



# QPR SOFTWARE INTERIM REPORT



# QPR Software Plc Interim report January–March 2024

QPR SOFTWARE PLC

STOCK EXCHANGE RELEASE

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**QPR Software Plc's interim report for January-March 2024: SaaS- and software net sales increased. The company's turnaround is progressing according to the strategy, and the first partnership agreements were signed in North America.**

## FINANCIAL DEVELOPMENT BRIEFLY

### JANUARY-MARCH 2024

- SaaS net sales increased by +15%
- Software net sales increased by +4%
- Net sales was 1,769 thousand euros, down -21% (January-March 2023: 2, 237) due to company's discontinuation of consulting outside the core business.
- EBITDA was 295 thousand euros (-36), a difference of 332 thousand euros from the comparison period
- The operating profit was 33 thousand euros (-287), a difference 320 thousand euros from the comparison period
- Profit before taxes was 13 thousand euros (-326), a difference 339 thousand euros from the comparison period
- The result was 13 thousand euros (-331), a difference 344 thousand euros from the comparison period
- Earnings/share was 0.001 euros (-0.027)
- Cash flow from operations EUR -5 thousand (475)

### 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

The first quarter of the year has started on a positive note with several significant successes. There's a moderate enhancement in the market, and we've managed to expand contracts with our existing customers, grow our international partner network, and acquire new clients.

The company's turnaround has continued according to plan. Our SaaS net sales, which is at the core of our strategy, grew by 15%, and software net sales grew by 4% in the January-March period. The group's total net sales decreased by 21% due to our decision to discontinue consulting services outside our core business in Finland at the end of 2023. The EBITDA was 295 thousand euros positive, over 300 thousand euros higher than in the same period last year. The company achieved a positive result (13 thousand euros), marking the first time since the third quarter of 2019. At this stage of the turnaround, our results still vary quarter by quarter and depend on individual deals.

QPR Software's mission is to innovate, develop, and deliver software for the analysis, monitoring, and modeling of organizational operations. In September, we announced the company's new direction and positioning as a leading player in the field of Digital Twin of an Organization (DTO) technology. We offer comprehensive DTO solutions across various areas, such as process mining, modeling, and the management of strategy and digital transformation. In January, we introduced our latest innovation, Data Augmented Modeling (DAM), which combines the best features of process modeling and mining. DAM leverages real-time data from the company's IT systems, enhancing the credibility and reliability of the models.

Our process mining software, QPR ProcessAnalyzer, offers a unique integration with the Snowflake Data Cloud service, setting it apart from competitors. Several of our large corporate clients have recognized this value. The software enables modern data analysis directly within the Snowflake Data Cloud, enhancing return on investment, performance, scalability, and security. Compatibility with Snowflake Data Cloud was a key criterion when we entered into a contract in February for our process mining SaaS solution with a globally operating retail company, which previously used competing products. Currently, we are engaged in similar discussions with several of our clients.

Our situation is also developing positively in the Middle Eastern markets. QPR is known as a reliable player with a strong partner network. The demand for our products has been brisk throughout the beginning of the year, and our key achievement in the first quarter was the deal with the Saudi Arabian Tourism Development Fund (TDF). We are supplying TDF with QPR Metrics, our strategy and performance management software.

Our adjusted strategy focuses on strengthening our global partner network. A significant step in this direction has been establishing partnerships in the United States market. Our QPR ProcessAnalyzer Powered by Snowflake software has played a significant role in achieving this goal as a majority of Snowflake's customers are based in the United States. During the first quarter, we entered into partnership agreements with Solution BI, Accelance, and Transigma Consulting, granting them reseller rights to QPR's process mining software in the United States. Solution BI also has rights for the Canadian and Mexican markets.

In addition, QPR has received a positive decision from Business Finland regarding Market Explorer funding. This enables the company to explore business opportunities in North America markets.

Although our operating environment remains challenging, we are optimistic about the upcoming quarter. Our company has a strong foundation that offers growth opportunities to leverage the expanding market, while our technological potential, innovations, and strategic partnerships enable us to serve new customers in achieving our business objectives.

I want to thank our customers, partners, investors, and shareholders for their trust in QPR during the first quarter of the year. I also want to express my gratitude to all of our employees for their dedication and hard work towards the future and success of the company.

Heikki Veijola

Chief Executive Officer

## KEY FIGURES

EUR in thousands, unless otherwise indicated	Jan-Mar, 2024	Jan-Mar, 2023	Change, %	Jan-Dec, 2023
Net sales	1.769	2.237	-21	7,550
EBITDA	295	-36	1.036	182
% of net sales	16.7	-1.6		2.4
Operating result	32	-287	114	-813
% of net sales	1.8	-12.8		-10.8
Result before tax	13	-326	105	-924
Result for the period	13	-331	105	-924
% of net sales	0.7	-14.8		-12.2
Earnings per share, EUR (basic and diluted)	0.001	-0.017	104	-0.055
Equity per share, EUR	0.021	0.010	106	0.020
Cash flow from operating activities	-5	475	-101	850
Cash and cash equivalents	264	172	52	885
Net borrowings	1,032	2,041	-49	934
Gearing, %	275.7	1,285.1	-79	268
Equity ratio, %	13.6	3.6	277	8.1
Return on equity, %	3.5	-410.2	104	-221.5
Return on investment, %	1.7	-57.6	97	-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.

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.

Recurring revenue reported by the Company consists of Software maintenance services and SaaS net sales. In addition to these, recurring revenue also includes Renewable software licenses. The Company aims to increasingly focus on continuous services, particularly in developing its Software-as-a-Service (SaaS) business.

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-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	Jan-Mar, 2024	Jan-Mar, 2023	Change, %	Jan-Dec, 2023
Software licenses	234	179	30	485
Renewable software licenses	225	302	-25	504
Software maintenance services	411	422	-3	1,720
SaaS	661	575	15	2,371
Consulting	237	759	-69	2,469
<b>Total</b>	<b>1,769</b>	<b>2,237</b>	<b>-21</b>	<b>7,550</b>

## NET SALES BY GEOGRAPHIC AREA

EUR in thousands	Jan-Mar, 2024	Jan-Mar, 2023	Change, %	Jan-Dec, 2023
Finland	701	1,078	-35	3,499
Europe incl. Turkey	767	933	-18	3,128
Rest of the world	302	227	33	923
<b>Total</b>	<b>1,769</b>	<b>2,237</b>	<b>-21</b>	<b>7,550</b>

### JANUARY-MARCH 2024

The net sales for January-March was 1,769 thousand euros (2,237), and it decreased by 21 % compared to the comparison period. The group discontinued consulting services outside our core business in Finland at the end of 2023. The proportion of continuous net sales out of total net sales increased from 59 percent to 73 percent.

Our SaaS net sales, which is at the core of our strategy, grew by 15%, and software net sales grew by 4% in the January-March period.

The net sales of software licenses was 234 thousand euros (179), and it grew by 30% primarily due to a new licensing agreement made with a customer from the Middle East, as well as expansion with a global pharmaceutical company according to a previous agreement.

The net sales from renewable software licenses was 225 thousand euros (301), a decrease of 25 %. This decline was due to several factors, such as the expiration of individual customer contracts, transitioning to the SaaS service model, and negative currency exchange rate effects. However, these factors were partially offset by price increases made to counter inflationary pressures.

The net sales of software maintenance services was 412 thousand euros (434), a decrease of 5%. This was due to the transition of existing customers to the SaaS service model, negative effects of currency exchange rates, and customer churn. This was offset by the expansion of cooperation with existing customers, new customer contracts, and price increases made to counteract inflationary pressures.

SaaS net sales grew by 15 % and was 661 thousand euros (575). The increase in SaaS net sales was mainly a result of expanding cooperation with existing customers and successes in acquiring new ones. In addition, growth was boosted by customers switching from licenses to the SaaS service model and partly by price increases against inflationary pressure. The negative effect of exchange rates and customer churn, on the other hand, decreased SaaS net sales.

The consulting net sales was 237 thousand euros (759), decreasing by 69 % after the company ceased its core business outside consulting in Finland. Additionally, the company recorded revenue from fixed-price projects in the Middle East according to the completion percentage in the first quarter of 2023. These projects were concluded during the second quarter of the same year.

The Group's net sales was 40 % (53) from Finland, 43% (31) from the rest of Europe (including Turkey) and 17 % (16) from the rest of the world.

## **FINANCIAL DEVELOPMENT**

### **JANUARY-MARCH 2024**

The Group's EBITDA in January-March was 295 thousand euros (-36), an improvement of 332 thousand euros compared to the previous year. The operating profit was 33 thousand euros (-287), an increase of 320 thousand euros compared to the reference period. The net profit for the period was 13 thousand euros, which is a significant improvement compared to the previous year (-331).

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 260 thousand euros (469), 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 1,319 thousand euros (2,079), and they decreased by 37% 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.

The credit loss provision, included in the fixed costs of the quarter, was -1 thousand euros, (1) due to a release in previous provisions.

Earnings per share were EUR 0.001 (-0.017) per share.

### **FINANCE AND INVESTMENTS**

The cash flow from operations for the period was negative 5 thousand euros (475). 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. Additionally, changes in working capital were affected by higher sales commissions paid to the company's personnel for 2023 and holiday compensation payments made to employees who left the company due to change negotiations. As a result of the company's strong cost-saving measures, the continuous outflow of cash decreased significantly towards the end of the quarter.

Net financial expenses amounted to 16 thousand euros (27), including exchange losses of 2 thousand euros (4).

Investments totaled 105 thousand euros (275), and those were mainly research and development investments.

The company's financing net cash flow was -512 thousand euros (-45). This was mainly due to the company reducing its loan by 500 thousand euros and paying 12 thousand euros in office rent.

The group's financial situation is fair. At the end of the review period, the group's cash and cash equivalents were 264 thousand euros (172) and short-term receivables were 1,460 thousand (1,685). Euro-denominated receivables accounted for 63%, and 76% of invoices had not yet matured. Of the total amount of short-term receivables, the share of 1-30 days overdue receivables was 9%, 30-60 days 1% and more than 60 days 13%. The company was able to improve its invoicing cycle and enhance its collection. In addition, the group has available a credit limit of 500,000 euros. At the end of the review period, the group had a bank loan of EUR 1,500 thousand, of which EUR 1,000 thousand 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. In the testing carried out on 31 December 2023, EBITDA fell below the agreed covenant limit. In December 2023, the bank pledged not to exercise its receivables maturity right under the financing agreement in the event of a potential violation of the group's operating margin covenant as per the 2023 financial statements.

The company's free cash flow, operating and investment cash flows, and office lease costs totaled -123 thousand euros (+155). The significant change was due to the improvement of operating cash flow, lower cash flows from investments, and lower paid office lease costs.

The equity ratio was 13.7% (3.6%), and it enhanced by the improved results, the directed share issue carried out in the third quarter resulting 760 thousand euros proceed. Additionally, the headquarters' lease agreement, which the company shortened from 5.5 years to 3.5 years in June 2023, improved the equity ratio. The equity ratio was reduced by the loss-making result of -924 thousand euros for the financial year 2023.

## **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 quarter were 323 thousand euros (510) and product development expenses were capitalized in the balance sheet of 105 thousand euros (275). Product development depreciation was recorded at 226 thousand euros (171). The amortization period for capitalized product development expenses is four years.

## **PERSONNEL**



At the end of the review period, the group employed 35 people (65). The average number of personnel in January-March was 39 (67).

The average age of the personnel is 44 (46) years. Women account for 31% (26) of employees, and men for 61% (74). Of all personnel, 17% (16) work in sales and marketing, 28% (43) in consulting and customer care, 41% (29) in product development, and 14% (12) in administration.

Personnel expenses were 1,021 thousand euros (1,661), of which the share of salaries and bonuses was 872 thousand euros (1,378).

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-Mar, 2024	Jan-Mar, 2023	Change, %	Jan-Dec, 2023
Shares traded, pcs	1,856,283	483,326	284	3,538,455
Volume, EUR	768,482	304,257	153	1,585,931
% of shares	10.4	3.0	245	19.8
Average trading price, EUR	0.41	0.63	-34	0.45
Average trading value per day, EUR	12,198	4,754	157	6,318
Treasury shares acquired during the year, pcs	-	-	-	-
Shares and market capitalization	Mar 31, 2024	Mar 31, 2023	Change, %	Dec 31, 2023
Total number of shares, pcs	18,175,192	16,455,321	10	18,175,192
Treasury shares, pcs	339,471	413,487	-18	339,471
Book counter value, EUR	0.11	0.11	-	0.11
Outstanding shares, pcs	17,835,721	16,041,834	11	17,835,721
Number of shareholders	2,008	1,747	15	1,943
Closing price, EUR	0.69	0.69	0	0.33
Market capitalization, EUR	12,306,647	11,036,782	12	5,957,131
Book counter value of all treasury shares, EUR	37,342	45,484	-18	37,342
Total purchase value of all treasury shares, EUR	347,552	405,726	-14	347,552
Treasury shares, % of all shares	1.9	2.5	-26	1.9

## GOVERNANCE

The Annual General Meeting of QPR Software Plc was held May 3, 2023 in Helsinki. The Annual General Meeting adopted the Company's financial statements for the financial year 2022 and discharged the members of the Board of Directors and the CEO from liability. The Annual General

Meeting resolved that no dividend be paid based on the balance sheet adopted for the financial year ended on December 31, 2022, further adopted the Company's Remuneration Report, and resolved to amend the Company's Articles of Association. Further, the Annual General Meeting resolved to reduce the share capital of the Company, 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 Annual 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, 2022. The Annual General Meeting resolved that no dividend be paid based on the balance sheet adopted for the financial year ended on December 31, 2022.

### **Board of Directors and Auditor**

According to the Nomination Committee, The Annual General Meeting confirmed that the number of Board members is four. Pertti Ervi was re-elected as the Chairman of the Board of Directors and Matti Heikkonen, Antti Koskela, and Jukka Tapaninen were re-elected as members of the Board of Directors.

The Authorised 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.

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

The Nomination Committee proposed, and the Annual 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 to the Auditor shall be paid according to the reasonable invoice.

### **Amendment of the Articles of Association**

The Annual General Meeting resolved to amend Articles 6 and 9 of the Company's Articles of Association. Article 6 was amended to correspond to the responsibility for the auditor oversight stipulated in the amended Finnish Auditing Act (1141/2015) and further so that the term of the auditor shall end at the closing of the first Annual General Meeting following the election. Article 9 was amended to enable holding a general meeting entirely without a meeting venue as a so-called remote meeting in addition to the Helsinki, Espoo and Vantaa. Further, said article was amended due to certain legislation changes stipulating the matters to be resolved upon in an Annual General Meeting.

### **Reduction of the share capital**

The Annual General Meeting resolved to reduce the Company's registered share capital from EUR 1,359,090 to EUR 80,000, i.e. by an aggregate amount of EUR 1,279,090, with the reduced amount of EUR 1,279,090 being transferred to the reserve for invested unrestricted shareholders' equity. The reduction of the share capital requires a public notice in accordance with the Finnish Companies Act.

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

The Annual 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 referred to in Chapter 10, Section 1 of the Finnish Companies Act is 3,200,000 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 Annual 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. All related materials can be found in the Investors section on the company's website.

### **The Nomination Board**

The Shareholders' Nomination Board of QPR Software Plc is a body of QPR Software's shareholders responsible for preparing proposals to the Annual General Meeting for the election and remuneration of the members of the Board of Directors, and the remuneration of the Board committees. The Nomination Board consists of three members who represent QPR Software's three largest shareholders who, on August 30 preceding the next year's Annual General Meeting, hold the largest number of votes calculated of all shares in QPR Software.

The Nomination Board is chaired by Roger Kempe, representing Oy Finncorp Ab, and consists of Erkki Myllärniemi, representing UMO Capital Oy, and Eero Leskinen, representing Vesa-Pekka Leskinen.

The Nomination Board submits the following proposals to the Annual General Meeting, which is planned to be held on May 15, 2024. The proposals will be also included in the notice to the Annual General Meeting, which will be published separately later on.

### **Electing Board members and the Chairman**

The Nomination Board proposes to the Annual General Meeting that Pertti Ervi, Antti Koskela and Jukka Tapaninen be re-elected as Board members. Current Board member Matti Heikkonen has informed the Nomination Board that he is no longer available for re-election. The Nomination Board further proposes that Linda von Schantz be elected to the Board of QPR Software as a new member. All the nominees have given their consent to the position, and they are independent of the Company and of the Company's significant shareholders.

Furthermore, the Nomination Board proposes that Pertti Ervi be re-elected as the Chairman of the Board.

The curriculum vitae of the proposed new member of the Board, Linda von Schantz, is attached to this stock exchange release.

Information about the experience and previous positions of the persons proposed to be re-elected as Board members is available on QPR's website at: <https://www.qpr.com/company/board-of-directors>

### **Deciding on the remuneration of the Board members**

The Nomination Board proposes that the remuneration of the Board members be kept unchanged. According to the proposal, the Chairman of the Board will be paid EUR 45,000 per year and the other Board members EUR 25,000 per year. Approximately 40% of the above-mentioned remuneration is paid in shares and 60% in cash. The Shares will be transferred at earliest after the General Meeting election and in accordance with the insider trading regulations.

Furthermore, the Nomination Board proposes that the members of the Board of Directors will be reimbursed for travel and other expenses incurred while they are managing the Company's affairs.

### **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 78% of the Group's trade receivables were in euros at the end of the quarter (60%). At the end of the quarter, the Company had not hedged its non-euro trade receivables.

### **EVENTS AFTER THE REVIEW PERIOD**

No events after the review period.

### **FINANCIAL REPORTING**

QPR will publish three Interim Reports in 2024:

- Half-year Financial Report January-June 2024 on Friday 2 August 2024
- 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.

QPR's Annual General Meeting 2024 is scheduled to be held on Wednesday 15 May 2024. The Board of Directors convenes the Annual General Meeting with an invitation to be announced later.

## **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**

Nasdaq Helsinki

Key medias

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

#### **FINANCIAL STATEMENT INFORMATION**

QPR Software's Board of Directors has approved this interim report for January 1–March 31, 2024, to be published.

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

## CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

EUR in thousands, unless otherwise indicated	Jan-Mar, 2024	Jan-Mar, 2023	<i>Change,</i> <i>%</i>	Jan-Dec, 2023
Net sales	1,769	2,237	-21	7,550
Other operating income	-	-	-	1
Materials and services	260	469	-45	896
Employee benefit expenses	1,021	1,661	-39	5,287
Other operating expenses	193	144	34	1,186
EBITDA	295	-36	915	182
Depreciation and amortization	263	251	5	995
Operating result	32	-287	111	-813
Financial income and expenses	-20	-39	-49	-111
Provisions	-	-	-	-
Result before tax	13	-326	104	-924
Income taxes	0	-5	-	0
Result for the period	13	-331	104	-924
Earnings per share, EUR (basic and diluted)	0.001	-0.021	103	-0.055
Consolidated statement of comprehensive income:				
Result for the period	13	-331	104	-924
Exchange differences on translating foreign operations	-1	1	200	1
Total comprehensive income	12	-330	104	-925

## CONDENSED CONSOLIDATED BALANCE SHEET

EUR in thousands	Mar 31, 2024	Mar 31, 2023	<i>Change,</i> <i>%</i>	Dec 31, 2023
Assets				

Non-current assets:				
Intangible assets	2,123	2,513	-15	2,245
Goodwill	358	358	0	358
Tangible assets	68	141	-52	81
Right-of-use assets	295	707	-58	318
Other non-current assets	277	277	0	277
Total non-current assets	3,122	3,997	-22	3,279
Current assets:				
Trade and other receivables	1,460	1,685	-13	1,706
Cash and cash equivalents	264	172	53	884
Total current assets	1,723	1,857	-7	2,590
Total assets	4,845	5,853	-17	5,869
Equity and liabilities				
Equity:				
Share capital	80	1,359	-94	80
Other funds	21	21	0	21
Treasury shares	-348	-406	-14	-348
Translation differences	-67	-67	-1	-67
Invested non-restricted equity fund	4,925	2,943	67	4,925
Retained earnings	-4,237	-3,691	-15	-4,263
Equity attributable to shareholders of the parent company	374	159	136	348
Non-current liabilities:				
Interest-bearing liabilities	500	1,000	-50	1,000
Interest-bearing lease liabilities	170	609	-72	192
Total non-current liabilities	670	1,609	-58	1,192
Current liabilities:				
Provisions	-	8	-	-
Interest-bearing liabilities	500	500	0	500
Interest-bearing lease liabilities	126	104	21	126
Advances received	1,582	1,438	10	1,558
Accrued expenses and prepaid income	1,175	1,438	-18	1,539
Trade and other payables	419	597	-30	607

				4,329
Total current liabilities	3,802	4,085	-7	
Total liabilities	4 471	5 694	-21	5 521
Total equity and liabilities	4 845	5 853	-17	5 869

## CONSOLIDATED CONDENSED CASH FLOW STATEMENT

EUR in thousands	Jan-Mar, 2024	Jan-Mar, 2023	Change, %	Jan-Dec, 2023
<b>Cash flow from operating activities:</b>				
Result for the period	13	-269	105	-924
Adjustments to the result	312	192	62	1,078
Working capital changes	-314	583	-154	821
Interest and other financial expenses paid	-16	-27	-42	-107
Interest and other financial income received	0	0	0	0
Income taxes paid	0	-5	-100	-19
Net cash from operating activities	-5	475	-101	849
<b>Cash flow from investing activities:</b>				
Purchases of tangible and intangible assets	-105	-275	-62	-620
Net cash used in investing activities	-105	-275	-62	-620
<b>Cash flow from financing activities:</b>				
Proceeds from short term borrowings	1,000	1,500	-33	1,500
Repayments of short-term borrowings	-1,500	-1,500	0	-1,500
Payment of lease liabilities	-12	-45	-74	-121
Share issue net	-	-	-	760
Net cash used in financing activities	-512	-45	1,038	639
Net change in cash and cash equivalents	-623	156	499	868
Cash and cash equivalents at the beginning of the period	884	17	5,103	17



Effects of exchange rate changes on cash and cash equivalents	2	0	0	0
Cash and cash equivalents at the end of the period	264	172	52	884

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### NOTES TO INTERIM FINANCIAL STATEMENTS

EUR in thousands	Share capital	Other funds	Translation differences	Treasury shares	Invested non-restricted equity fund	Retained earnings	Total
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						13	13
Reduction of share capital							0
Disposal of own shares						0	0
Share issue, net							0
Comprehensive income			-1			13	12
Equity Mar 31, 2024	80	21	-67	-348	4 925	-4 237	374

### ACCOUNTING PRINCIPLES

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

The interim 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.

The interim report has been drawn up according to the same accounting principles as in the Consolidated financial statements for 2023 excluding standards and amendments to standards which entered into force on January 1, 2024. The new standards and standard amendments had no significant impact on QPR Software's consolidated financial statements.

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 interim 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	Jan-Mar, 2024	Jan-Mar, 2023	Jan-Dec, 2023
Increase in intangible assets:			
Acquisition cost Jan 1	14,836	14,217	14,217
Increase	105	275	619
Increase in tangible assets:			
Acquisition cost Jan 1	2,816	2,816	2,816

#### CHANGES IN INTEREST-BEARING LIABILITIES

EUR in thousands	Jan-Mar, 2024	Jan-Mar, 2023	Jan-Dec, 2023
Interest-bearing liabilities Jan 1	1,818	2,279	2,279
Proceeds from borrowings	1,000	1,500	1,500
IFRS 16	-23	-45	-319
Repayments	1,500	1,521	1,641
Interest-bearing liabilities Dec 31	1,295	2,213	1,818

#### PLEDGES AND COMMITMENTS

EUR in thousands	Mar 31, 2024	Mar 31, 2023	Change, %	Dec 31, 2023

Business mortgages (held by the Company)	2,382	2,382	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	19	69	-73	27
Total	49	111	-56	57
Total pledges and commitments	2,439	2,493	-2	2,439

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

EUR in thousands	Jan-Mar, 2024	Oct-Dec, 2023	July-Sept, 2023	April-June, 2023	Jan-Mar, 2023
Net sales	1 769	1 599	1 806	1 908	2 237
Other operating income		-	-	1	-
Materials and services	260	229	240	304	469
Employee benefit expenses	1 021	1 202	1 056	1 368	1 661
Other operating expenses	193	199	268	229	144
EBITDA	295	-31	242	8	-36
Depreciation and amortization	263	252	254	238	251
Operating result	32	-283	-12	-231	-287
Financial income and expenses	-20	-24	-25	-23	-39
Provisions	0	-	-	-	-
Result before tax	13	-307	-37	-254	-326
Income taxes	0	0	-	5	-5
Result for the period	13	-307	-37	-249	-331

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

EUR in thousands	Oct-Dec, 2023	July-Sept, 2023	April-June, 2023	Jan-Mar, 2023
Net sales	1 599	1 806	1 908	2 237
Other operating income	-	-	1	-
Materials and services	134	147	221	394

Employee benefit expenses	1 202	1 056	1 368	1 599
Other operating expenses	294	361	313	218
EBITDA	-31	242	7	26
Depreciation and amortization	252	254	238	251
Operating result	-283	-12	-231	-225
Financial income and expenses	-24	-25	-23	-39
Provisions	-	-	-	-
Result before tax	-307	-37	-254	-264
Income taxes	0	-	5	-5
Result for the period	-307	-37	-249	-269

#### GROUP KEY FIGURES

EUR in thousands, unless otherwise indicated	Jan-Mar or Mar, 2024	Jan-Mar or Mar, 2023	Jan-Dec or Dec 31, 2023
Net sales	1,769	2,237	7,550
Net sales growth, %	-20.9	1.6	-3.5
EBITDA	295	-36	182
% of net sales	16.7	-1.6	2.4
Operating result	32	-287	-813
% of net sales	1.8	-12.8	-10.8
Result before tax	13	-326	-924
% of net sales	0.7	-14.6	-12.2
Result for the period	13	-331	-924
% of net sales	0.7	-14.8	-12.2
Return on equity (per annum), %	14.1	-410.2	-221.5
Return on investment (per annum), %	6.9	-57.6	-42.0
Cash and cash equivalents	264	172	885
Net borrowings	1,032	2,041	934
Equity	374	159	348
Gearing, %	276	1285	268
Equity ratio, %	13.6	3.6	8.1
Total balance sheet	4,845	5,853	5,869

Investments in non-current assets	106	270	637
% of net sales	6.0	12	8.4
Product development expenses	332	510	1,427
% of net sales	18.8	22.8	18.9
Average number of personnel	39	67	57
Personnel at the beginning of period	49	85	85
Personnel at the end of period	35	65	49
Earnings per share, EUR (basic and diluted)	0.001	-0.017	-0.055
Equity per share, EUR	0.021	0.010	0.020