28	182
% of net sales	14.7	-0.7	2.4
Operating result	-34	-518	-813
% of net sales	-1.0	-12.5	-10.8
Result before tax	-74	-580	-924
% of net sales	-2.3	-14.0	-12.2
Result for the period	-74	-580	-924
% of net sales	-2.3	-14.0	-12.2
Return on equity (per annum), %	-99.1	-5.2	-221.5
Return on investment (per annum), %	-11.6	-0.6	-42.0

Cash and cash equivalents	31	156	885
Net borrowings	1,482	1,682	934
Equity	352	487	348
Gearing, %	420	4303	268
Equity ratio, %	10.7	-1.1	8.1
Total balance sheet	4,921	5,151	5,869
Investments in non-current assets	288	101	637
% of net sales	8.9	2.4	8.4
Product development expenses	557	866	1,427
% of net sales	17.2	21	18.9
Average number of personnel	34	66	57
Personnel at the beginning of period	49	85	85
Personnel at the end of period	27	60	49
Earnings per share, EUR (basic and diluted)	-0.004	-0.036	-0.055
Equity per share, EUR	0.020	-0.002	0.020