

QPR Software
ANNUAL REPORT
2023

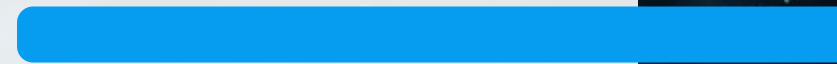
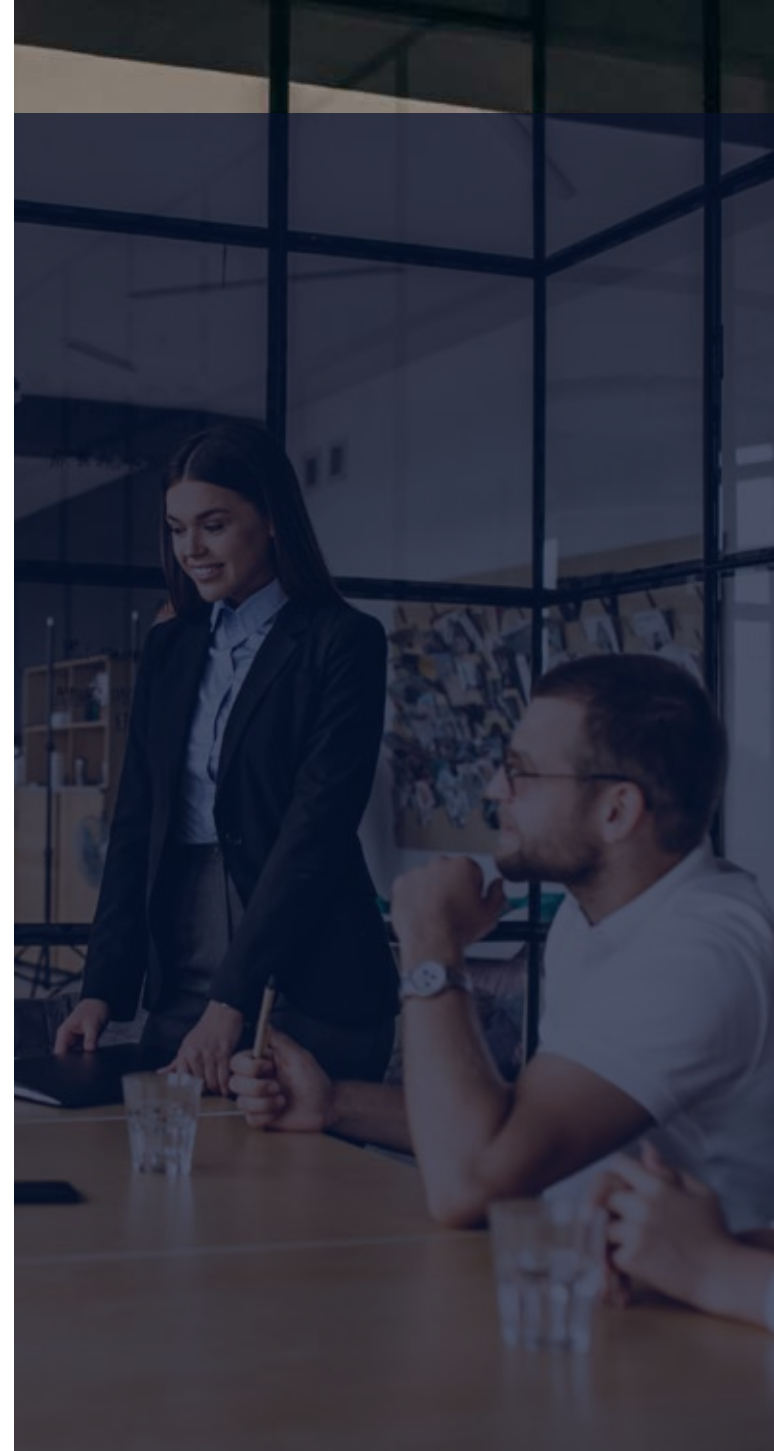


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Our purpose, strategy and markets

OUR PURPOSE IS TO HELP ORGANIZATIONS REACH THEIR FULL OPERATIONAL POTENTIAL

QPR Software's mission is to innovate, develop and deliver software for analyzing, monitoring, and modeling the organizations' operations.

The company also offers consulting services to ensure that customers get full value from the software and related methods.

We help our customers drive process and business transparency, ensure that their operations are run as required and designed, and create actionable intelligence where modern AI meets thought leadership.

By providing organizations with the technologies and methods to transform the invisible into visible and the unknown into manageable, they are empowered to reach long-lasting, continuous results.

OUR STRATEGY AND STRATEGIC TARGETS

QPR Software Plc refined its current strategy in December 2023 to reflect market changes and the Company's priority areas and announced renewed financial goals for the strategy period 2024-2027.

In accordance with the refined strategy, the Company profiles itself even more strongly as a software and SaaS player and as a consultant for its core business areas as well as a leading player in Digital Twin of an Organization (DTO) technology. The aim of the

refined strategy is to further increase the value the Company produces for its customers and to support the Company's growth through concentration. The Company's mission is to innovate, develop and deliver software for analyzing, monitoring, and modeling the organizations' operations. The Company also offers consulting services to ensure that customers get full value from the software and related methods.

In accordance with the adjusted strategy (2024–2027), the Company focuses its business on the international growth of SaaS solutions offered by Digital Twin of an Organization (DTO) and the process mining at its core. The Company's DTO offering also includes software developed for modeling and managing and measuring the organization's strategy and performance.

The Company's revised financial goals for the strategic period 2024–2027 are average twenty (20) percent annual SaaS growth, and sustainable operating profit.

The Company also continues to build new strategic partner networks in accordance with the strategy announced on March 10, 2022, to achieve a scalable Go-to-Market model, expand its own offering and improve the value it provides to its customers together with technology and implementation partners. The Company concentrates its growth investments in Europe and the Middle East and, through a partner network, on new market areas such as North America.





THE CURRENT STATE OF OUR MARKETS

The Company reports the following geographical areas: Finland, the rest of Europe (including Turkey), and the rest of the world. The Company has closed its business and partnerships in Russia for the time being.

QPR has its own sales staff in Finland, and the United Arab Emirates. The Company concentrates its growth investments in Europe and the Middle East and, through a partner network, on new market areas such as North America.

The Company's management estimates that the size of the process mining market in 2022 was approximately \$1.1 billion. The management estimates that the market continues to grow at an average annual rate of around 49% and reach \$28 billion by 2030. The demand for Digital Twin of an Organization technology is expected to grow with the development of the process mining market.

The management estimates also that the modeling and organizational strategy and performance management software market is also around \$1.0 billion. The market is quite mature but continues to grow at an average annual percentage rate of single digits.

REVIEW BY THE CEO

"The year 2023 was a turning point for QPR in many ways, and despite the challenging operating environment, we achieved improvement in results as a whole. The changes we made produced significant results with the company's profitability, cost and organizational structure, refined strategy and focus on core business.

SaaS net sales, which is at the core of our strategy, continued to grow by 36% in January-December. The group's total net sales decreased by 3% due to discontinuation of consulting services outside the core business in Finland. Our software business grew by 8%. EBITDA improved significantly and was 182 thousand euros, an improvement of approximately two million euros compared to the comparison period. In addition, the operating cash flow grew to 849 thousand euros, while in 2022 it was about two million euros negative. The group's total free cash flow was 108 thousand euros and it improved approximately by 3.5 million euros.

In supporting the transformation efforts, the company organized a directed share issue in the third quarter. This infusion strengthened its capital and financial position, resulting in gross assets of approximately 800 thousand euros. This shows confidence in the company's turnaround trajectory and supports the execution of its strategic initiatives.

QPR Software's mission is to innovate, develop and deliver software for analyzing, monitoring, and modeling the operations of organizations. QPR was named a visionary in the 2023 Magic Quadrant™ for Process Mining Tools study published by Gartner in March. In July 2023, Business Finland granted QPR a research grant for the further development of the artificial intelligence and machine learning features of our process mining technology.

In September, we announced the company's new positioning as a leading player in Digital Twin of an Organization (DTO) technology. QPR is the only player in the market whose product portfolio includes all the different areas of the DTO solution for process mining, modeling and managing strategy and digital transformation. With this, the company streamlined its product portfolio to focus exclusively on its core business as a software and SaaS provider, also offering customized consulting services. The new positioning improves the customer experience, increases the value we already produce for our customers and effectively responds to the environment's rapidly changing needs. The change in strategic focus also gives QPR the opportunity to utilize our strengths more effectively, adapt to market dynamics and achieve sustainable success in our chosen market segments.

The market is typically dominated by large companies with extensive resources and an established reputation. The compact structure is our hidden strength and QPR has established strong, sustainable customer and partner relationships with industry giants. This indicates the quality and reliability of our products and services. Our agility allows us to quickly adapt to changing market demands, and to offer individual attention to our customers. We managed to win new customers and expand cooperation with our existing customers. In addition, we also won back customers who had switched to our competitors in the meantime. Our agile delivery, personalized service, and excellent return on investment (ROI) and lower total cost of ownership (TCO) attracted users of competing products.

The outlook for our presence in the Middle East market developed positively. The negative effects of fixed-price software delivery projects, which were sold in prior years, on the company's business and profitability in 2022 and early 2023 were fully completed during the second quarter of 2023. QPR is known in the market as

a visible and reputable vendor with a strong partner network. In October, we concluded the first process mining SaaS contract in this market with a local investment and finance company. Demand for our products has been strong at the start of 2024.

One key goal during 2023 was to strengthen our global partner network, in addition to increasing software sales and improving profitability. An important step in this endeavor was to find potential partners for the US market. Our process mining software, QPR ProcessAnalyzer, stands out globally as the sole software capable of running directly on the Snowflake Data Cloud. A substantial part of Snowflake's clientele is in the US market. We expect to be able to report on progress in early 2024.

We are entering the year 2024 with a positive and confident mind. The market for process mining and the adoption of digital solutions in company business development continue to experience robust growth. I see many unique and exciting opportunities in our industry. 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. We expect the operating results to improve in the 2024 financial year.

I would like to warmly thank our customers, partners, QPR investors and shareholders for their trust in QPR during 2023. I would also like to thank all our employees for their dedication and hard work for the company's future and success."



Heikki Veijola
Chief Executive Officer



Board of Directors and Executive Management Team

BOARD OF DIRECTORS

The Board of Directors oversees the company's management and organizes the operations as appropriate. The Board validates the principles concerning the company's strategy, organization, accounting, and financial control and appoints the company's CEO. The Board's work is determined by the Board's rules of procedure, which e.g. determine the matters requiring consideration by the Board. The CEO is responsible for executing the company's strategy and managing current matters in accordance with the instructions and regulations issued by the Board.

QPR Software Plc's general meeting elected the members of the board of directors at the annual general meeting on May 3, 2023. At the meeting, it was decided that the Board of Directors will consist of four members. Pertti Ervi, Matti Heikkonen, Antti Koskela and Jukka Tapaninen. The Annual General Meeting elected Pertti Ervi as Chairman of the Board. The Board did not form committees due to the small scope of the business and the size of the Board.

QPR's Board members have broad, deep, and strategic expertise and strong experience in the technology sector as well as software business development, growth, and internationalization.

MEMBERS OF THE BOARD OF DIRECTORS



Pertti Ervi

Chairman
of the Board
b. 1957, engineer

About

- Chairman of the Board since March 2021.

Key experience

- Independent management consultant and professional board member
- Computer 2000 AG, Co-CEO 1995 – 2000.
- Computer 2000 Finland Oy, Founding Member and Managing Director 1983 – 1995.

Key positions of trust

- Member and Chairman of the Board, Chairman of the Audit Committee, F-Secure Oyj, 2003 – present
- Member of the Board, WithSecure Oyj, 2003 – 2023
- Member and Chairman of the Board, Efecte Oy, 2008 – present
- Chairman of the Board, Mingly Oy, 2017 – present
- Member of the Board, Pointsharp Holding AB, 2021 – present
- Member and Chairman of the Board, Teleste Oyj, 2009 – 2020
- Chairman of the Board, Comptel Oyj, 2011 – 2017



Antti Koskela

Member of the Board
b. 1971
Master of Science in
Technology

About

- Member of the Board since March 2021.

Key experience

- WithSecure Oyj, Executive Vice President and Chief Product Officer, 2021 – present
- Elisa Oyj, Vice President, Business Development, 2020 – 2021
- Nokia Software, CDO and Vice President, 2018 – 2020
- Comptel, CTO and Executive Vice President, 2011 – 2017
- Nokia Siemens Networks, various managerial positions, 2007 – 2011
- Nokia Networks, various managerial positions, 1999 – 2007

MEMBERS OF THE BOARD OF DIRECTORS



Matti Heikkonen

Member of the Board

b. 1976

Master of Science in
Technology

About

- Member of the Board since March 2021.

Key experience

- Enreach Group, Chief Commercial Officer 2023- present
- Enreach for Enterprises, CEO, 2021 – present
- Benemen Oy, CEO, 2018 – 2021
- Questback AS, EVP Global Operations, 2010 – 2018
- Digium Oy, CEO, 2007 – 2010
- Nokia, various managerial positions, 2004 – 2007
- Various CEO and managerial positions in the software industry, 1998 – 2004

Key positions of trust

- Member of the Board, QT-Group 2023-
- Chairman of the Board, Identia Oy 2023-
- Chairman of the Board, Benemen Oy, 2017 – 2018
- Member of the Board and Audit Committee, F-Secure Oyj, 2013 – 2019
- Member and Chairman of the Board, Mobile Wellness Solutions MWS Oy, 2015 – 2019
- Member and Chairman of the Board, The Finnish Software and E-business Association, 2004 – 2017
- Member of the Board, Ixonos Oyj, 2011 – 2015



Jukka Tapaninen

Member of the Board

b. 1963

Master of Science in
Economics

About

- Member of the Board since March 2021.

Key experience

- Aiforia Technologies, CEO, 2020 – present
- Pegasystems, VP and Managing Director EMEA, APAC and Japan, 2016 – 2020
- SAP, Vice President Global/EMEA, 2005 – 2016
- Basware, SVP and General Manager, 2002 – 2005
- Stonesoft Inc, CEO Americas, 2000 – 2002
- HP, Regional and Global managerial roles, Sales and Business Development, 1995 – 2000

Key positions of trust

- Vice Chairman of the Board, Aiforia Oy, 2015 – 2020
- Member of the Board, WeVision Oy, 2014 – present
- Member of the Board, Meshworks Wireless Oy, 2011 – present
- Chairman of the Board, Addoro Ab, 2014 – 2017 (acquisition)
- Member of the Board, Findity Ab, 2013 – 2016
- Member of the Board, VeliQ B.V., 2015

EXECUTIVE MANAGEMENT TEAM



Heikki Veijola
CEO

b. 1970
Master of Science in Economics

About

- The Company's CEO since March 2023
- Member of the Executive Management Team since March 2023

Area of Responsibility

Heikki Veijola started as the CEO of QPR Software Oyj on March 1, 2023. As the CEO of QPR Software, Heikki Veijola is responsible for managing the running administration of the Company in accordance with the instructions and regulations issued by the Board of Directors. Veijola is also responsible for representing the Company, its operational management, sales and partner operations, human resources, and preparation of decisions and implementation thereof that belong to the Board of Directors.

Experience

Veijola has most recently served as Enreach Oy's Director of Strategic Partnerships and a member of the executive management team, being responsible for business operations in the Microsoft and Salesforce ecosystems as well as for cooperation with system integrators, consultants, and other strategic partnerships, especially in Northern Europe. Before this, Veijola was the Sales Director of Enreach Oy.

Veijola has strong experience in building and renewing sales, international growth, partner ecosystems, and cloud- and SaaS (Software as a Service) businesses. During his career, Veijola has also worked for 11 years in Finland's largest marketing group Salomaa Group as a CEO of KASKI Agency, and advertising agency Adsek Oy, leading the companies through two industry transformations.

Education

Veijola has a master's degree in Economics (M.Sc., Turku School of Economics and Business Administration) majoring in International Marketing.



Mervi Kerkelä-Hiltunen
CFO

b. 1975
Master of Science in Economics

About

- Member of the Executive Management Team since August 2022

Area of responsibility

Kerkelä-Hiltunen is responsible for QPR Software's finance and administration, including external and internal reporting, monitoring and managing the financial performance of the business, capital allocation and procurement. She also oversees investor relations, compliance with the Insider Trading Manual, coordination of risk management and treasury functions.

Experience

Kerkelä-Hiltunen has more than 20 years of solid expertise in finance and management, as well as a wealth of knowledge in the fields of telecom, technology and manufacturing industries in business-to-business, and consulting. Before joining QPR, she was in charge of the Deloitte Finance and Performance Energy, Resources and Industrial clients portfolio, business finance offering as well as regional CFO program coordination.

Prior to joining Deloitte, Mervi had a lengthy career at Nokia where she held a variety of global financial management positions, including Head of Finance Transformation and Group Functions, Finance Process Owner, Head of Business Reporting, and ss the CFO and Chair of the Board of the Indian mobile phone factory and company.

Education:

Mervi holds a Master's degree in Economics from the University of Oulu and has also completed the Finance Executive program at Aalto Executive Education and the Good Board Member (HHJ) training.



Matti Erkheikki
Chief Product Officer

b. 1978
Master's Degree in Industrial Engineering and Management

About

- Member of the Executive Management Team since July 2007

Area of Responsibility

Matti Erkheikki is the head of QPR's product management unit and is responsible for QPR's products and the vision and strategy of the product portfolio. It is on Erkheikki's responsibility that the Company's products and their characteristics are in line with the organization's goals and that the product portfolio is constantly developed and improved in accordance with the needs of customers and target groups.

Experience

Erkheikki has been employed by QPR since 2002, first as a consultant, participating in QPR's delivery projects both domestically and internationally. In 2005, Erkheikki worked as the company's development manager, and in 2006 as the regional manager responsible for the USA and Canada operations in California at QPR's American subsidiary. In the years 2007–2014, he as responsible for QPR's Finnish business and in the years 2012–2014 also for the global OEM business. Prior to his current position, since January 2015, he has held the role of Business Director, responsible for QPR's process mining and strategy management operations internationally.

Education

Erkheikki holds a master's degree in industrial engineering and management.

EXECUTIVE MANAGEMENT TEAM



Tero Aspinen
VP, Middle-East Business

b. 1985
Master's Degree in Industrial
Engineering and Management

About

· Member of the Executive Management Team since January 2017

Area of Responsibility

Tero Aspinen is responsible for QPR's business in the Middle East market and for sales and development of Performance Management software solutions globally.

Experience

Tero Aspinen has served QPR Software in various roles since 2008. He has been involved in more than a hundred customer cases where organizations have implemented QPR's solutions. Prior to his current role, Mr. Aspinen worked as Vice President for Middle East Business and Performance Management Solutions (2017–2022).

Education

Aspinen holds a Master's degree in Industrial Engineering and Management.



Sanna Salo
CMO

b. 1977
Master of Science in Economics

About

· Member of the Executive Management Team since February 2022

Area of Responsibility

Sanna Salo is responsible for the strategy, planning, development, and implementation of QPR Software's brand, marketing, communication, and stock exchange communication.

Experience

Salo has more than 20 years of experience of B2B business in the IT industry through various positions in sales, marketing, and communication. Before starting at QPR, Salo worked as the Marketing and Communications Director of B2B digital marketing solutions provider Fonecta Oy. Before Fonecta, Salo worked for ten years at International Business Machines Corporation (IBM), holding various management positions in marketing both in Finland and in the Nordic countries. Before this, Salo worked for nine years at Atea Finland Oy in a range of marketing, communication, and sales positions.

Education

Salo has a Master's degree in Economics (M.Sc., Turku School of Economics and Business Administration) majoring in marketing. Salo also has a Bachelor of Business Administration (B.Sc.) degree in international business from Häme University of Applied Sciences.



Teemu Lehto
Chief Professional Services

b. 1970
Doctor of Science (Technology)

About

· Member of the Executive Management Team since March 2023

Area of Responsibility

Teemu Lehto is responsible for QPR's professional services business.

Experience

Teemu Lehto has worked in management and expert positions at QPR Software for over 20 years. During his long career at QPR, Lehto has been responsible for the consulting business, marketing and communication, product development, as well as sales and partnerships.

Before joining QPR, Lehto worked as CEO of Planway Oy, as the development manager of ICL Data Oy, and as the product development manager of ViSolutions Oy. He has also previously worked as a software engineer at Nokia Research Center and Systeemikonsultit Oy.

Education

Lehto holds a Doctoral degree in Technology.

EXECUTIVE MANAGEMENT TEAM



Mika Maliniemi
Chief Operating Officer

b. 1980
Datanome

About

- Member of the Executive Management Team since January 2024

Area of Responsibility

Maliniemi's area of responsibility includes QPR's software product development, cloud service development and production, and customer support services.

Experience

Mika Maliniemi has worked in management and expert positions for over 20 years. Maliniemi has a long career at QPR, where he has been responsible for partnerships and technical consulting. He has also led QPR's Customer Care, Cloud Services, and the Technical Services units.

Outside QPR, Maliniemi worked at Mawell Plc, where he established and launched their customer support operations. He has also worked at TietoEvy as a manager, leading the customer support and deployments.

Education

Mika holds a degree in business information technology from Business School of Oulu.





QPR Software
Board Review
and Financial
Statement 2023

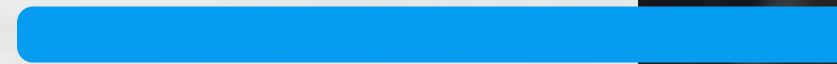


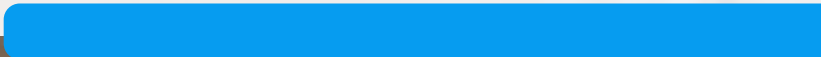
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Report of the Board of Directors



SUMMARY OF THE FULL YEAR 2023

- SaaS software business grew +36 % (January-December 2022: +35 %)
- Net sales was 7,550 thousand euros and a decrease of 3 % (7,823) as the company focused on its core business
- EBITDA was 182 thousand euros (- 1,753), change from the comparison period 1,935 thousand
- The operating result was – 813 thousand euros (- 2,770), the change compared to the comparison period was 1,957 thousand
- The result before taxes was -924 thousand euros (-2,864), a change from the comparison period of 1,940 thousand
- The result was -924 thousand euros (-2,686), a change from the comparison period of 1,943 thousand
- Earnings/share was -0.055 euros (-0.202)
- Cash flow from operations 849 thousand euros (-1,765)

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, 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 SaaS revenue, as well as revenue from renewable licenses and maintenance services. Software licenses are sold to customers without time restrictions or for a limited-term. 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. SaaS and maintenance service revenues are recognized monthly as recurring revenue throughout the contract period.

The 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 location of the customer's headquarters. The company has closed its business and partnerships in Russia for the time being.

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

NET SALES

The net sales in January-December was 7,550 thousand euros (7,823). The share of continuous net sales was 61% (53). Net sales decreased by 273 thousand euros (3%) because of the company's decision to discontinue providing consulting services beyond its core business to domestic public sector clients. The net sales of the group's other business areas increased (8.5%).

The group's net sales increased in the rest of Europe by 383 thousand euros (14%), decreased in Finland by 665 thousand euros (15%) and increased by 30 thousand euros (3%) in the rest of the world. The growth in Europe was related to the expansion of the software business and related consulting business in line with the company's internationalization strategy. In Finland, the decline in net sales occurred because consulting outside the previously mentioned core business were discontinued. The decrease in net sales in the rest of the world was primarily due to the end of fixed-price software delivery projects sold to public administration customers in the Middle East in the previous year's 2020–2021. The projects in question were implementations of software solutions in the application area of strategy and performance management. The discussion about the possible continuation of the completed projects with a new contract structure has been ongoing, and project deliveries will most likely start during the first half of 2024. The decrease in net sales was balanced out by obtaining a substantial long-term maintenance contract from the same customer, one year ahead of schedule; and by securing new contracts with customers in the Middle East market.

Of the net sales, 46% (50) derived from Finland, 42% (35) from the rest of Europe (including Turkey), and 12% (12) from the rest of the world.

SaaS net sales grew by 36%, to 2,371 thousand euros (1,738). The increase in net sales from SaaS services was a result not only of the expansion of the use of QPR ProcessAnalyzer's SaaS solution with a global pharmaceutical company, announced by the company in December 2022, but also because of other successful customer expansions. The growth was also partly due to customers switching from licenses to the SaaS service model, and partly due to the company's price increases caused by inflationary pressure. SaaS growth was also boosted by successes in new customer acquisition.

Transitioning to SaaS invoicing, ongoing contract net sales accounted for 61% of total net sales. Aligning with company's strategy, recurring net sales increased by 8% from the comparison period. However, license revenues declined compared to last year due to the transition to SaaS and delays in customer decision-making prompted by challenging market conditions.

Consulting net sales was 2,469 thousand euros (3,139), and its decrease was due to the discontinuation of outside the core business consulting in Finland. The decrease in net sales related to the end of fixed-price projects in the Middle East was compensated by the increase in consulting related to the implementation of products delivered to Europe.



NET SALES BY PRODUCT GROUP

The Group's net sales derive from software and consulting businesses are broken down as follows:

	Group, IFRS		
	(EUR 1 000)		
	2023	2022	Change, %
Software licenses	485	560	-13
Renewable software licenses	504	583	-13
Software maintenance services	1,720	1,803	-5
Cloud services	2,371	1,738	36
Consulting services	2,469	3,139	-21
Total net sales	7,550	7,823	-3

NET SALES BY GEOGRAPHIC AREA

The 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 location. The company has closed its business and partnerships in Russia for the time being.

	Group, IFRS		
	(EUR 1 000)		
	2023	2022	Change %
Finland	3,499	4,126	-15
Europe incl. Russia and Turkey	3,128	2,745	14
Rest of the world	923	953	-3
Total net sales	7,550	7,823	-3



FINANCIAL PERFORMANCE

The group's EBITDA was a positive 182 thousand euros (-1,753) and the operating result was -813 thousand euros (-2,770). EBITDA was significantly improved compared to the comparison period by the company's strong cost-saving measures and the 8.5% growth of the software business. EBITDA, on the other hand, was reduced by discontinued public sector consulting projects in Finland, as well as a fixed-price project in the Middle East that ended in the first half of the year. In addition, the business result was improved by 55% lower company premises costs reported in depreciation in accordance with IFRS.

The group's variable expenses were 896 thousand euros (1,552), and they decreased by 42% compared to the comparison period. Expenses decreased mainly after the completion of challenging fixed-price software delivery projects in the Middle East during the second quarter. With this, the need for the use of external services decreased significantly. The impact of fixed-price projects in the Middle East on the company's EBITDA for the first half of the year was negative.

The group's fixed expenses were 6,473 thousand euros (8,028), i.e. 19% lower than in the comparison period, due to personnel reductions and layoffs implemented in the last quarter of 2022 and the second quarter of 2023, as well as external cost savings.

Investments in long-term product development substantially decreased of 702 thousand euros, settling at 619 thousand euros (1,321). Consequently, this reduction mitigates the impact of cost reductions during the comparison period.

The change in the provision for bad debts included

in the fixed costs of the reporting period was four thousand euros (January-December 2022: 3).

Overall, the group's expenses decreased by 17% compared to the comparison period due to the company's significant cost savings, as well as lower subcontracting costs for projects in the Middle East.

In 2023, the company's SaaS net sales grew by 36% and software net sales as a whole by 8%. Net sales decreased in Finland, due to the discontinuation of consulting outside the core business in Finland, as well as the delay of follow-up projects in the Middle East. The company responded to the changing challenges of the business environment by implementing strong cost-saving measures throughout the financial year.

In addition to this, on October 19, 2023, the company carried out change negotiations focused on the public administration consulting unit, which resulted in the termination of a total of nine positions. The savings from these measures will positively affect the company's profitability in the second quarter of 2024.

Additionally, as a result of the change negotiations announced on December 14, 2023, and concluded on January 5, 2024, the company aims for cost savings from the termination of a total of 10 positions. The company also strives to organize its operations more efficiently, respond to changes in the operating environment, and renew the organizational structure to achieve the company's long-term growth and profitability goals.

The employment contracts, ended as a result of change negotiations, will carry work obligation until the end of employment. Thus, the company did not record provisions related to change negotiations at the end of 2023.

The result for the review period was -924 thousand euros (-2,868) and the earnings per share -0.055 euros (-0, 202).

FINANCE AND INVESTMENTS

Cash flow from operations during the review period was a positive 849 thousand euros (-1,798). The change in operating cash flow compared to 2022 was due to significant improvements in operating profit and working capital. During the final quarter of the year, the company garnered more of the annual revenue from its expanding software business through advance payments, compared to the previous year's corresponding period.

Annual invoicing focuses on the turn of the year and is therefore seasonal. In addition to this, the company was able to collect its receivables from completed projects in the Middle East and was able to advance the start of a significant maintenance contract by a year. The cash flow of projects in the Middle East improved by approximately 300 thousand euros compared to 2022. Due to the robust cost-saving measures implemented by the company, there was a notable decrease in outgoing cash flow.

Net financing costs were 111 thousand euros (62), and they included exchange losses of 14 thousand euros (20).

The investments were 620 thousand euros (1,353), and they were mainly product development investments.

The net cash flow from financing was 639 thousand euros (2,726), primarily driven by a directed share issue amounting to 760 thousand euros (2,937), alongside premises rents paid totaling 121 thousand euros (266).

The group's financial situation is fair. At the end

of the review period, the group's cash and cash equivalents were 884 thousand euros (17) and short-term receivables were 1,706 thousand (3,452). 79% (82%) of receivables are denominated in euros and 53% of invoices are not yet due. Of the total amount of short-term receivables, the share of 1-30 days overdue receivables was 35%, 30-60 days 9% and more than 60 days 3%. 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 breach of the group's EBITDA covenant as per the 2023 financial statements.

The company's free cash flow, operating and investment cash flows, and premises rents totaled 108 thousand euros (-3,385). The significant change was due to the improvement of operating cash flow, lower cash flows from investments, and lower paid premises rents.

The equity ratio was 8.1% (7.4%), largely driven by the directed share issue executed in the third quarter, which resulted in the acquisition of 760 thousand

euros in new equity capital. Furthermore, the company's bolstered cash reserves, coupled with the reduction of the head office lease term from 5.5 years to 3.5 years in June, have enhanced the equity ratio. The equity ratio was reduced by the negative operating result of 924 thousand euros for the financial year.

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 full year were 1,427 thousand euros (2,674) and product development expenses were capitalized in the balance sheet of 637 thousand euros (1,336). Product development depreciation was recorded at 782 thousand euros (660). The amortization period for capitalized product development expenses is four years.

PERSONNEL

At the end of the review period, the group employed 49 people (85). The average number of personnel in 2023 was 57 (81).

The average age of the personnel is 46 (44) years. Women account for 22% (26) of employees, and men for 78% (74). Of all personnel, 13% (17) work in sales

and marketing, 44% (44) in consulting and customer care, 33% (30) in product development, and 10% (9) in administration.

Personnel expenses were 5,287 thousand euros (7,214), of which the share of salaries and bonuses was 4,363 thousand euros (5,995).

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.

STRUCTURAL CHANGE IN THE GROUP

There were no changes in the group structure in 2023. In 2022, the company has established a French branch under QPR Software Plc.

STOCK OPTION PLAN

The Board of Directors of QPR Software Plc decided in a meeting held on September 6, 2023, to launch a new key employee stock option plan, based on the authorization granted at the Annual General Meeting.

QPR Software is operating with 2019B, 2022 and 2023 stock option plans intending to use these as part of the Group's incentive and commitment program for the key employees. The purpose of the stock options is to encourage the key employees to work on a long-term basis to increase the shareholder value and retain the key employees at the company. The stock options are issued gratuitously.

Option plan 2019B provides for the issuance of up to 473,000 options and option plan 2022 maximum 489,542 options, and option plan 2023 maximum 1,000,000 calculation. Each option entitles its holder to subscribe for one share.

Out of the 2019 stock option plan, 437,000 options are marked with the symbol 2019B. The subscription period for stock options marked 2019B is January 1, 2023-January 31, 2024. The subscription period for the company's previous option program 2019A was January 1, 2022-January 31, 2023, and no shares were subscribed with the options of that program.

The allocated number of shares, subscribed by exercising 2019B stock options issued corresponds to a maximum total of 0.8 per cent of all shares and votes of the shares in the company after the potential share subscriptions, if new shares are issued in the share subscription. After the share subscriptions with allocated stock options, the number of the company's shares may be increased by a maximum total of 138,000 shares, if new shares are issued in the share subscription.

The share subscription price for stock options 2019B is EUR 2.55 per share, which corresponded to the market price of the company's share with an addition of 50 per cent at the time of issuance. The theoretical market value of stock options 2019 is approximately EUR 83 thousand in total. On December 31, 2023, out of stock option plan 2019B, no subscription has been made.

The stock option plan 2022 is marked with the symbol 2022. The Share subscription period with the Stock Options shall be 15 June 2025 - 31 May 2027. The number of shares for the stock option plan 2022, subscribed by exercising stock options corresponds to a maximum of 1.9% of the Company's shares and votes after possible share subscriptions, if new shares are issued in the share subscription. As a result of the

share subscriptions with stock options, the number of the Company's shares may increase by a maximum of 489,542 shares, if new shares are issued in the share subscription.

The share subscription price for stock options 2022 is EUR 0.85 per share, which corresponds to the market price of the company's share at the time of issuance. The theoretical market value of stock option 2022 is approximately EUR 88 thousand in total.

The stock option plan 2023 is marked with the symbol 2023. The Share subscription period with the Stock Options shall be 6 September 2026 – 6 September 2028. The number of shares for the stock option plan 2023, subscribed by exercising stock options corresponds to a maximum of 5.2% of the Company's shares and votes after possible share subscriptions, if new shares are issued in the share subscription. As a result of the share subscriptions with stock options, the number of the Company's shares may increase by a maximum of 1,000,000 shares, if new shares are issued in the share subscription.

The share subscription price for stock options 2023 is EUR 0.42 per share, which corresponds to the market price of the company's share at the time of issuance. The assumed cost effect of the option program is around 150 thousand euros in total.

The terms and conditions of the stock option plans for 2019, 2022 and 2023 are available on the company's webpage www.qpr.com/investors.

STRATEGY

QPR Software's mission is to innovate, develop and deliver 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.

On December 14, 2023, QPR Software Plc refined its current strategy to reflect market changes and the company's priority areas and announced renewed financial goals for the strategy period.

In accordance with the adjusted strategy, the company profiles itself even more strongly as a software and SaaS player, a consultant for its core business areas, and as one of the leading players in Digital Twin of an Organization (DTO) technology.

The aim of the adjusted strategy is to further increase the value the company produces for its customers and to support the company's growth through concentration. The company's mission is to innovate, develop and deliver software for analyzing, monitoring, and modeling the organizations' operations. The company also offers consulting services to ensure that customers get full value from the software and related methods.

In accordance with the adjusted strategy (2024–2027), the company focuses its business on the international growth of SaaS solutions offered by Digital Twin of an Organization (DTO) and the process mining at its core. The Company's DTO offering also includes software developed for modeling and managing and measuring the organization's strategy and performance.

The Company's revised financial goals for the strategic period 2024–2027 are:

- Average twenty (20) percent annual SaaS growth,
- and
- Sustainable operating profit.

The Company also continues to build new strategic partner networks in accordance with the strategy announced on March 10, 2022, to achieve a scalable Go-to-Market model, expand its own offering and improve

the value it provides to its customers together with technology and implementation partners. The Company concentrates its growth investments in Europe and the Middle East and, through a partner network, on new market areas such as North America.

THE PARENT COMPANY'S FINANCIAL PERFORMANCE AND POSITION

Parent company Net Sales was EUR 6,957,506 and it declined 3,8% from the comparable period (2022: 7,234,554). The decline in Net Sales was due to lower license and consulting revenue partly netted off by higher SaaS revenue.

The Parent company's operative loss was -13% of net sales and it was EUR -934,116 (2022: -33%, -2,375,022). Operating result increased due to cost saving measures and software revenue growth, while revenue from public sector consulting in Finland decreased as well as other income.

In addition to previously explained impacts, the parent company result EUR -1,402,736 (-3,007,840) improved due to lower financing costs compared to comparable year and was deteriorated due to impairment of the shares and capital loan of its subsidiary that previously operated business in Russia. Financing costs were EUR 160,190 (600,190), the value of impaired subsidiary shares EUR 80,608 and value of impaired subsidiary capital loan EUR 225,000.

The parent company transferred on August 23, 2023 EUR 1,279,090 from share capital to invested unrestricted equity fund with the authorization granted by the Annual General Meeting. The share capital at the end of the fiscal year 2023 was €80,000, divided into 18,175,192 shares. The company has one

class of shares. Each share carries one vote and equal rights to dividends. The book value of the shares is €0.11. The shares are registered in the book-entry system maintained by Euroclear Finland Ltd.

The parent company's equity at the end of the fiscal year was EUR 1,112,072 (EUR 1,670,507). The equity was strengthened by the proceeds of a directed share issue, totaling EUR 760,000, and was, in turn, weakened by the loss-making financial year. During the fiscal year, the company reduced the value of the shares of its subsidiary that had previously conducted business in Russia by EUR 83,608 and wrote down the capital loan granted to that company by EUR 225,000.

In January 2023, the parent company converted a short-term bank loan of EUR 1,000,000 into a long-term loan. Partially due to this, along with significant cost savings made by the company, the parent company's short-term debt decreased to EUR 1,653,151, totaling EUR 5,887,781. The short-term liabilities of the parent company included loans from subsidiaries amounting to EUR 2.1 million, while the parent company had borrowed EUR 2.3 million from its subsidiaries. Additionally, the parent company's short-term liabilities include advance payments for the year 2024 totaling EUR 2.1 million.

Return for own equity was negative -126%, but it improved compared to comparison period (2022: -180%). The own equity ratio was 14% (2022: 18%).

SHARE CAPITAL, SHAREHOLDERS, AND SHARES

The company's share capital at the end of the fiscal year 2023 was 80,000 euros, divided into 18,175,192 shares. The company has one series of shares. Each share has one vote and an equal right to dividends. The share's book value is EUR 0.11 euros. The Company's

shares are included in the Finnish book-entry securities system managed by Euroclear Finland Oy.

At the end of the financial year, the company had 1,943 shareholders (1,747). The company's shares were traded for EUR 1,586,000 (2,315) during the financial year, or an average of 6,318 euros per trading day (9,187).

Trading in shares was on total 3,538,455 shares (2,263,135). Turnover in shares corresponds to 19.8% of the outstanding shares (14.1) and the average trading price of the shares was EUR 0.45 (1.02). The highest closing price of the financial year was EUR 0.75 (1.86) and the lowest closing price was EUR 0.32 (0.53).

At the end of the year, the total market value of the company's outstanding shares was EUR 5,957 thousand at the closing price of EUR 0.33/share. Additional information is presented in Note 34.

On 23 August 2023, QPR Software Plc received a notification from AC Invest Oy pursuant to Chapter 9, Section 5 of the Securities Markets Act (AML), according to which its direct share ownership of QPR Software Oyj's total number of shares and votes has decreased under (5) percent.

On 23 August 2023, QPR Software Oyj received a notification from Vesa-Pekka Leskinen pursuant to Chapter 9, Section 5 of the Securities Markets Act (AML), according to which his direct share ownership of QPR Software Oyj's total number of shares and votes has decreased under ten (10) percent.

On 23 August 2023, QPR Software Oyj received a notification from Oy Fincorp Ab pursuant to Chapter 9, Section 5 of the Securities Markets Act (AML), according to which its direct share ownership of QPR Software Oyj's total number of shares and votes has increased to more than twenty (20) percent.

Major shareholders of QPR Software Plc, December 31, 2023

Registered shareholders	No. Shares	% of shares and votes
KEMPE ROGER KENNETH:	4,696,335	26 %
OY FINCORP AB	4,653,535	26 %
KEMPE ROGER KENNETH	42,800	0 %
LESKINEN VESA-PEKKA ILMARI:	1,768,759	10 %
LESKINEN VESA-PEKKA ILMARI	1,135,200	6 %
KAUPPAMAINOS OY	633,559	3 %
UMO CAPITAL OY	971,900	5 %
SIILASMAA RISTO KALEVI	805,333	4 %
OY TALCOM AB	562,000	3 %
LAMY OY	553,249	3 %
JUNKKONEN KARI JUHANI	520,824	3 %
LAAKSO JANNE JUHANI	444,444	2 %
PIEKKOLA ASKO	413,917	2 %
PELKONEN JOUKO ANTERO:	385,400	2 %
POHJOLAN RAHOITUS OY	385,000	2 %
PELKONEN JOUKO ANTERO	400	0 %
QPR SOFTWARE OYJ	339,471	2 %
AC INVEST OY	319,253	2 %
LESKINEN VELI-MIKKO ILMARI	310,040	2 %
TRADEIRA OY	204,842	1 %
KEMPE PIA PAULINA	168,333	1 %
KEIKKO AARON SAMUEL	111,164	1 %
OY CATA-HOLDING AB	100,000	1 %
LEINO RIKU PETTERI	90,358	0 %
NORDCENTERIN NUORISOVALMENNUKSEN EDISTÄMISSÄÄTIÖ S	86,666	0 %
PALOHEIMO ASSET MANAGEMENT OY	79,306	0 %
20 largest shareholders, total	12,931,594	71 %
Other shareholders, total	5,243,598	29 %
TOTAL	18,175,192	100 %

*exclude nominee registered shareholders

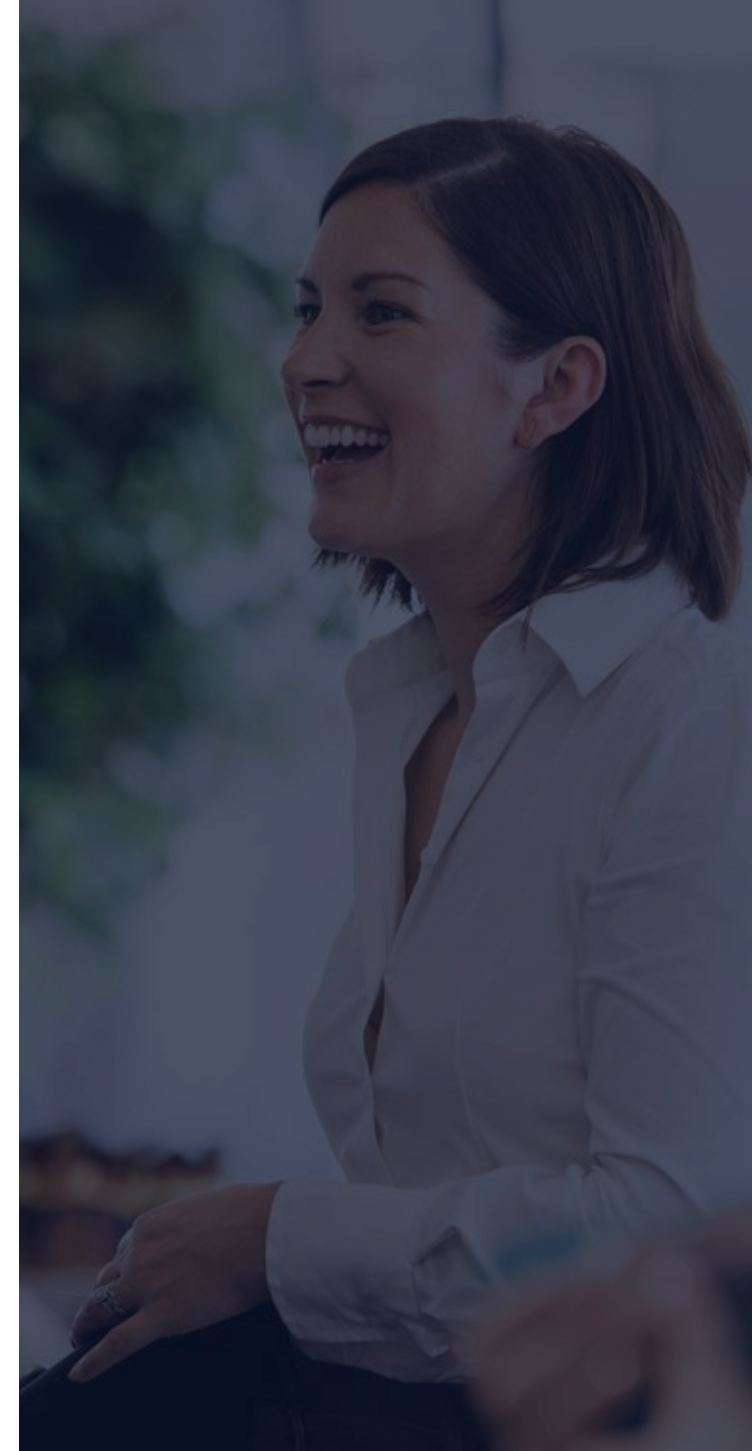


Distribution of shareholding by size, December 31, 2023

Number of Shares	Shareholders		Shares and votes	
	Number	%	Number	%
1 – 500	1,277	65.7	168,005	0.9
501 - 1 000	219	11.3	169,291	0.9
1 001 - 5 000	299	15.4	701,847	3.9
5 001 - 10 000	53	2.7	387,183	2.1
10 001 - 50 000	66	3.4	1,616,560	8.9
50 001 - 100 000	11	0.6	788,840	4.3
100 001 -1 700 000	18	0.9	14,343,466	79
TOTAL	1,943	100	18,175,192	100
of which nominee registered	7		1,879,292	10.3

Distribution of shareholding by sector, December 31, 2023

Sector	Shareholders:		Shares and votes:	
	Number	%	Number	%
Private companies	52	2.7	3,943,626	21.7
Financial and insurance institutions	7	0.4	7,085,685	39.0
Households	1,873	96.4	6,914,023	38.0
Non-profit organizations	2	0.1	86,667	0.5
European union	5	0.3	136,191	0.7
Other countries	4	0.2	7,000	0.04
TOTAL	1,943	100	18,173,192	100
of which nominee registered	7		1,879,202	10.3



QPR Software shareholding by insiders and closely related persons, December 31, 2023

Name and position	Number of shares	By controlled entities	By closely related persons *)	Options		
				2019 B	2022	2023
Pertti Ervi, Chairman of the board	73,112					
Matti Heikkonen, Board member	24,487	40,922				
Antti Koskela, Board member	42,945					
Jukka Tapaninen, Board member	32,976					
Petri Kettunen, Principal auditor						
Heikki Veijola, CEO				135,000	97,908	200,000
Insiders by definition:						
Tero Aspinen, VP, Management team			0	33,000	36,716	80,000
Matti Erkheikki, Director/Management team			2,000	65,000	48,954	100,000
Mervi Kerkelä-Hiltunen, Director/Management team	5,121		0	0	36,716	150,000
Pekka Keskiivari, Director/Management team	2,565		0	45,000	36,716	80,000
Teemu Lehto, Director/Management team	34,000		0	10,000	7,434	80,000
Sanna Salo, Director/Management team	5,121		7,350	0	36,716	80,000
* Shares held by spouses and persons under guardianship						
Insider ownership, TOTAL	220,327	40,922	9,350	288,000	301,160	770,000

OWN SHARES

QPR Software Plc's 1,719,871 new shares issued in the direct share issue on August 22, 2023 have been registered in the trade register kept by the Finnish Patent and Registration Board on August 23, 2023.

After the registration of the new shares, the total number of the company's shares is 18,175,192, of which the company had 339,471 own shares with a total nominal value of EUR 37,342 euros and a total purchase price of EUR 347,552 euros.

The shares held by the company (treasury shares) represent 1.9% of the company's share capital and votes.

GOVERNANCE

QPR Software Plc's (QPR) management practices reflect sound corporate governance

and high ethical principles. They comply with the regulatory rules related to the management of public companies, such as the Finnish Companies Act, the Market Abuse Regulation, and the Securities Markets Act. Also, QPR's Articles of Association, as well as the Finnish Corporate Governance Code (effective as of January 1, 2020) and the Guidelines for Insiders.

A separate report has been issued on QPR Software's corporate governance system for 2023, which was published along with the annual report on 22 March 2024.

The company's management principles and an explanation of the corporate governance system

can be read in the investor section of the company's website.

The investor pages also contain a report on insider governance, information on the largest owners, the articles of association, the board's rules of procedure, a report on internal control and audit, introductions of the board of directors and the management team, a summary of the company's disclosure policy, and the company's press releases published during the financial year.

ANNUAL GENERAL MEETING

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

Board of Directors and Auditor

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 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.

The terms of all authorizations given to the board of QPR Software Plc by the Annual General Meeting can be read in full in the stock exchange release published by the company on May 3, 2023. The release can be read in the investor section of the company's website.

MANAGEMENT AND AUDITORS

The other members of the management team were:

- Director responsible for QPR's products and the vision and strategy of the product portfolio Matti Erkheikki

- The company's director responsible for sales and customers Eric Allart (until June 27, 2023)
- Director responsible for technology Pekka Keskiivari
- Tero Aspinen, director responsible for Middle East business
- The director responsible for the consulting business was Samuel Rinnetmäki until February 28, 2023, and Teemu Lehto from March 1, 2023.
- Director responsible for marketing, communication, and brand Sanna Salo
- The company's CFO Mervi Kerkelä-Hiltunen
- Johanna Lähde served as the company's HR director until 1 September 2023

During the accounting period, the auditing firm KPMG Oy Ab acted as the actual auditor of QPR Software Plc, and the principal auditor was Petri Kettunen, KHT.

SHARES HELD BY THE BOARD AND CEO

QPR Software Plc's board members and CEO and their close associates owned 485,041 QPR Software Plc shares on 31 December 2023, which corresponds to 2.7% of the company's shares and voting power. (31/12/2022: 1.9).

The number of shares includes own, spouse's, guardians' and controlling entities' holdings.

INTERNAL CONTROL

The Group's internal control and risk management aim to ensure that the Group 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 continuity of its business.

The Board of Directors' duty is to monitor the appropriateness, effectiveness and efficiency of risk management and internal control within the Group.

The Board assesses the risks based on the threat they pose to shareholders. The Board

also oversees that the Company has defined operating principles for internal control and

that the Company monitors the effectiveness of controls.

RISK MANAGEMENT

The Group's CFO is responsible for coordinating and reporting on the Group's internal controls and risk management. The Group's risk management is driven by the requirements arising from legislation, shareholder expectations regarding business objectives, as well as the expectations from customers, personnel, and other important stakeholders.

QPR's risk management aims to systematically and comprehensively identify the risks related to its operations and to ensure that risks are managed and considered in decision making. Risk management responsibilities are integrated throughout the

organization. Risk management is developed by continuously improving the Company's operational processes. The principle of materiality is used as the basis for identifying risks: the realization of monitored risks must have a material effect on the Company's business operations.

QPR Software has identified the following three groups of risks related to its operations: risks related to business operations, risks related to information and products, and risks related to financing. Property, operational, and liability risks are covered by way of insurance.

QPR Software Plc's Management System was awarded the ISO 9001:2015 quality certificate covering all of the Company's activities, which are audited annually by an external evaluator.

RISKS RELATED TO BUSINESS OPERATIONS

The following risks are related to QPR Software's business operations:

Country risk

Risk is measured by assessing the potential loss of country-specific revenue. Risk is managed by continuously gathering market information and diversifying business across geographical markets and industries as well as considering movements in geopolitical environment.

Customer risk

Risk is measured in terms of software maintenance customer churn and the share of overdue accounts

receivable in total receivables (%). Risk is managed by taking good care of every customer and reseller, as well as by actively following up on accounts receivable.

Personnel risk

Risk is measured in terms of personnel churn. Risk is managed through skilled recruitment, professional management practices, and by providing job rotation and learning and growth opportunities.

Legal and other risks

Risk is measured by comparing the cumulative euro-value of all open legal disputes with annual net sales (%). Risk is managed with good knowledge of contract law and standard terms, and by conducting business activities that are both ethical and in line with Company values.

QPR's country and customer risks are mitigated by conducting business in more than 50 countries, in both public and private sectors, as well as in several different industries.

Reasonable credit risk concerning individual business partners is characteristic to any international business. QPR seeks to limit this risk by continuously monitoring standard payment terms, receivables, and credit limits. The value of trade receivables over 60 days past due was 3% (3) of total trade receivables at the end of the period.

RISKS RELATED TO INFORMATION AND PRODUCTS

QPR Software has identified the following three risks related to information and products:

Risk related to products

Risk is managed by ensuring that the Company's offering remains competitive by differentiating from competitors through the strengths of its content and products. The Company seeks to ensure the security of its products by using automatic malware prevention.

Intellectual Property Rights

The Company's Intellectual Property Rights (IPR) are protected by the confidentiality of the source code, its secure storage, and selected patent applications.

In the process mining business, the Company has adopted a more active IPR strategy. As a result, QPR filed patent applications for five separate inventions in Finland and the USA in 2012. The inventions relate to automated business process discovery based on processing event data. In April 2015, QPR announced that the U.S. Patent and Trademark Office has granted a patent as a result of the applications. In May 2016, QPR informed that the U.S. Patent and Trademark Office granted an additional patent to its process mining technology.

In addition, the Company uses contract management and internal training to ensure that third-party IPRs are not used in QPR products without permission. The Company has legal expense insurance.

Information and security risks

QPR Software regularly monitors and mitigates information security risks in its operations and reports to the Board of Directors. The Company uses governance practices and technology to improve the security of their systems. To mitigate information security risks, the Company has adopted data and vendor governance models, conducted annual audits

of our partners, and organized relevant in-house training to improve security awareness. QPR has had no significant information security events or problems related to product management, and no significant changes in the risks of these have been observed during 2023. In June 2023, there was extensive sewage water damage at the company's headquarters in Helsinki, which did not, however, cause any information security risks.

In September 2023, Bureau Veritas performed the re-certification of QPR Software's information security management system according to the latest ISO 27001:2022 standard.

The international ISO 27001 standard contains requirements for establishing, implementing, maintaining, and continually improving an information security management system. The information security management system preserves the confidentiality, integrity, and availability of information by applying a risk management process and gives confidence to interested parties that risks are adequately managed. QPR Software's ISO 27001 certificate was issued after the completion of a formal audit performed by Bureau Veritas, an independent and

RISKS RELATED TO FINANCING

QPR Software has identified the following two financing risks:

Currencies

Foreign currency risk is measured by calculating the share of all non-euro receivables in total receivables, or the share of an individual non-euro currency in total receivables (%). The risk is managed by using the euro as the primary invoicing currency and by currency hedging in accordance with the Company's hedging

policy. The company constantly monitors how the open positions of the biggest invoicing currencies develop. At the end of the financial year, the Company had not hedged its foreign currency (non-euro) trade receivables. Approximately 79% of the Group's trade receivables were in euros at the end of the financial year (82).

Liquidity risk

Liquidity risk means insufficient financing or higher than usual financing costs due to a lack of liquid assets when business conditions suddenly deteriorate, and financing is needed. The goal of liquidity risk management is to maintain sufficient liquidity and to ensure that funds are constantly available to finance the business quickly enough. QPR maintains sufficient liquidity through efficient cash management, deposits, and by reacting to rapidly changing situations. The business cash flow forecast is used as a measure. The risk is managed by active monitoring of the forecast and efficient collection.

Risks related to the company's financial position are mitigated by the relatively high share of continuous income in turnover. In addition to this, the company invoices most of the continuous income receivables with pre-invoicing. The company's financial position on December 31, 2023, was moderate due to the previous loss-making performance, the impact of which the company will reduce with the cost savings brought about by the concluded change negotiations during 2024.

In addition, on January 24, 2023, the company converted a short-term financing limit of 1.5 million euros into a long-term one, the conditions of which are covenants tied to 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 breach of the group's EBITDA covenant as per the 2023 financial statements. The financing limit will be repaid in installments of 500 thousand euros on 31 January 2024, 31 January 2025, and 31 January 2026.

To manage the liquidity risk, the company also has an agreement for a credit limit of 500 thousand euros, which was not in use on December 31, 2023.

Financial risk management is described in more detail for the financial year 2023 in note 30 to the financial statements.

LEGAL DISPUTES

In 2022 and 2023, the Company did not have any legal disputes.

OUTLOOK FOR 2024

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.

THE BOARD OF DIRECTORS' PROPOSAL ON DIVIDEND

At the end of the 2023 fiscal year, the parent company's distributable funds were EUR 1,340,682. The Board of Directors proposes to the Annual General Meeting that no dividend be distributed for the financial year 2023.

There have been no significant changes in the company's financial position since the end of the financial year.

EVENTS AFTER THE REPORTING PERIOD

Change negotiations related to the adjustment of QPR Software Plc's strategy

On December 14, 2023, QPR Software Plc announced its adjusted strategy and the change in its organizational structure planned to support it and submitted a negotiation proposal in accordance with the related Cooperation Act to start the change negotiations. The change negotiations were completed on Thursday, January 4, 2024.

In the change negotiations, the Company planned to change its organizational structure to support its adjusted strategy. The goal of the planned changes is to support the more efficient organization of QPR Software's operations, to try to respond to changes in the operating environment, and to renew the organizational structure in order to achieve the

Company's long-term growth and profitability goals.

Change negotiations were held separately in both QPR Software Plc and QPR Services Oy. As a result of the negotiations, the Company will terminate a maximum of four positions at QPR Software Plc and a maximum of six positions at QPR Services Oy.

QPR Software Plc signed the first partner agreement in North America and received an affirmative decision on Business Finland's support for market mapping

QPR Software's unique process mining software, QPR ProcessAnalyzer, is globally the only software running natively in the Snowflake Data Cloud. This means solving performance, scalability, and security issues for customers. The majority of Snowflake's customers are in the US market. In accordance with its strategy, QPR aims to expand to the North American market, utilizing the partner network that is being built there.

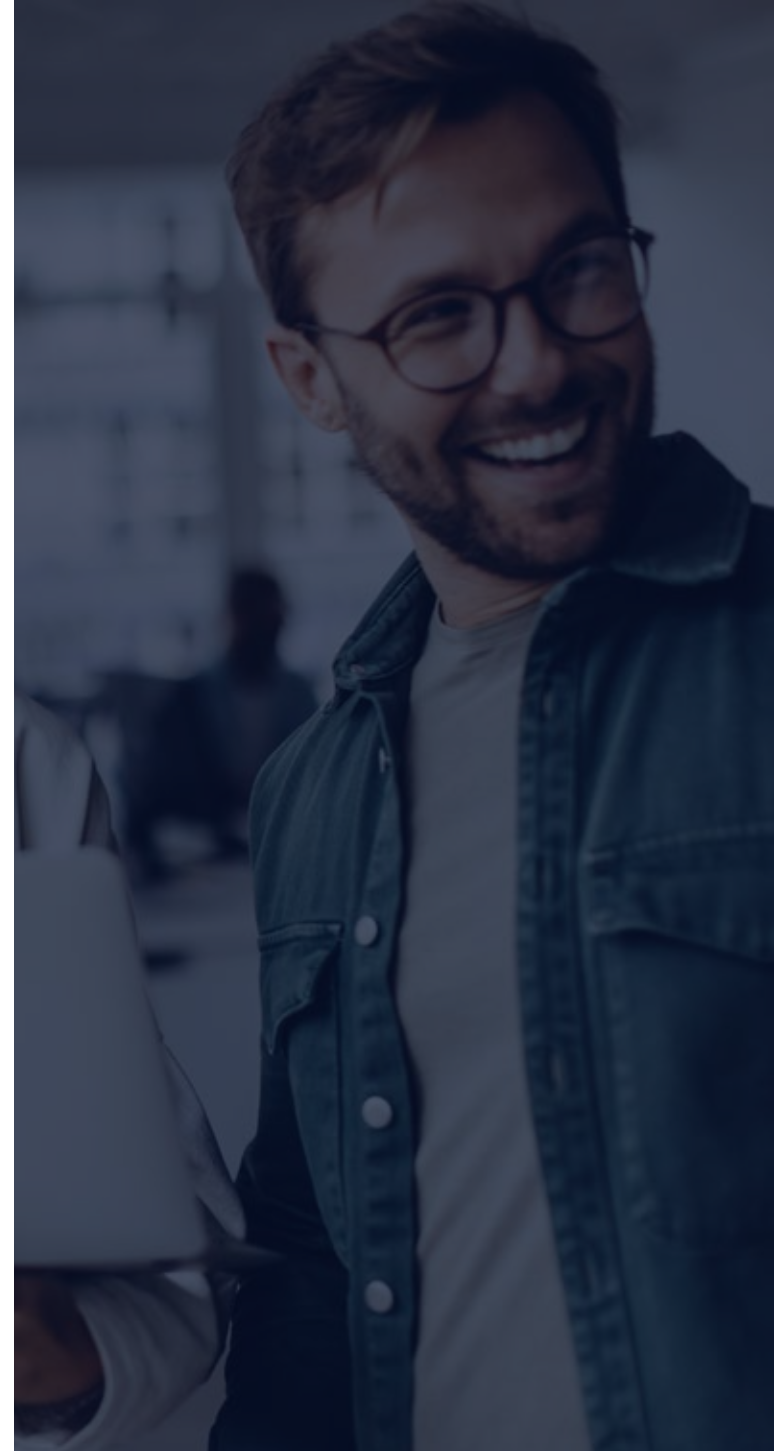
An important step in this endeavor is the signing of a significant partnership agreement with Solution BI on January 16, 2024. The agreement includes resale rights for QPR ProcessAnalyzer in the United States, Canada and Mexico. QPR Software also cooperates with Solution BI in the Middle East region.

In addition, on January 30, 2024, Business Finland approved QPR Software Oyj's Market Explorer funding, which is used to investigate business opportunities and map markets in North America. Granted support covers 50% of incurred costs, upper limit 39,995 euros. This financial support is intended to facilitate the mapping of the company's new markets and to promote the conditions for the internationalization of the business.

Key figures of the group 2021-2023

Group, IFRS

(EUR 1 000)	2023	2022	2021
Net sales	7,550	7,823	9,140
Growth of net sales, %	-3.5	-14.4	1.9
Operating result	-813	-2,770	-1,248
% of net sales	-10.8	-35.4	-13.7
Result or loss before tax	-924	-2,864	-1,356
% of net sales	-12.2	-36.6	-14.8
Result for the period	-924	-2,868	-1,356
% of net sales	-12.2	-36.7	-14.8
Return on equity, %	-221.5	-625.7	-111.4
Return of investments, %	-42.0	-120.3	-49.3
Cash and cash equivalents	884	17	441
Net liabilities	934	2,262	1,241
Equity	348	487	430
Gearing, %	268.3	464.9	288.5
Equity ratio, %	8.1	7.4	8.3
Total balance sheet	5,869	7,442	5,800
Investment in intangible and tangible assets	637	2,324	924
% of net sales	8.4	29.7	10.1
Research and development expenses	1,427	2,674	2,115
% of net sales	18.9	34.2	23.1
Personnel average for period	57	81	80
Personnel at the beginning of period	85	80	88
Personnel at the end of period	49	85	80



Per-share key figures 2021-2023

Group, IFRS

(EUR 1,000)	2023	2022	2021
Diluted/Undiluted Earnings per share, EUR	-0.055	-0.202	-0.113
Equity per share, EUR	0.020	0.030	0.035
Dividend per share *, EUR	0.000	0.000	0.000
Dividend as % of result	0.0	0.0	0.0
Effective dividend yield, %	0.0	0.0	0.0
Price/earnings ratio (P/E)	-6.0	-2.8	-16.4
Development of share price	0.0	0.0	0.0
Average price, EUR	0.45	1.02	1.97
Lowest closing price, EUR	0.32	0.50	1.48
Highest closing price, EUR	0.75	1.89	2.38
Closing price on Dec 31, EUR	0.33	0.56	1.85
Market capitalization on Dec 31, EUR 1,000	5 957 5,957	8 983 8,983	22 178 22,178
Development of trading volume			
Number of shares traded, 1,000 pcs	3,538	2,263	3,324
% of all shares	19.8	14.1	27.7
Number of shares on Dec 31, 1,000 pcs	18,175	16,455	12,445
Average number of shares outstanding	17,836	16,042	11,988

*) Year 2023: The Board of Director's proposal to the Annual General Meeting.





Financial Statements

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT, IFRS

(EUR 1 000)	Note	2023	2022
Net sales	3	7,550	7,823
Other operating income	4	1	4
Materials and services	6	896	1,552
Employee benefit expenses	7	5,287	7,214
Depreciation and amortization	9	995	1,017
Other operating expenses	10	1,186	814
Total expenses		8,363	10,597
Operating Result		-813	-2,770
Financial income	11	1	4
Financial expenses	11	-112	-66
Financial items, net		-111	-62
Provisions	25	0	-33
Result before tax		-924	-2,864
Income taxes	12	0	-3
Result for the financial year		-924	-2,868
Other items in comprehensive income that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations	-1	2	2
Other items in comprehensive income, net of tax		-1	2
Total comprehensive income for the financial year		-925	-2,866
Earnings per share, EUR			
Undiluted, EUR	13	-0,055	-0,202
Diluted, EUR	13	-0,055	-0,202

CONSOLIDATED BALANCE SHEET, IFRS (1/2)

(EUR 1 000)	Note	2023	2022
ASSETS			
Non-current assets			
Capitalized product development expenses	14	2,217	2,380
Other intangible assets	14	28	31
Goodwill	15	358	358
Tangible assets	16	81	171
Other investments	17	5	5
Right-of-use assets	16	318	756
Deferred tax assets	19	273	273
Total non-current assets		3,279	3,973
Current assets			
Trade and other receivables	20	1,706	3,452
Cash and cash equivalents	21	884	17
Total current assets		2,590	3,469
Total assets		5,869	7,442

CONSOLIDATED BALANCE SHEET, IFRS (2/2)

(EUR 1,000)	Note	2023	2022
EQUITY AND LIABILITIES			
Equity			
Share capital	23	80	1,359
Other funds		21	21
Treasury shares		-348	-406
Translation difference		-67	-66
Invested non-restricted equity fund	23	4,925	2,943
Retained earnings		-4,263	-3,364
Equity attributable to shareholders of the parent company	348	487	487
Non-current liabilities			
Interest-bearing lease liabilities		192	609
Interest-bearing liabilities		1,000	0
Deferred tax liabilities	19	0	0
Total non-current liabilities		1,192	609
Current liabilities			
Interest-bearing lease liabilities		126	149
Provisions	25	0	33
Trade and other payables	25	3,703	4,644
Interest-bearing liabilities	24	500	1,521
Total current liabilities		4,329	6,346
Total liabilities		5,521	6,955
Total equity and liabilities		5,869	7,442

CONSOLIDATED CASH FLOW STATEMENT, IFRS

(EUR 1 000)	Note	2023	2022
Cash flow from operating activities			
Result for the period		-924	-2,868
Adjustments for the result			
Depreciation		995	1,017
Other adjustments	27	83	-143
Changes in working capital:			
Increase (-)/decrease (+) in short-term non-interest bearing	1,872	-680	-680
Increase (+)/decrease (-) in short-term non-interest bearing	-1,051	988	988
Interest expense and other financial expenses paid		-107	-58
Interest income and other financial income received		0	0
Taxes paid		-19	-21
Net cash flow from operating activities		849	-1,765
Cash flow from investing activities			
Acquisition of tangible assets		0	-111
Capitalized development expenses		-619	-1209
Acquisition of other intangible assets		-2	-35
Net cash flow from investing activities		-620	-1,355
Cash flow from financing activities			
Proceeds from borrowings	24	1,500	1,521
Repayments of borrowings	24	-1,500	-1,500
Payment of lease liabilities		-121	-266
Share issue, net	23	760	2,937
Net cash used in financing activities		639	2,693
Change in cash and cash equivalents		868	-427
Cash and cash equivalents at the beginning of year		17	441
Effect of exchange rate differences		0	3
Cash and cash equivalents at the end of year	21	884	17

*2022: Includes non-interest bearing liabilities related to Investments EUR 127 thousand

PARENT COMPANY INCOME STATEMENT, FAS

(EUR)	Note	2023	2022
Net sales	3	6,957,506	7,234,554
Other operating income	4	388,696	693,716
Material and services	6	2,301,230	2,511,492
Personnel expenses	7	3,992,126	5,306,728
Depreciation and amortization	9	158,066	185,842
Other operating expenses	10	1,828,896	2,299,231
Total expenses		8,280,317	10,303,292
Operating result		-934,116	-2,375,022
Financial income and expenses	11	-468,620	-600,190
Result before appropriations and taxes		-1,402,736	-2,975,212
Appropriations	25	0	-32,628
Result before taxes		-1,402,736	-3,007,840
Income taxes	12	0	0
Result for the financial year		-1,402,736	-3,007,840

PARENT COMPANY BALANCE SHEET, FAS

(EUR)	Note	2023	2022
ASSETS			
Non-current assets			
Intangible assets	14	84,107	150,426
Tangible assets	16	80,775	170,866
Investments in group companies	17	3,497,653	3,581,261
Other investments	17	4,562	4,562
Total non-current assets		3,667,098	3,907,115
Current assets			
Non-current receivables	18,19	0	225,000
Current receivables	20	3,472,941	5,111,014
Cash and cash equivalents	21	859,814	938
Total current assets		4,332,755	5,336,952
Total assets		7,999,852	9,244,067
EQUITY AND LIABILITIES			
Equity			
Share capital	23	80,000	1,359,090
Invested unrestricted equity fund	23	5,529,731	3,454,341
Retained earnings		-2,747,372	270,643
Treasury shares		-347,552	-405,726
Provisions		-	32,628
Total equity		1,112,072	1,670,507
Appropriations			
Result for the financial year		-1,402,736	-3,007,840
Total appropriations	0	32,628	
Liabilities			
Current liabilities	24,25	5,887,781	7,540,932
Total liabilities		6,887,781	7,540,932
Total equity and liabilities		7,999,852	9,244,067

PARENT COMPANY CASH FLOW STATEMENT, FAS

(EUR)	2023	2022
Cash flow from operations		
Operating result	-1,402,736	-2,375,022
Adjustment for the period:		
Depreciation and amortization	158,066	185,842
Non-cash transactions	356,610	35,199
Financial items, net	-69,746	-42,031
Cash flows before change in working capital	-957,806	-2,196,012
Change in working capital		
Increase (-) / decrease (+) in current receivables	1,807,431	-875,913
Increase (-) / decrease (+) in current liabilities*	-952,531	1,061,813
Change in net working capital	854,900	185,900
Net cash from operating activities	-102,905	-2,010,112
Cash flows from investing activities		
Investments in intangible assets	-1,657	-34,534
Purchases of tangible assets	0	-111,043
Investments in subsidiary loans granted	203,694	-1,185,942
Net cash used in investing activities	202,037	-1,331,519
Cash flows from financing activities		
Proceeds from current loans and borrowings	1,500,000	1,520,756
Repayments of short-term borrowings	-1,500,000	-1,500,000
Proceeds from share issuance	759,744	2,937,392
Cash flows from financing activities	759,744	2,958,148
Change in cash and cash equivalents	858,876	-383,483
Cash and cash equivalents at the beginning of the year	938	384,421
Cash and cash equivalents at the end of the year	859,814	938

STATEMENTS OF CHANGES IN EQUITY

Consolidated statement of changes in equity, IFRS

(EUR 1,000)	Share capital	Other funds	Translation differences	Treasury shares	Invested unrestricted equity fund	Retained earnings	Equity attributable to shareholders of the parent company
Equity Dec 31, 2021	1,359	21	-68	-439	5	-448	430
Disposal of own shares	0	0	0	34	0	0	34
Stock option scheme	0	0	0	0	0	-47	-47
Share issue, net	0	0	0	0	2,937	0	2,937
Comprehensive income	0	0	2	0	0	-2,868	-2,866
Equity Dec 31, 2022	1,359	21	-66	-406	2,943	-3,364	487
Disposal of own shares	0	0	0	58	0	-10	48
Reduction of share capital	-1,279	0	0	0	1,279	0	0
Stock option scheme	0	0	0	0	0	36	36
Share issue, net	0	0	0	0	703	0	703
Comprehensive income	0	0	-1	0	0	-924	-925
Equity Dec 31, 2023	80	21	-67	-348	4,925	-4,263	348

Parent company statement of changes in shareholders' equity, FAS

(EUR)	Restricted equity		Non-Restricted Equity				
	Number of shares	Share capital	Treasury shares	Invested unrestricted equity fund	Retained earnings	Total unrestricted equity	Total equity
Equity Jan 1, 2022	12,444,863	1,359,090	-439,307	5,347	256,223	-177,736	1,181,354
Right issue	0	0	0	3,448,994	0	3,448,994	3,448,994
Treasury share price difference	0	0	0	0	14,418	14,418	14,418
Disposal of own shares	0	0	33,581	0	0	33,581	33,581
Result for the year	0	0	0	0	-3,007,840	-3,007,840	-3,007,840
Equity Dec 31, 2022	16,455,321	1,359,090	-405,726	3,454,341	-2,737,199	311,417	1,670,507
Right issue	0	0	0	796,300	0	796,300	796,300
Reduction of share capital	0	-1,279,090	0	1,279,090	0	1,279,090	0
Treasury share price difference	0	0	0	0	-10,175	-10,175	-10,175
Disposal of own shares	0	0	58,175	0	0	58,175	58,175
Result for the year	0	0	0	0	-1,402,736	-1,402,736	-1,402,736
Equity Dec 31, 2023	18,175,192	80,000	-347,551	5,529,731	-4,150,108	1,032,072	1,112,072



Notes to Financial Statements

COMPANY INFORMATION

QPR offers services and software tools for developing business processes and enterprise architecture. The Group's parent company, QPR Software Plc (company ID 0832693-7), is a public limited liability company incorporated in Finland. The parent company is domiciled in Helsinki and its registered office is located at Huopalahdentie 24, 00350 Helsinki, Finland. The shares of the parent company, QPR Software Plc, have been listed on the Helsinki Stock Exchange since 2002.

A copy of the Consolidated Financial Statements is available on the Internet at www.qpr.com or at QPR Software Plc, Huopalahdentie 24, Helsinki, Finland.

QPR Software Plc's Board of Directors have approved the financial statements for publication on February 16, 2024. Shareholders have the right to approve or reject financial statements in the Annual General Meeting or decide to revise them.

1. ACCOUNTING PRINCIPLES FOR CONSOLIDATED FINANCIAL STATEMENT

Basis of preparation

QPR Software Plc's Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and take into account the IAS and IFRS standards, as well as SIC and IFRIC interpretations, in force on December 31, 2023. In the Finnish accounting legislation, International Financial Reporting Standards refer to standards and interpretations accepted to be followed in the European Union in accordance with Regulation (EC) No 1606/2002.

The financial statements have been prepared using the historical cost convention, unless otherwise disclosed in the accounting principles below. The Consolidated Financial Statements are presented in Euro, which is the functional currency of the parent company. Financial statements are presented in thousands of Euros. All presented figures are rounded, which means that the sum of individual amounts may differ from the total presented. Key figures have been calculated using exact amounts.

New and amended standards and interpretations adopted in 2023

From the beginning of 2023, the Group has applied the following new and revised standards and interpretations.

Disclosure of Accounting Policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements * (effective for financial years beginning on or after January 1, 2023, early adoption is permitted)

The amendments clarify the application of materiality in deciding which accounting policies to disclose.

Classification of Liabilities as Current or Non-current – Amendments to IAS 1 Presentation of Financial Statements * (effective for financial years beginning on or after January 1, 2023, early adoption is permitted)

Amendments aim to harmonize the way IAS 1 is applied in practice and to clarify the classification of liabilities as current or non-current.

Definition of Accounting Estimates – Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors * (effective for financial years beginning on or after January 1, 2023, early adoption is permitted)

Amendments clarify how entities should distinguish changes between accounting principles and accounting estimates and focus on developing and clarifying accounting estimates.

Consolidation principles

The Consolidated Financial Statements include the parent company, QPR Software Plc, and the subsidiaries it controls. The parent company's control is based on the ownership of the entire share capital or a majority of shares in the case of subsidiaries, as well as 100% voting rights. The Company did not own shares in joint ventures or associated companies in 2023 and 2022.

Subsidiaries acquired during the financial period are consolidated from the date on which control is obtained, and divestments are included until the date on which control ceases. Intragroup shareholdings are eliminated using the acquisition cost method. Intercompany business transactions, receivables, liabilities, unrealized profits, as well as intragroup profit distribution, are eliminated in the Consolidated Financial Statements. The profit for the financial year applicable to non-controlling interests is presented separately in the consolidated comprehensive income statement, and the share of the non-controlling interest in shareholders' equity is presented separately in the consolidated balance sheet. The Group's subsidiaries did not have any non-controlling interests in 2023 and 2022.

Continuity of operations

The Consolidated Financial Statements have been prepared in accordance with the principle of continuity. The company concluded a long-term refinancing agreement at the beginning of 2023. Additional information in the note 30.

Foreign currency translation

The functional currency of foreign subsidiaries is the local bookkeeping currency.

Transactions denominated in foreign currency have been translated into the group reporting currency using the exchange rate valid on the transaction date. Monetary items have been converted into the group reporting currency using the exchange rate on the closing date, and non-monetary items using the exchange rate on the transaction date. The exchange gains and losses from business operations are included in operating profit, and the exchange gains and losses from financial assets or liabilities are included in financial income and expenses.

The income statements of foreign subsidiaries are translated into Euro using the average exchange rates for the year, and the balance sheets are translated using the exchange rates on the balance sheet date. Translation differences arising from the elimination of foreign subsidiaries and the translation of equity items accumulated after the acquisition are entered in other comprehensive income. Foreign currency gains and losses from monetary items that are part of the net investment in a foreign unit are recognized in other comprehensive income.

Revenue recognition

Net sales include the normal sales income from the Group's business operations, deducted by sales-related taxes and granted discounts. When calculating net sales, they are adjusted to account for exchange rate differences.

Revenue is recognized when (or as) the control of goods or services are transferred to a customer either over time or at a point in time.

The consolidated net sales consist of software license

sales, software maintenance services, cloud (SaaS) services and consulting. In relation to its resellers, the Company acts as a principal and records in its net sales the revenue from the software sales of the resellers to the end customers, and records in its costs the reseller commission.

Software license revenue is recognized at a point in time, when (or as) a company transfers control of license or user rights to a customer.

Limited term license performance obligations are license and maintenance, and revenue is recognized as the performance obligation is fulfilled, either at a point in time or over time, during the agreement period.

Long-term software license contracts agreed for indefinite duration have the performance obligation for licenses and maintenance. The license part of the revenue is recognized at a point in time, in the beginning of each invoicing period, however not earlier than delivery is performed. The maintenance part as well as cloud services in total are recognized over time, evenly during the contract period.

Software maintenance services covering software updates and customer support are recognized over time, evenly during the agreement period.

Cloud services (SaaS) in totality are recognized over time, as the performance obligation is the service rendered over time.

Revenues from consulting services are recognized as services are rendered, when (or as) control of the services has been transferred to the customer.

The Group uses payment terms typical for each market, including domestic terms, which are typically shorter than international terms.

Advance payments

Licenses and maintenance fees for long-term, indefinite-term software licenses (Renewable Licenses), software maintenance revenues, as well as revenues from cloud services (SaaS services) are generally invoiced before the commencement of the performance obligation. The portion of the performance obligation is recorded in the balance sheet as deferred income liabilities, and, correspondingly, either as accounts receivable or, upon the fulfillment of the performance, into the bank account.

Other operating income

Other operating income includes income that is not related to the parent company's core business. Public subsidies are recorded in other operating income, except when they are related to investments, in which case they are deducted from the acquisition cost of the asset.

Research and development expenditure

Research costs are expensed as incurred. Expenses related to the introduction of new technology, or the development of a new product are capitalized and amortized over the useful life of 4 years. When determining the duration of useful economic life, the technology's eventual obsolescence and the product's typical life cycle are considered. Amortization begins when the product becomes commercially viable. Maintenance costs and minor improvements to existing products are expensed. Grants received for product development are recognized in the income statement for the periods in which the corresponding expenses are incurred.

Pension plans

The Group's pension scheme is a defined contribution

plan managed by a pension insurance company. The expenses are recognized in the comprehensive income statement in the financial period that the contribution relates to. The Group does not have a legal or constructive liability to pay additional contributions in case of non-performance by the pension insurance company.

Share-based payments

The Group has adopted an option plan for key persons as of beginning of the year 2019 and expanded it with a new plans in 2022 and 2023. In the Group incentive plan payments are made in the form of equity instruments. The benefits granted under the plans are recognized at fair value on the date on which they were granted and entered as costs evenly throughout the period during which they were earned. The effect of the plans on profit or loss is presented under the costs of employee benefits.

The cost determined on the date on which the options were granted is based on the Group estimate of the number of options for which rights are presumed to arise at the end of the incentive earning period. The Group updates the presumption of the final number of options on the final day of every reporting period. Changes in estimates are treated through profit or loss. The fair value of the option plan is defined based on the Black-Scholes pricing model. Terms that are not market based, such as profitability and specific growth targets, are not taken into consideration when determining the fair value of options. Instead, they affect the estimate of the final number of options. When option rights are exercised, the assets obtained from share subscriptions are entered into the invested unrestricted equity fund in accordance with the terms of the plan.

Operating profit

IAS 1 "Presentation of Financial Statements" does not define the concept of operating profit. The Group uses the following definition of operating profit: operating profit is the sum of net sales and other operating income, less the cost of materials and services, expenses for employee benefits, other operating expenses, as well as depreciation, amortization and impairment losses of tangible and intangible assets. Exchange rate differences arising from working capital items are included in operating profit, whereas exchange rate differences arising from financial assets and liabilities are included in financial income and expenses.

Impairment

At each annual closing, the Group reviews asset items for any indication of impairment losses. If there are such indications, the amount recoverable from the said asset item is assessed. The recoverable amount of tangible and intangible assets is the higher of the asset item's fair value less the cost arising from disposal and its value in use. The recoverable amount of financial assets is either the fair value or the present value of expected future cash flows discounted at the original effective interest rate. An impairment loss is recognized in the comprehensive income statement when the carrying amount is greater than the recoverable amount.

Goodwill is not amortized but its recoverable amount is estimated annually or more frequently if circumstances indicate that the value may be impaired. Such an estimate is prepared at least at each annual closing. For such purposes, goodwill is allocated to cash-generating units. An impairment loss is recognized in the consolidated comprehensive income

statement, if the impairment test shows that the carrying amount of goodwill exceeds its recoverable amount. In this case the goodwill is recorded at its recoverable amount. After the initial recognition, goodwill is valued at original acquisition cost, less impairment losses recognized. Impairment losses on goodwill cannot be reversed.

Income taxes

The tax expense in the comprehensive income statement consists of tax based on taxable income for the financial year and deferred tax. Tax based on taxable income for the financial year is calculated on the basis of taxable income and the tax rate valid in each country. Income taxes are charged to income, except when they are related to items recorded in equity or other items in comprehensive income, in which case the tax expense is adjusted to such items.

Deferred taxes are calculated based on temporary differences between the book value and tax value of an asset or liability item. Deferred taxes are calculated at tax rates enacted by the balance sheet date.

A deferred tax asset is recognized in the amount that it is probable, in accordance with IAS 12, that future taxable income will be generated against which the temporary difference can be utilized. Deferred tax liabilities are recognized in the balance sheet in full.

Intangible assets

Goodwill arising from business acquisitions represents the excess of the cost of an acquisition, amount of non-controlling interests, and previously owned equity interests, over the fair value of the net assets of the acquired company. Goodwill is valued at the original acquisition cost minus impairment losses.

Other intangible assets include, for example, patents and IT systems. They are amortized on a straight-line basis over their useful life, which is 2 – 5 years.

Tangible assets

The balance sheet values of tangible assets are based on original acquisition cost minus accumulated depreciation and impairment losses. Depreciation is calculated using the straight-line method and is based on the estimated useful life of the asset.

The Group didn't capitalize any borrowing costs in 2022 and 2021.

Useful lifetimes of tangible assets:

Machinery and equipment 3 – 7 years

IT machinery and equipment 2 – 5 years

Lease agreements

The Group has adopted the IFRS 16 standard on leases. According to the standard, a contract is or contains a lease if the Group has a right to control the use of an identified asset for a certain period of time in exchange for consideration. When determining the non-cancellable period, the Group assesses the probability of exercising extension and termination options by considering all relevant facts and circumstances.

Lease payments are divided into liabilities and financial expenses. Financial expenses are recognized in the income statement for the lease period. The right-of-use asset is depreciated using the straight-line method over the asset's useful life or lease term, if shorter than useful life. Lease liabilities are discounted at the average loan interest rate of the year.

When future lease payments are revised due to

changes in an index rate or the terms of the lease, the right-of-use asset and the corresponding lease liability is revalued to reflect these changes.

The group applies a practical expedient, under which the company does not recognize lease agreements with a lease term of up to 12 months at the commencement date (short-term lease) on the balance sheet. Instead, the company recognizes the lease payments related to short-term leases as expenses on a straight-line basis over the lease term.

The Group primarily leases offices for business use. Lease agreements are typically made either as fixed-term contracts or indefinite-term contracts.

Financial assets and liabilities

The Group's financial assets are classified into the following measurement categories: financial assets at fair value through profit or loss and financial assets at amortized cost. The classification of financial assets is based on the purpose of the acquisition (business model for managing the asset) that is determined upon initial recognition. Transaction costs are included in the original carrying amount of a financial asset when the item is not measured at fair value through profit or loss. Purchases and sales of financial assets are recorded on the trade date. Items recognized at amortized cost comprise trade receivables.

Financial liabilities are initially recognized at fair value minus the transaction costs that are directly attributable to the acquisition or issue of financial liability. Subsequently financial liabilities, except for derivative liabilities, are measured at amortized cost using the effective interest rate (EIR) method. Financial liabilities may include both non-current and current liabilities and they can be interest-bearing or non-interest-bearing.

Financial assets and liabilities measured at fair value are presented in accordance with the hierarchy levels based on fair value measurement. Levels 1, 2 and 3 are based on the source of information used in the measurement. On level 1, fair values are based on public quotes. On level 2, fair values are based on quoted market rates and prices, discounted cash flows, and valuation models (options). For assets and liabilities classified on level 3, there is no reliable market information source, and therefore, the fair values of these instruments are not based on market information.

To measure expected credit losses of trade receivables from customers, the Group uses a simplified approach, where the loss allowance is measured based on an allowance matrix and recognized at an amount equal to lifetime expected credit losses. Expected credit losses are measured based on historical information on previous credit losses, and also the available information on future economic conditions is included in the model.

Derivative contracts

Derivative contracts are initially recognized at fair value on the date on which the Group becomes party to the contract and are subsequently measured at fair value. The Group has no derivative contracts in 2023 and 2022.

Cash and cash equivalents

Cash and cash equivalents include cash and cash equivalents which are highly liquid and have a maturity of no more than three months from the date of acquisition.

Treasury shares

The repurchase of our own shares as well as the related direct costs are recorded as deductions in equity.

Provisions

A provision is recognized when the Group has a legal or constructive obligation as a result of an action, the outflow of resources required to settle the obligation is probable, and a reliable estimate of the amount can be made.

A restructuring provision is recognized when a detailed and appropriate plan has been prepared and the company has begun to implement the plan or has announced that it will do so. Restructuring provisions are based on the management's best estimate of the expenses to be incurred, e.g., from employee termination payments.

A provision for a loss-making agreement is recognized when unavoidable expenditure required to fulfill the obligations exceeds the benefits obtainable from the agreement.

Accounting principles that require management consideration, and essential factors of uncertainty related to management estimates

The preparation of the financial statements in accordance with IFRS standards requires management to make estimates and assumptions that affect the amounts of assets and liabilities at the date of the balance sheet, as well as the amounts of income and expenses for the reporting period and future periods. In addition, professional judgment is required in applying the accounting principles used in the preparation of the financial statements. Since the estimates and assumptions related to the determination of the carrying amounts of assets and liabilities are based on management's views at the date of the financial statements, expected outcomes, and other assumptions that were available when preparing these consolidated financial statements and are considered appropriate in the circumstances.

Estimates involve risks and uncertainties, and actual outcomes may differ from the estimates and assumptions made.

In estimates requiring management judgment, the management has taken into account general uncertainties such as geopolitical tensions, inflation, and uncertainties affecting the overall economic development in the valuation. Uncertainties may affect revenue development, the discount rate used, and the evolution of the company's cost structure. Additionally, uncertainties may impact the company's customers' payment behavior, as well as potential misjudgments in the capitalization of research and development expenses resulting from technology choices.

Estimates are reviewed if there are changes in circumstances or if new information or experience is obtained. Since estimates inherently involve various degrees of uncertainty, the actual outcome may differ from the estimated, leading to adjustments in the carrying amounts of assets and liabilities.

Learn more about the key areas that required management consideration:

- Share-based payments and option schemes (Note 8)
- Product development expenditure (Note 14)
- Goodwill (Note 15)
- Deferred tax (Note 19)
- Trade receivables (Note 20)
- Leases (Note 29)
- Financial risk management (Note 31)

Adoption of new or revised IFRS standards

The Group has not yet adopted the following already published new or amended standards and interpretations. The Group will adopt them immediately after the standard or interpretation is effective or, when applicable, at the beginning of the next financial year. (*= On December 31, 2022, the standard in question was not yet approved for adoption in EU)

Management is currently assessing the impact of the following new or revised standards and interpretations on the Consolidated Financial Statements.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures * (voluntary adoption is allowed, entry into force postponed for the time being)

Amendments eliminate the conflict between current guidance on consolidation and equity method accounting and require that a full gain should be recognized when transferred assets constitute a business as defined in IFRS 3 Business Combinations.

Other new and revised standards and interpretations are not expected to influence the Consolidated Financial Statements when they become effective.

ACCOUNTING PRINCIPLES OF PARENT COMPANY FINANCIAL STATEMENTS

Financial statements of the parent company, QPR Software Plc, have been prepared in accordance with

Finnish Accounting Standards (FAS), which differ in certain respects from the international standards (IFRS) used in the Consolidated Financial Statements.

Financial statements have been prepared using historical cost convention, unless otherwise disclosed in the accounting principles below. The parent company financial statements are presented in Euro. All figures are rounded, which means that the sum of individual amounts may differ from the total presented. Key figures have been calculated using exact amounts.

Foreign currency translation

Transactions denominated in foreign currency are translated using the exchange rate on the transaction date. At the end of the reporting period, financial assets and liabilities denominated in foreign currency are valued at balance sheet date. Exchange rate differences arising from foreign currency business transactions are recorded in their corresponding income statement accounts above operating profit; and the net exchange rate differences arising from financial items are recorded in financial income or expenses.

Revenue recognition and Advance payments

The parent company applies the same principles of revenue recognition and advance payment booking principles as the Group. The Group's principles of revenue recognition and advance payments are introduced in Note 1, page 45.

Other operating income

Other operating income includes income that is not related to the parent company's core business. Public subsidies are included in other operating income, except when they are related to investments, in which

case they are deducted from the acquisition cost of the asset.

Pension plans

The employees' statutory pension plan is managed by a pension insurance company. Statutory pension contributions are stated in the income statement as an expense in the year of their accrual.

Research and development expenditure

Research costs are expensed as incurred. Expenses related to the introduction of new technology, or the development of a new product are capitalized and amortized over the useful life of 4 years. When determining the duration of useful economic life, the technology's eventual obsolescence and the product's typical life cycle are considered. Amortization begins when the product becomes commercially viable. Maintenance costs and minor improvements to existing products are expensed. Grants received for product development are recognized in the income statement for the periods in which the corresponding expenses are incurred.

Intangible assets

Intangible assets are reported at original acquisition cost minus accumulated amortization and impairment losses, if any. Public subsidies used to acquire an intangible asset are deducted from the asset's acquisition cost and reduce asset amortization in the income statement. The expected useful lifetime of an intangible asset ranges from 2 – 5 years.

Tangible assets

Tangible assets are stated in the balance sheet at original acquisition cost minus accumulated depreciation and impairment losses. The economic life of a tangible asset ranges from 2 – 7 years.

Investments

The shares the parent company holds in subsidiaries and other entities are valued at original acquisition cost or at fair value, if lower.

Provisions

A provision is recognized when the parent company has a legal or constructive obligation as a result of an action, an outflow of resources required to settle the obligation is probable, and a reliable estimate of the amount can be made.

Leasing

Lease payments are treated as expenses during the rental period.

2. SEGMENT INFORMATION

QPR Software reports on one operating segment: Operational development of organizations. In addition to this, the Company reports net sales from products and services as follows: Software license sales, Renewable software license sales, Software maintenance services, Cloud services, and Consulting. Recurring revenue reported by the Group consists of software maintenance services and cloud services as well as of renewable software licenses. They are based on long-term, indefinite, or multiyear contracts, and are generally invoiced annually in advance.

The accounting and valuation principles for the segments are the same as in the Consolidated Financial Statements.

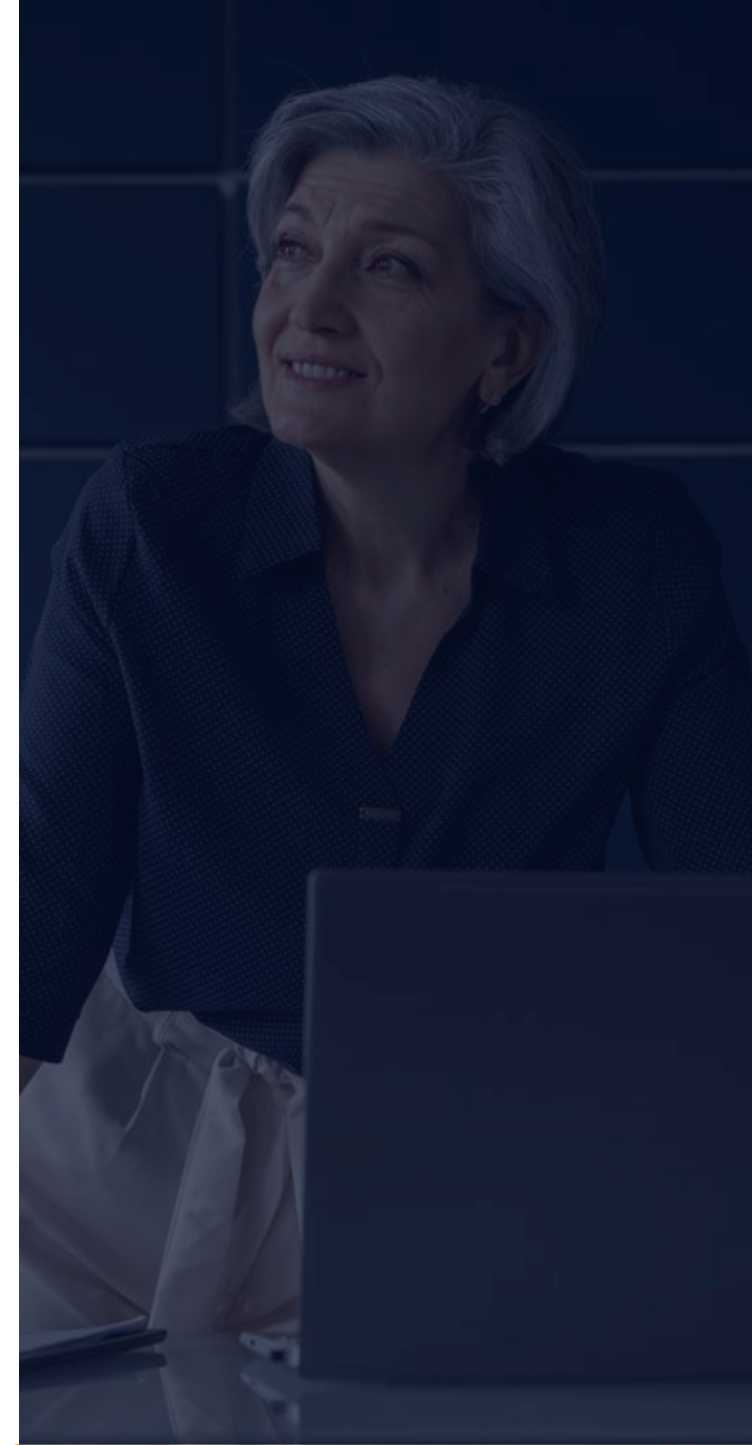
Group (EUR 1 000)	2023	2022
Net sales by operating segment		
Operational development of organizations	7,550	7,823
Total net sales	7,550	7,823

3. NET SALES

Net Sales by Product Group

The Group's net sales derive from software and consulting businesses are broken down as follows:

	Group, IFRS	
	(EUR 1 000)	
	2023	2022
Software licenses	485	560
Renewable software licenses	504	583
Software maintenance services	1,720	1,803
Cloud services	2,371	1,738
Consulting services	2,469	3,139
Total net sales	7,550	7,823



Parent company, FAS

(EUR)

	2023	2022
Software licenses	446,561	511,639
Renewable software licenses	239,533	342,862
Software maintenance services	1,480,323	1,562,072
Cloud services	2,322,405	1,678,508
Consulting services	2,468,683	3,139,472
Total net sales	6,957,506	7,234,554

Net sales geographically

The 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 location. The company has closed its business and partnerships in Russia for the time being.

Group, IFRS

(EUR 1 000)

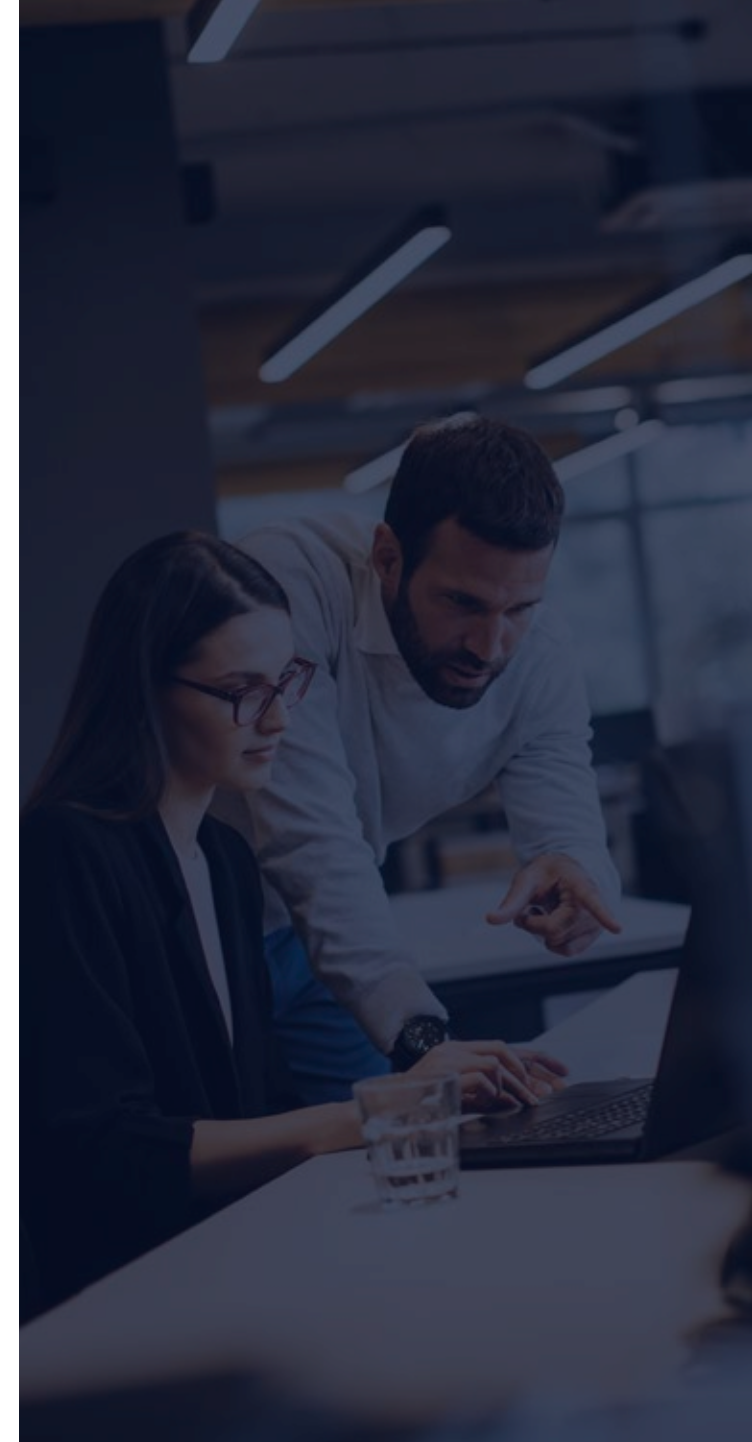
	2023	2022
Finland	3,499	4,126
Europe incl. Russia and Turkey	3,128	2,745
Rest of the world	923	953
Total net sales	7,550	7,823

Parent company, FAS

(EUR)

	2023	2022
Finland	3,499,399	4,125,501
Europe incl. Russia and Turkey	2,627,272	2,240,723
Rest of the world	830,835	868,330
Total net sales	6,957,506	7,234,554

Balance sheet items based on customer agreements are presented in Note 22.



4. OTHER OPERATING INCOME

	Group, IFRS (EUR 1 000)	
	2023	2022
Other items	1	4
Total	1	4

	Parent company, FAS (EUR)	
	2023	2022
Other items	388,696	693,716
Total	388,696	693,716

The other items include intra-group service charges from the parent company.

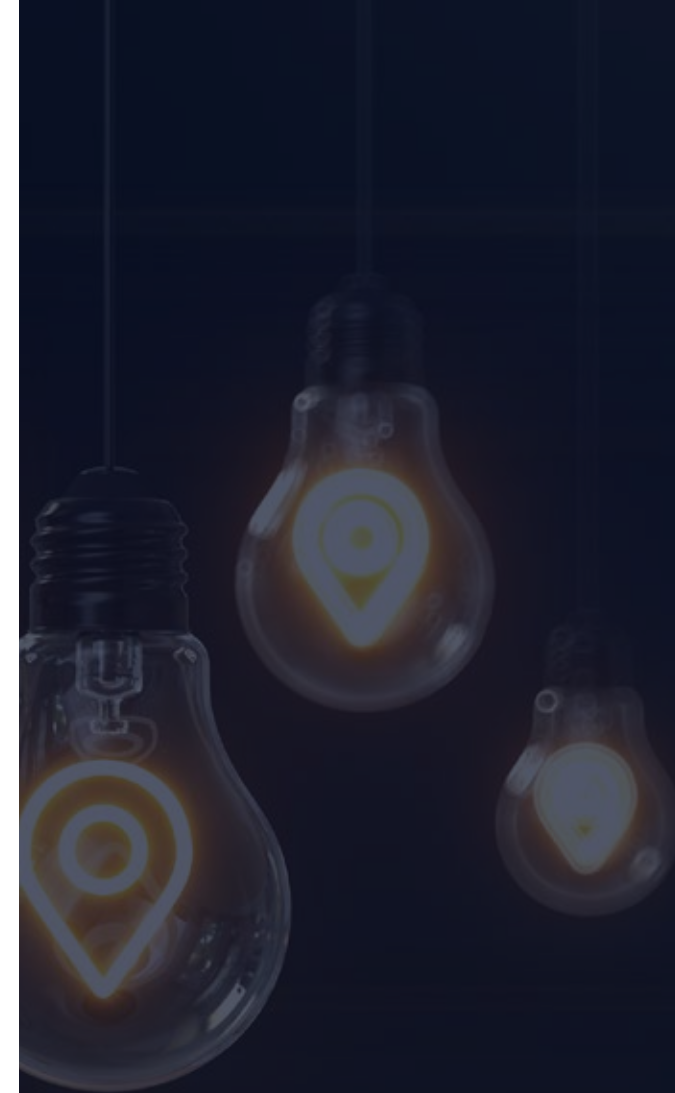
5. ACQUIRED BUSINESS OPERATIONS, PARENT COMPANY

The branch to France was established under QPR Software Plc in 2022.

6. MATERIALS AND SERVICES

	Group, IFRS (EUR 1 000)	
	2023	2022
Materials and services	896	1,552

	Parent company, FAS (EUR)	
	2023	2022
Materials and services	2,301,230	2,511,492



Materials and services include mainly commissions and localization fees charged by the reseller network, as well as consultancy subcontracting.

Materials and services of the parent company include intra-group license fees in addition to the above-mentioned expenses.

7. EMPLOYEES AND RELATED PARTIES

	Group, IFRS	
	(EUR 1 000)	
	2023	2022
Wages and salaries	4,425	5,995
Pension expenses - defined contribution plans	741	1,008
Other personnel expenses	121	211
Total	5,287	7,214

Average number of employees during the year	57	81
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	Parent company, FAS	
	(EUR)	
	2023	2022
Wages and salaries	3,339,953	4,413,833
Pension expenses - defined contribution plans	551,973	728,847
Other personnel expenses	100,200	164,048
Total	3,992,126	5,306,728

Average number of employees during the year	40	56
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Related parties

The Group and the parent company's related parties include members of the parent company's Board of Directors and the Executive Management Team, including the Chief Executive Officer, their spouses, domestic partners, children and dependents, spouses' or domestic partners' children and dependents, as well as entities controlled by any such related party.

The Group does not have any loans, commitments or guarantees granted to or received from related parties. The Group has not had business transactions with related parties in 2023 and 2022.

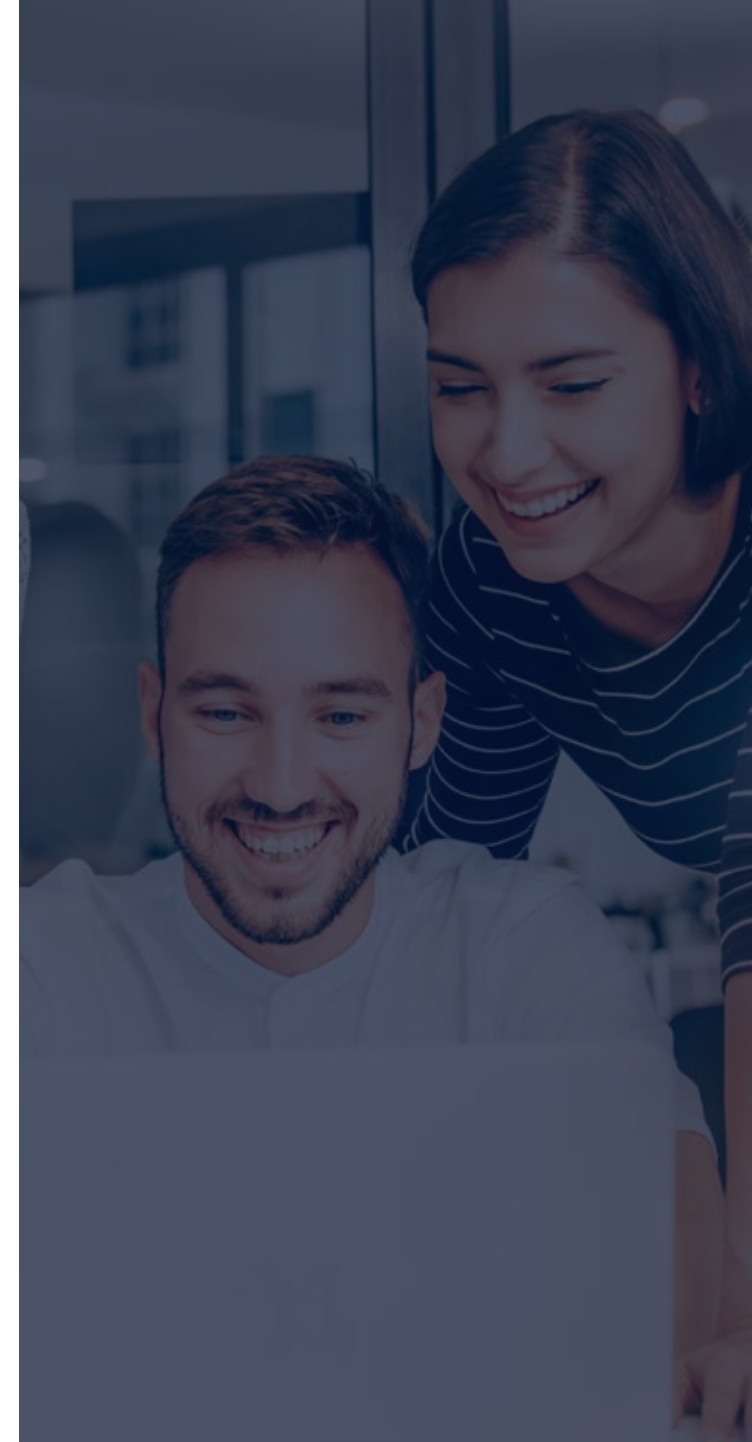
Related parties to the parent company also include subsidiaries in the Group. The list of Group companies is presented in Note 17. Shares in subsidiaries and other entities. Transactions between the parent company and other Group companies, as well as intra-Group receivables, liabilities, commitments, and guarantees are included as total amounts in the notes for the parent company financial statements.

Salaries, bonuses, fringe benefits and change in vacation bonus and bonus accruals for management

The Group has determined management to include members of the Board of Directors and the Executive Management Team, including the Chief Executive Officer.

	Group, IFRS (EUR 1 000)	
	2023	2022
Salaries and other short-term benefits:	0	0
Members of the Board of Directors	120	113
Chief Executive Officer Jussi Vasama	56	219
Chief Executive Officer Heikki Veijola	163	0
Executive Management Team	1,041	969
Total	1,380	1,301

	Parent company, FAS (EUR)	
	2023	2022
Salaries and other short-term benefits:		
Members of the Board of Directors	120,000	113,175
Chief Executive Officer Jussi Vasama	55,937	219,058
Chief Executive Officer Heikki Veijola	162,593	0
Executive Management Team	1,041,134	969,066
Total	1,379,664	1,301,299



Parent company, FAS

(EUR)

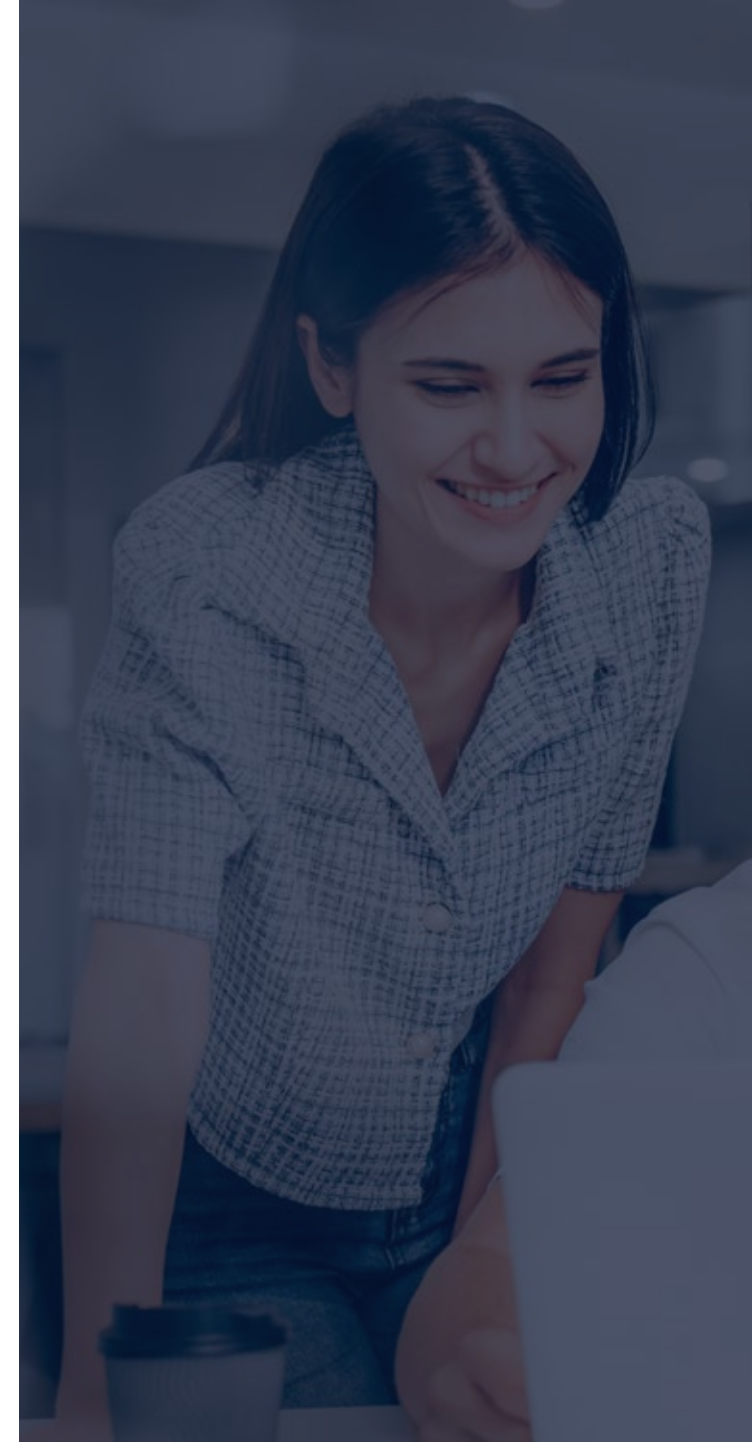
	2023	2022
Board fees by member:		
Ervi Pertti, Chairman of the Board	45,000	43,020
Heikkonen Matti	25,000	23,385
Koskela Antti	25,000	23,385
Tapaninen Jukka	25,000	23,385
Total	120,000	113,175

The Group and the parent company's related parties include members of the parent company's Board of Directors and the Executive Management Team, including the Chief Executive Officer, their spouses, domestic partners, children and dependents, spouses' or domestic partners' children and dependents, as well as entities controlled by any such related party.

The Group does not have any loans, commitments or guarantees granted to or received from related parties. The Group has not had business transactions with related parties in 2023 and 2022.

Related parties to the parent company also include subsidiaries in the Group. The list of Group companies is presented in Note 17. Shares in subsidiaries and other entities. Transactions between the parent company and other Group companies, as well as intra-Group receivables, liabilities, commitments, and guarantees are included as total amounts in the notes for the parent company financial statements.

In 2023, the maximum annual bonus of Executive Management Team, including the CEO, was 50% of the annual base salary. The bonus scheme for members of the Executive Management Team was based on a set of KPI's including development of the Group net sales, new sales and other non financial KPI's. For financial year 2023 about 44 thousand euros (2022: EUR 12 thousand) will be paid to the executive management team, including the CEO.



8. SHARE BASED PAYMENTS

Option scheme

QPR Software is operating with 2019B, 2022 and 2023 stock option plans intending to use these as part of the Group's incentive and commitment program for the key employees. The purpose of the stock options is to encourage the key employees to work on a long-term basis to increase the shareholder value and retain the key employees at the company. The stock options are issued gratuitously.

The option plan 2019 B provides for the issuance of up to 473,000 options, option plan 2022 maximum 489,542 options and option plan 2023 maximum 1,000,000 options. Each option entitles its holder to subscribe for one share. The option plan participants can execute their reward during a one or two-year subscription period following each vesting period through either subscribing for shares or selling options. The option plan participants generally lose the right to their reward if their employment terminates during the vesting period.

Stock option plan 2019 B with 437,000 options is marked with the symbol 2019B. The subscription period for stock options marked 2019 B is January 1, 2023-January 31, 2024.

The allocated number of shares, subscribed by exercising 2019 B stock options issued corresponds to a maximum total of 0.8 per cent of all shares and votes of the shares in the company after the potential share subscriptions, if new shares are issued in the share subscription. After the share subscriptions with allocated stock options, the number of the company's shares may be increased by a maximum total of 138,000 shares, if new shares are issued in the share subscription.

The share subscription price for stock options 2019B is EUR 2.55 per share, which corresponded to the market price of the company's share with an addition of 50 per cent at the time of issuance. The share subscription price will be credited to the reserve for the company's invested unrestricted equity. The share subscription price will be deducted by the amount of dividends and distribution of assets paid.

The initial theoretical market value for Stock Option plan 2019B, is approximately EUR 0.11 per stock option. The theoretical market value of stock options 2019B is approximately EUR 50,400 in total. The theoretical market value of one stock option has been calculated using the Black & Scholes stock option pricing model by taking into account the share subscription price of a stock option and with the following input factors: share price EUR 1.70, risk free interest rate 0 per cent, times to maturities of stock options approximately 5 years and volatility approximately 22 per cent. On December 31, 2023, out of stock option plan 2019 B, no subscription has been made.

A member of the Executive Management Team participating in the stock option plan must increase his or her share ownership in the company with the net profit received through the stock options. He or she must invest half of the net profit received through the stock options in the company's shares until his or her share ownership in the company corresponds to the value of his or her annual gross salary. The share ownership must be maintained at such level as long as his or her employment or service is in force.

The Board of Directors resolved on the 2019 B stock option plans by virtue of an authorization granted by the company's Annual General Meeting of Shareholders held on 12 April 2018. The target group of the stock option plan includes in total less than 15 key employees and persons belonging to the

management. The terms and conditions of the stock options 2019 available on the company's webpage: www.qpr.com/investors.

The stock option plan 2022 are marked with the symbol 2022. The Share subscription period with the Stock Options shall be 15 June 2025 - 31 May 2027.

The number of shares for the stock option plan 2022, subscribed by exercising stock options corresponds to a maximum of 1.9% of the Company's shares and votes after possible share subscriptions, if new shares are issued in the share subscription. As a result of the share subscriptions with stock options, the number of the Company's shares may increase by a maximum of 489,542 shares, if new shares are issued in the share subscription.

The share subscription price for stock options 2022 is EUR 0.85 per share, which was corresponding to the market price of the company's share at the time of issuance. The share subscription price will be credited to the reserve for the company's invested unrestricted equity. The share subscription price will be deducted by the amount of dividends and distribution of assets paid.

The theoretical market value of one stock option 2022 is approximately EUR 0.22 per stock option and is approximately EUR 107,700 in total. The theoretical market value of one stock option has been calculated using the Black & Scholes stock option pricing model by taking into account the share subscription price of a stock option and with the following input factors: share price EUR 0.85, risk free interest rate 0.88 per cent, times to maturities of stock options approximately 4.8 years volatility approximately 27 per cent.

The Board of Directors resolved on the 2022 stock option plans by virtue of an authorization granted by the company's Annual General Meeting of Shareholders held on 6 April 2022. The target group of the stock option plan includes in total less than 10 key employees and persons belonging to the management. The terms and conditions of the stock options 2022 available on the company's webpage: www.qpr.com/investors.

The stock option plan 2023 are marked with the symbol 2023. The Share subscription period with the Stock Options shall be 6 September 2026 - 6 September 2028.

The number of shares for the stock option plan 2023, subscribed by exercising stock options corresponds to a maximum of 5.2% of the Company's shares and votes after possible share subscriptions, if new shares are issued in the share subscription. As a result of the share subscriptions with stock options, the number of the Company's shares may increase by a maximum of 1,000,000 shares, if new shares are issued in the share subscription.

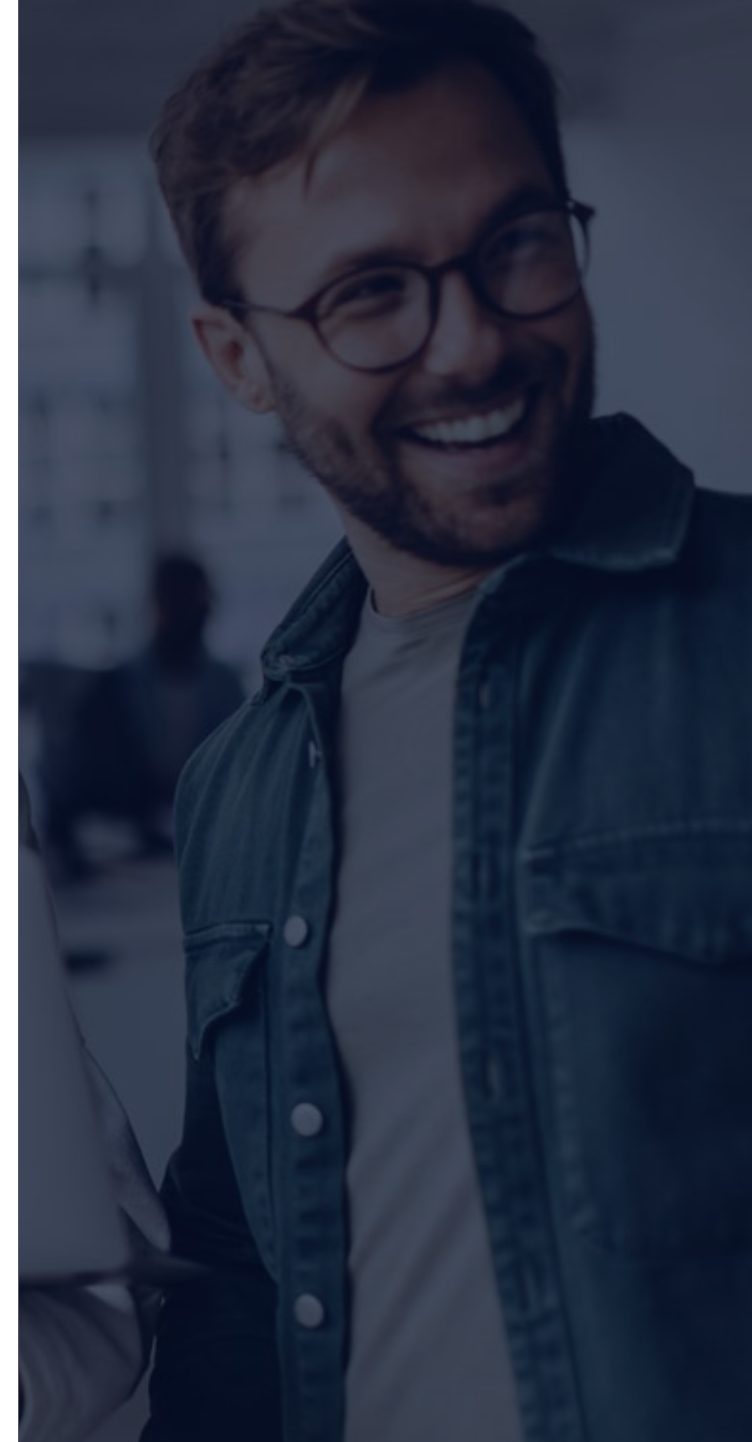
The share subscription price for stock options 2023 is EUR 0.42 per share, which was corresponding to the market price of the company's share at the time of issuance. The share subscription price will be credited

to the reserve for the company's invested unrestricted equity. The share subscription price will be deducted by the amount of dividends and distribution of assets paid.

The theoretical market value of one stock option 2023 is approximately EUR 0.16 per stock option and is approximately EUR 158,000 in total. The theoretical market value of one stock option has been calculated using the Black & Scholes stock option pricing model by taking into account the share subscription price of a stock option and with the following input factors: share price EUR 0.42, risk free interest rate 0.88 per cent, times to maturities of stock options approximately 5 years volatility approximately 42 per cent.

The Board of Directors resolved on the 2023 stock option plans by virtue of an authorization granted by the company's Annual General Meeting of Shareholders held on 3 May 2023. The target group of the stock option plan includes key employees and persons belonging to the management. The terms and conditions of the stock options 2023 available on the company's webpage: www.qpr.com/investors.

Stock option schemes and subscription period	Stock options granted / outstanding at end of the year	Returned/ exercised/ expired	Un-distributed	Share subscription price
2019B 1.1.2023–31.1.2024	288,000		288,000	2,55
2022 15.6.2025–31.5.2027	352,470		0	0,85
2023 6.9.2026–6.9.2028	950,000		0	0,42
Total	1,590,470	0	288,000	



9. DEPRECIATION AND AMORTIZATION

	Group, IFRS (EUR 1 000)	
	2023	2022
Intangible assets	787	671
Tangible assets		
Machinery and equipment	90	111
Right-of-use assets, buildings	118	235
Total	995	1,017
	Parent company, FAS (EUR)	
	2023	2022
Intangible assets	67,975	74,634
Tangible assets		
Machinery and equipment	90,091	111,208
Total	158,066	185,842

No write-downs on assets were booked in 2023 and 2022.



10. OTHER OPERATING EXPENSES

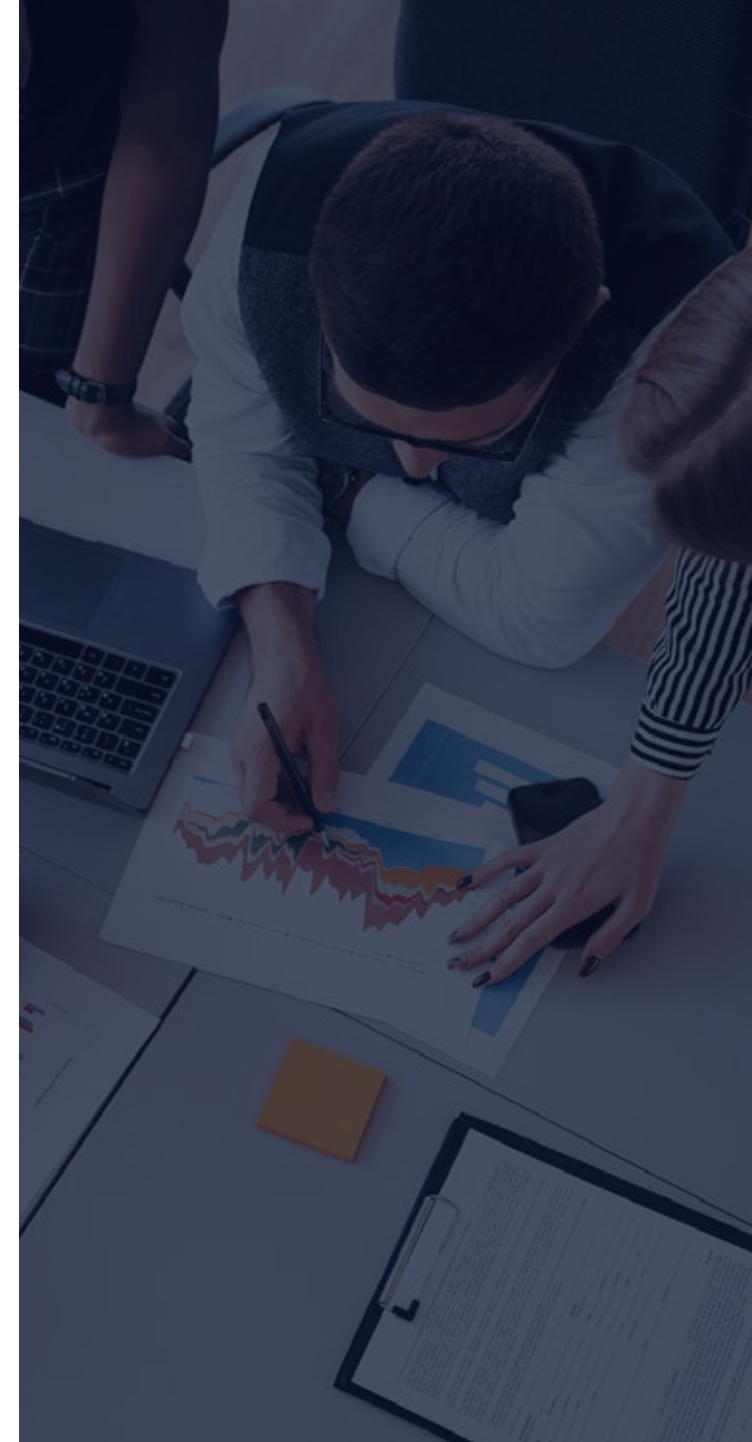
	Group, IFRS (EUR 1 000)	
	2023	2022
Non-statutory indirect employee costs	93	191
Premises	52	25
Travel expenses	14	44
Marketing and other sales promotion	223	279
Computers and software	615	528
External services	604	807
Doubtful receivables and bad debts	2	58
Capitalized product development expenses	-619	-1,321
Other expenses	201	202
Total	1,186	814

Other expenses include fees paid to the Company's auditor as follows:

Auditing	73	66
Other services	2	5
Total	75	71

Product development expenses incurred during the year

Expenses recognized in profit or loss	809	1,353
Capitalized expenses	619	1,321
Total	1,428	2,674



Parent company, FAS

(EUR 1 000)

	2023	2022
Non-statutory indirect employee costs	66,015	147,982
Premises	169,780	290,750
Travel expenses	14,428	39,386
Marketing and other sales promotion	222,965	279,009
Computers and software	601,099	509,695
External services	573,746	777,597
Doubtful receivables and bad debts	-4,948	46,401
Other expenses	185,810	208,411
Total	1,828,896	2,299,230

Other expenses include fees paid to the Company's auditor as follows:

Auditing	67,572	59,237
Tax consulting	-	-
Other services	2,000	5,419
Total	69,572	64,656

Product development expenses incurred during the year

Expenses recognized in profit or loss	13,913	118,606
Capitalized expenses	-	-
Total	13,913	118,606

Product development expenses mainly consist of external services and personnel expenses. Recognized expenses do not include amortization. The amortization of capitalized product development expenses is presented in Note 14.



11 . Financial income and expenses

Recognized in profit or loss

	Group, IFRS (EUR 1 000)	
	2023	2022
Interest income from loans and other receivables	1	0
Interest expenses from loans	-89	-21
Other financial income and expenses	-9	-25
Exchange rate differences	-14	-16
Total	-111	-62

Exchange rate differences in profit and loss

Exchange rate differences included in net sales	-40	-10
Exchange rate gains in financial income	0	4
Exchange rate losses in financial expenses	-14	-20
Total	-54	-26



Recognized in profit or loss

	Parent company, FAS	
	(EUR)	
	2023	2022
Interest income from loans and other receivables	655	0
Impairment losses of holdings in Group companies	-83,610	-
Interest expenses from loans	-88,322	-21,032
Other financial income and expenses	-317,272	-525,714
Exchange rate differences	19,929	-53,524
Total	-468,620	-600,270

Recognized in profit or loss

Exchange rate differences included in net sales	-36,867	-12,833
Exchange rate gains in financial income	0	1,508
Exchange rate losses in financial expenses	19,929	-55,032
Total	-16,938	-66,357

Other Financial income and expenses in parent company include right issue costs worth of EUR 93,409 (2022: EUR 511,602) according to FAS. According to IAS32 group is presented right issuance as net value.

The parent company (FAS) wrote down the value of its subsidiary, QPR CIS OY, which had previously engaged in business in Russia, by 83,610 EUR. The parent company assesses that the ongoing war initiated by Russia and the sanctions imposed by the European Union will significantly impact the business opportunities of QPR CIS OY. Consequently, the discounted cash flow of future earnings is lower than the value of the shares in the parent company's balance sheet.

Additionally, the parent company (FAS) wrote down the capital loan, 225,000 EUR, it had previously granted to its subsidiary engaged in business in Russia, QPR CIS OY. The parent company assesses the repayment prospects of the loan as weak due to the war initiated by Russia and the related sanctions imposed by entities like the European Union.

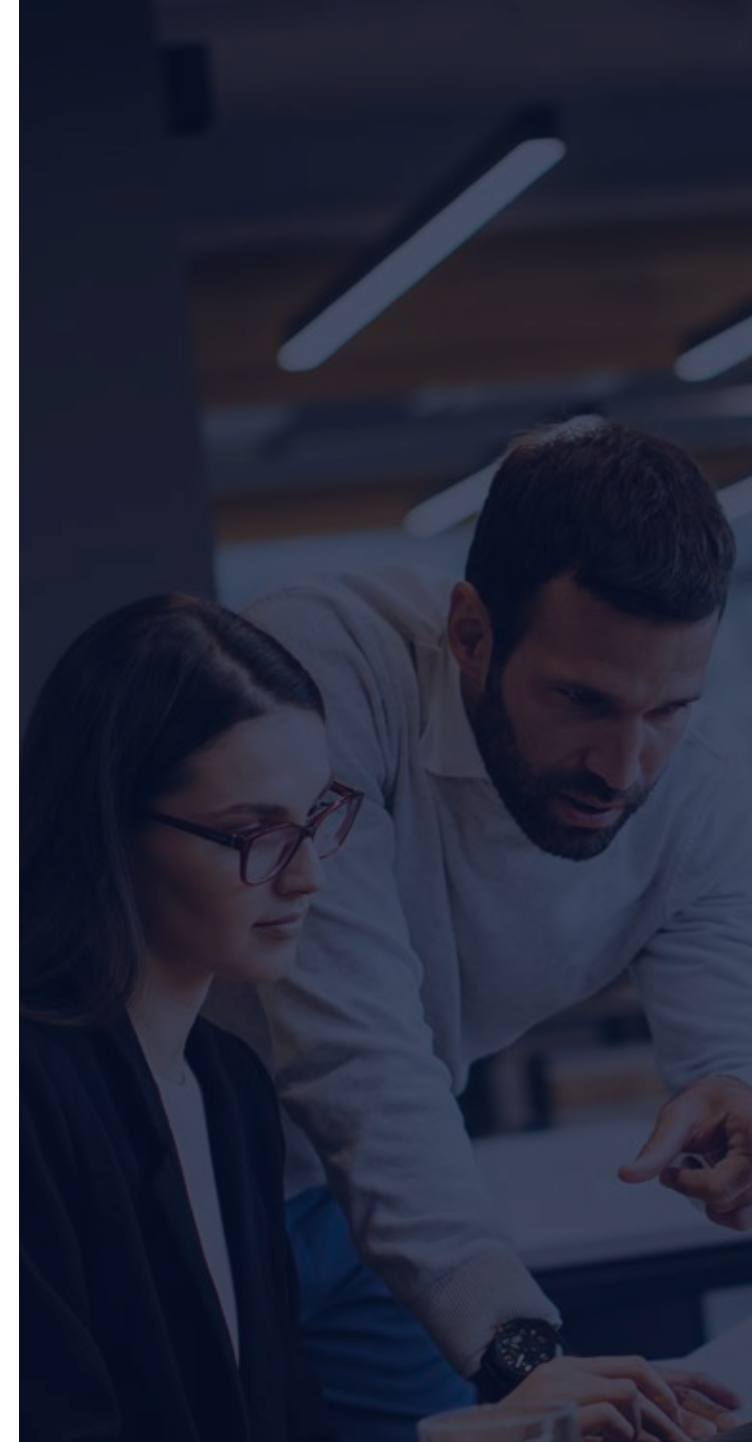
12. INCOME TAXES

	Group, IFRS	
	(EUR 1 000)	
	2023	2022
Current tax expense	0	0
Tax expense from previous years	0	3

	Parent company, FAS	
	(EUR)	
	2023	2022
Current tax expense	0	0
Tax expense from previous years	0	0

The recognition of deferred tax assets is recorded to the extent it is probable that taxable income will be generated in the future against which unused tax losses, unused tax credits, and deductible temporary differences can be utilized in the respective countries. QPR continuously assesses the probability of realizing deferred tax assets and considers both favorable and unfavorable evidence in this evaluation. QPR has recognized 273 thousand euros of deferred tax assets on its balance sheet between the years 2016 and 2020. The company estimates that it will have taxable income to an extent that it can utilize these deferred tax assets during the period from 2026 to 2030. Based on the assessment made as of December 31, 2023, QPR did not consider it probable that it could utilize the unused tax losses from the year 2023, unused tax credits, and deductible temporary differences in Finnish taxation in the foreseeable future. The evaluation was mainly based on previous results. If the company has incurred losses in the recent past in the country to which the deferred tax asset relates, special consideration must be given to the recognition of deferred tax assets in the balance sheet. The company recognizes deferred tax assets from unused tax losses and tax credits only to the extent that it has sufficient taxable temporary differences or other convincing evidence that there will be sufficient taxable income against which it can utilize the unused tax losses or tax credits in the future. When assessing the recognition of deferred tax assets favorably in the future, less weight may be given if there is other unfavorable evidence, such as accumulated losses, which can be considered a strong indication that there may not be taxable income available in the future.

In 2023, QPR incurred an accounting loss, so the company believes it lacks sufficient evidence of generating long-term taxable income to consider it probable that it can utilize the deferred tax assets in Finland. This conclusion is based on emphasizing objective unfavorable evidence compared to more subjective favorable evidence. The primary factors in this assessment used more objectively include realized long-term financial performance compared to inherently more subjective expectations of future financial performance in Finland.



QPR continues to assess the utilization of deferred tax assets, especially monitoring realized profits, and may reclassify the deferred tax asset related to Finland back to the balance sheet when sufficient tax profitability is achieved. The utilization of these deferred tax assets is uncertain in the foreseeable future due to previous years' tax losses and a lack of sufficiently convincing evidence that taxable income will be generated sufficiently in the coming years in Finland. In Finland, deferred tax assets can be offset against profits for the next ten tax years. The first possible expiring deferred tax asset, 34 thousand euros, would expire in the tax year 2026 if the company does not achieve a profitable result by the end of that fiscal year.

The income statement tax expense is calculated at the Finnish tax rate (20.0% in 2023 and 2022). The company did not recognize deferred tax assets in the years 2023 and 2022. Deferred tax assets are 217 thousand euros in 2023 and 722 thousand euros in 2022. The recognized and unrecognized deferred tax assets amount to a total of 1,424 thousand euros.

In Note 19, the assessment criteria for deferred tax assets are described in more detail.

Reconciliation of Deferred Taxes:

	Group, IFRS	
	(EUR 1,000)	
	2023	2022
Result before tax	-924	-2,864
Income tax calculated at the Finnish corporate tax rate	185	573
Effect of different tax rates in foreign subsidiaries	-1	-1
Effect of IFRS 15 and IFRS 16	6	40
Other items	-11	-7
Withholding tax	19	12
Deferred tax of right issue costs	19	102
Unrecognized deferred tax	-217	-722
Tax expense in the comprehensive income statement	0	-3

13. EARNINGS PER SHARE

Undiluted earnings per share are calculated by dividing total comprehensive income attributable to shareholders of the parent company by the weighted average number of shares outstanding during the financial year.

	Group, IFRS (EUR 1,000)	
	2023	2022
Total comprehensive income attributable to shareholders of the parent company (EUR thousand)	-925	-2,870
Number of shares outstanding (1,000 pcs)	16,678	14,187
Earnings per share (EUR/share)		
Undiluted and diluted	-0,055	-0,202

The Group is operating share option schemes, Stock option plan 2019B, 2022 and 2023. In 2023 and 2022, the stock option scheme did not have a dilutive effect. The group arranged successful right issuance in 2023 with 1,719,871 new shares. Total outstanding shares on December 31, 2023 was 17,835,721.

14. INTANGIBLE ASSETS

Group (EUR 1 000), IFRS	Computer software	Other intangible assets	Capitalized product development	Total
Book value Jan 1, 2022	7	1	1,704	1,711
Increases and decreases	0	35	1,336	1,371
Amortization for the period	-4	-7	-660	-671
Acquisition cost Dec 31, 2022	1,064	2,630	9,699	13,394
Accum. amortization and write-downs Dec 31, 2022	-1,061	-2,603	-7,319	-10,983
Book value Jan 1, 2023	3	28	2,380	2,411
Increases and decreases	0	2	619	620
Amortization for the period	-2	-3	-782	-787
Acquisition cost Dec 31, 2023	1,064	2,632	10,318	14,014
Accum. amortization and write-downs Dec 31, 2023	-1,063	-2,605	-8,101	-11,769
Book value Dec 31, 2023	1	27	2,217	2,245



R&D assets EUR 2181 thousand (2022: EUR 1710 thousand) and unfinished product development projects EUR 36 thousand (2022: EUR 670 thousand), which have not yet commercialized and respectively started depreciations, are tested at the end of each financial period or at any event if there is indication of impairment on any asset. QPR has performed R&D assets for impairment test at 31.12.2023. The recoverable amount from the cash generating unit is determined based on value in-use calculations. According to its adjusted strategy of DTO, published in December 2023, QPR is defining total group as one cash generating unit (CGU). This is a change to the previous CGU method, where Process Mining and Other businesses were defined as two separate cash generating units.

The calculations are prepared following the discounted cash flow method using the management approved estimates driven from budget for the following year and subsequent development derived from the strategic plans. Terminal year value has been defined based on the long-term strategic plans taking average cash flows of the period. Cash flows beyond the 5-year period are calculated using the terminal value method. The terminal growth rate of 1.0% percent (1.0%) used in projections is based on management's assessment on conservative long-term growth. Key driver for the valuation is the revenue growth based on the Group's performance and future strategic growth plans, market position as well as the potential in key markets. The applied discount rate is the weighted average pre-tax cost of capital (WACC). The components of the WACC are risk-free rate, market risk premium, company specific factor, and industry specific beta, cost of debt and debt/equity ratio. The WACC of 11.36% percent (11.28 %) has been used in the calculations. As a result of the impairment test, no impairment loss for the CGU was recognized for the financial period ended 31.12.2023. Based on testing performed in 2023, no need was found for recognizing impairment losses: a clear margin was left for each tested unit.

Accounting estimates and management's judgements:

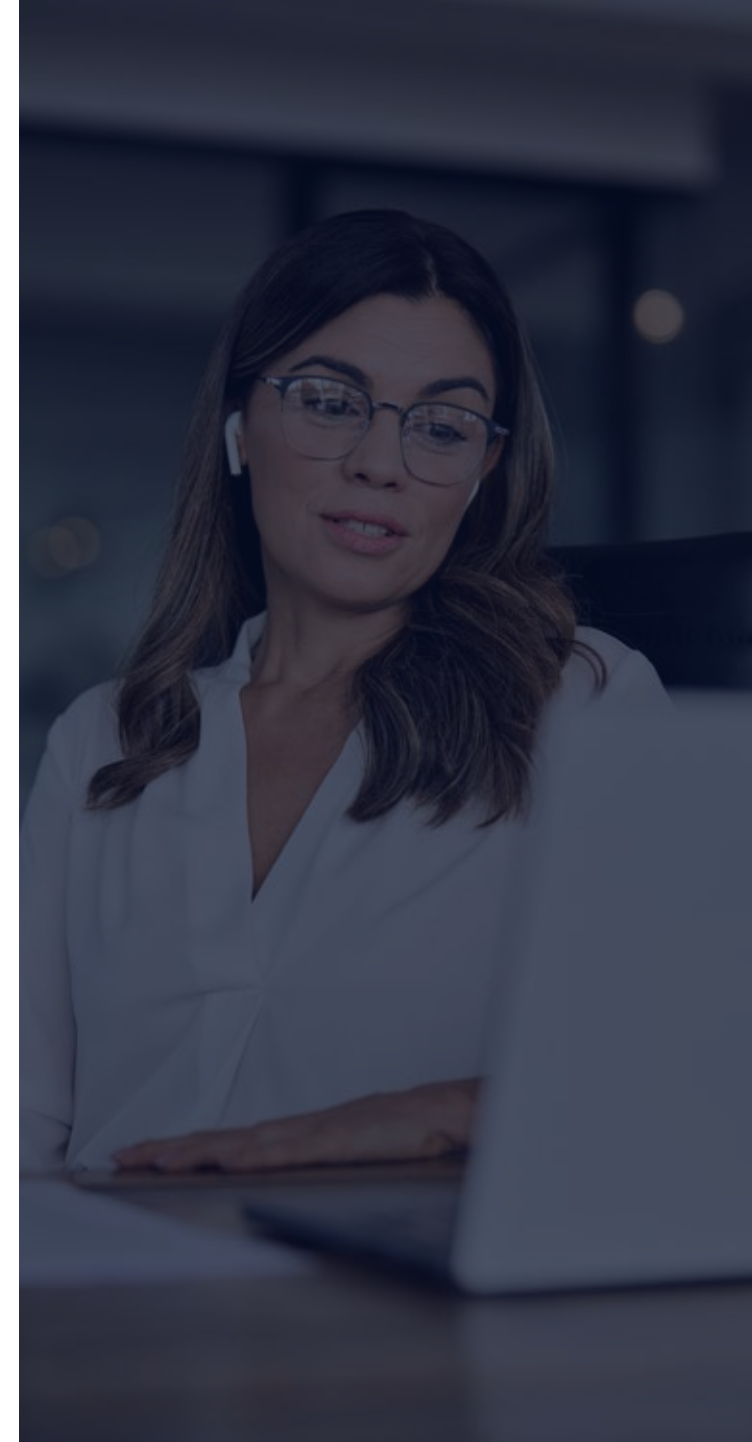
The management uses significant estimates and judgement when determining whether there are indications of impairment of R&D assets. Management judgement has also been used when defining the amount of cash generating units and taken into account software business area and related consulting recoverable amounts. The cash flow projections are based on budgets and financial estimates approved by management covering a 5-year period. Cash flow forecasts are based on QPR's existing business structure, actual results and the management's best estimates on future sales, cost and EBITDA development, general market conditions, growth potential on the market as well as economic uncertainties. Management has considered in the estimates the impact of decided structural changes in all business areas to improve performance. Management tests the impacts of changes in significant estimates used in forecasts by sensitivity analyses. According to Group level sensitivity analyses for R&D assets, there will be need for write-downs, if the growth rate of net sales decreases of expected average growth rate by 38 percentage, regardless of possible cost savings. Expected changes of discount rate do not have impact to the impairment testing results.



Parent company (EUR 1 000), FAS	Computer software	Other intangible assets	Capitalized product development	Total
Book value Jan 1, 2022	184,299	1,007	5,219	190,526
Increases	0	34,534	0	34,507
Amortization for the period	-63,799	-7,356	-3,479	-74,634
Acquisition cost Dec 31, 2022	1,331,427	1,587,126	365,292	3,283,819
Accum. amortization and write-downs Dec 31, 2022	-1,210,927	-1,558,941	-363,552	-3,134,420
Book value Jan 1, 2023	120,500	28,185	1,740	150,399
Increases	0	1,657	0	1,657
Amortization for the period	-63,664	-2,571	-1,740	-67,975
Acquisition cost Dec 31, 2023	1,331,427	1,588,783	365,292	3,285,502
Accum. amortization and write-downs Dec 31, 2023	-1,274,591	-1,561,512	-365,292	-3,201,395
Book value Dec 31, 2023	56,836	27,271	0	84,107

15. GOODWILL

Group (EUR 1 000)	2023	2022
Acquisition cost Jan 1	358	358
Write-downs	0	0
Acquisition cost Dec 31	358	358
Book value Dec 31	358	358



QPR does not have intangible asset with an unlimited economic useful life. QPR's goodwill arises from the acquisition of Nobultec Ltd in 2011 and it has been allocated to the group software business, previously to the Process Mining business unit.

QPR has made goodwill impairment test for the reporting period at 31.12.2023. The recoverable amount from the cash generating unit is determined based on value in-use calculations. The calculations are prepared following the discounted cash flow method using the management approved estimates driven from budget for the following year and subsequent development derived from the strategic plans. Terminal year value has been defined based on the long-term strategic plans. Cash flows beyond the 5-year period are calculated using the terminal value method. The terminal growth rate of 1.0% percent (1.0%) used in projections is based on management's assessment on conservative long-term growth. Key driver for the valuation is the revenue growth based on the software business performance and future strategic growth plans, market position as well as the potential in key markets. The applied discount rate is the weighted average pre-tax cost of capital (WACC). The components of the WACC are risk-free rate, market risk premium, company specific factor, and industry specific beta, cost of debt and debt/equity ratio. The WACC of 11.36% percent (11.28 %) has been used in the calculations. As a result of the impairment test, no impairment loss for the CGU was recognized for the financial period ended 31.12.2023. When assessing the recoverable amounts of cash generating unit, management believes that no reasonably possible change in any of the key variables used would lead to a situation where the recoverable amount of the unit would fall below their carrying amount. Considering that, QPR does not present any sensitivity analyses regarding impairment test.

Accounting estimates and management's judgements

The management uses significant estimates and judgement when determining whether there are indications of impairment of goodwill. Management judgement has also been used when defining the amount of cash generating units and considered Process Mining software business area and related consulting recoverable cash flows, as well as recoverable cash flows from common functions. The cash flow projections are based on budgets and financial estimates approved by management covering a 5-year period. Cash flow forecasts are based on QPR's existing business structure, actual results and the management's best estimates on future Net Sales, cost development, general market conditions and growth potential on the market as well as economic uncertainties. Management has considered structural changes impacting to all business areas for improving performance as well as realized last quarter growth drivers. Management tests the impacts of changes in significant estimates used in forecasts by sensitivity analyses.



16. TANGIBLE AND RIGHT-OF-USE ASSETS

Group (EUR 1 000), IFRS	Machinery and equipment	Right-of-use assets: buildings
Book value Jan 1, 2022	171	148
Increases	111	842
Depreciation for the period	-111	-235
Acquisition cost Dec 31, 2022	2,277	1,854
Accum. depreciation and write-downs Dec 31, 2022	-2,105	-1099
Book value Dec 31, 2022	171	756
Increases	0	0
Decreases	0	-319
Depreciation for the period	-90	-118
Acquisition cost Dec 31, 2023	2,277	1,535
Accum. depreciation and write-downs Dec 31, 2023	-2,195	-1,217
Book value Dec 31, 2023	81	318*)

*) Right-of-use assets Note 28 Leases

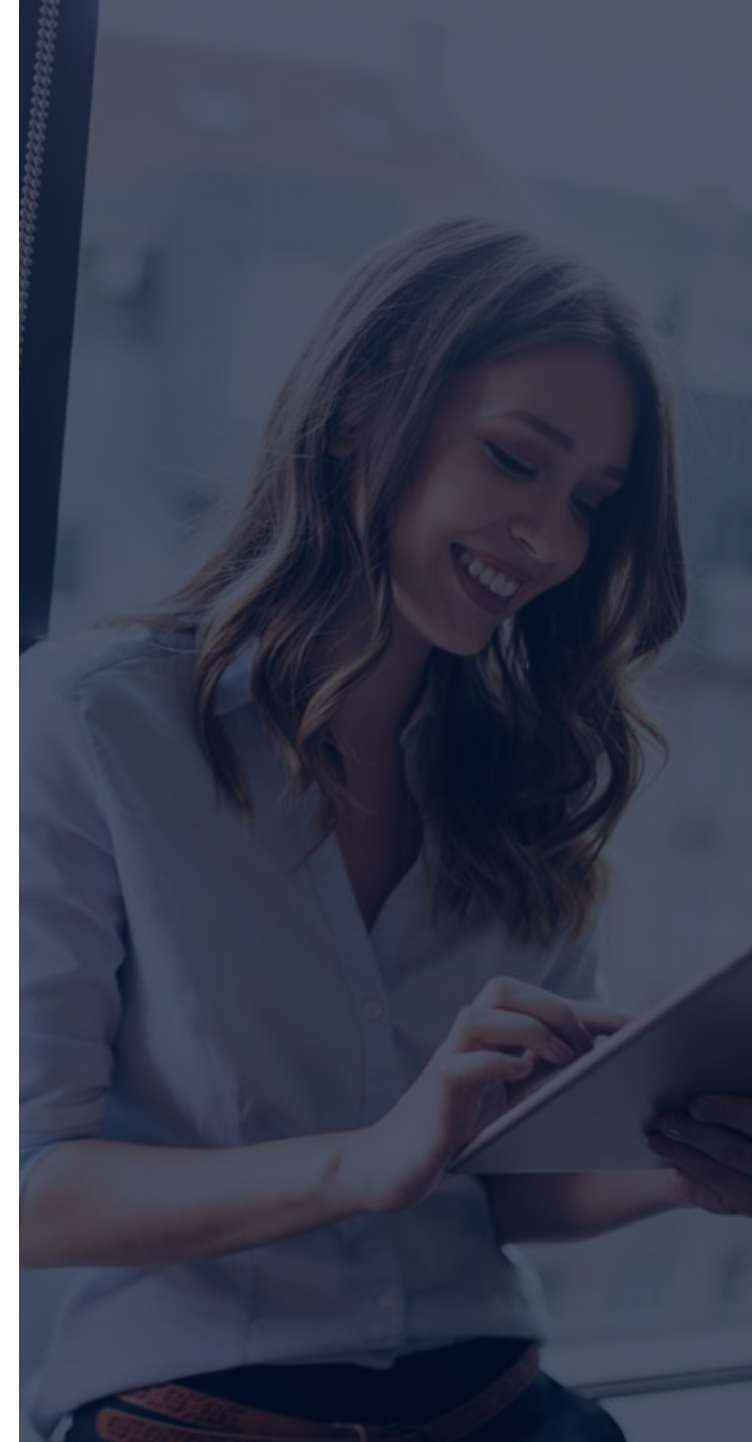
The Company renegotiated office lease agreements shortening its maturity from 5.5 years to 3.5 years and partly agreed of discounted leases for 2023 and 2024. Lease contract's maturity is 2 years and 4 months. According to agreement, the Company has a possibility to move to the landlord's other facilities with mutual agreement. Along with the change of lease contract, company's Right of Use assets decreased from the comparable period.

Parent company (EUR), FAS	Machinery and equipment
Book value Jan 1, 2022	171,030
Increases	111,043
Depreciation for the period	-111,207
Acquisition cost Dec 31, 2022	2,237,106
Accum. depreciation and write-downs Dec 31, 2022	-2,066,240
Book value Jan 1, 2023	170,866
Increases	0
Depreciation for the period	-90,091
Acquisition cost Dec 31, 2023	2,237,106
Accum. depreciation and write-downs Dec 31, 2023	-2,156,331
Book value Dec 31, 2023	80,775

17. SHARES IN SUBSIDIARIES AND OTHER ENTITIES

The parent company of the Group is QPR Software Plc.

Subsidiaries	Domicile	Parent company	
		2023	2022
Owned directly by the parent company:			
QPR CIS Oy	Helsinki, Finland	100 %	100 %
QPR Software AB	Stockholm, Sweden	100 %	100 %
QPR Services Oy	Helsinki, Finland	100 %	100 %
QPR Software Inc.	San Jose, CA, USA	100 %	100 %
QPR Software Limited	London, UK	100 %	100 %

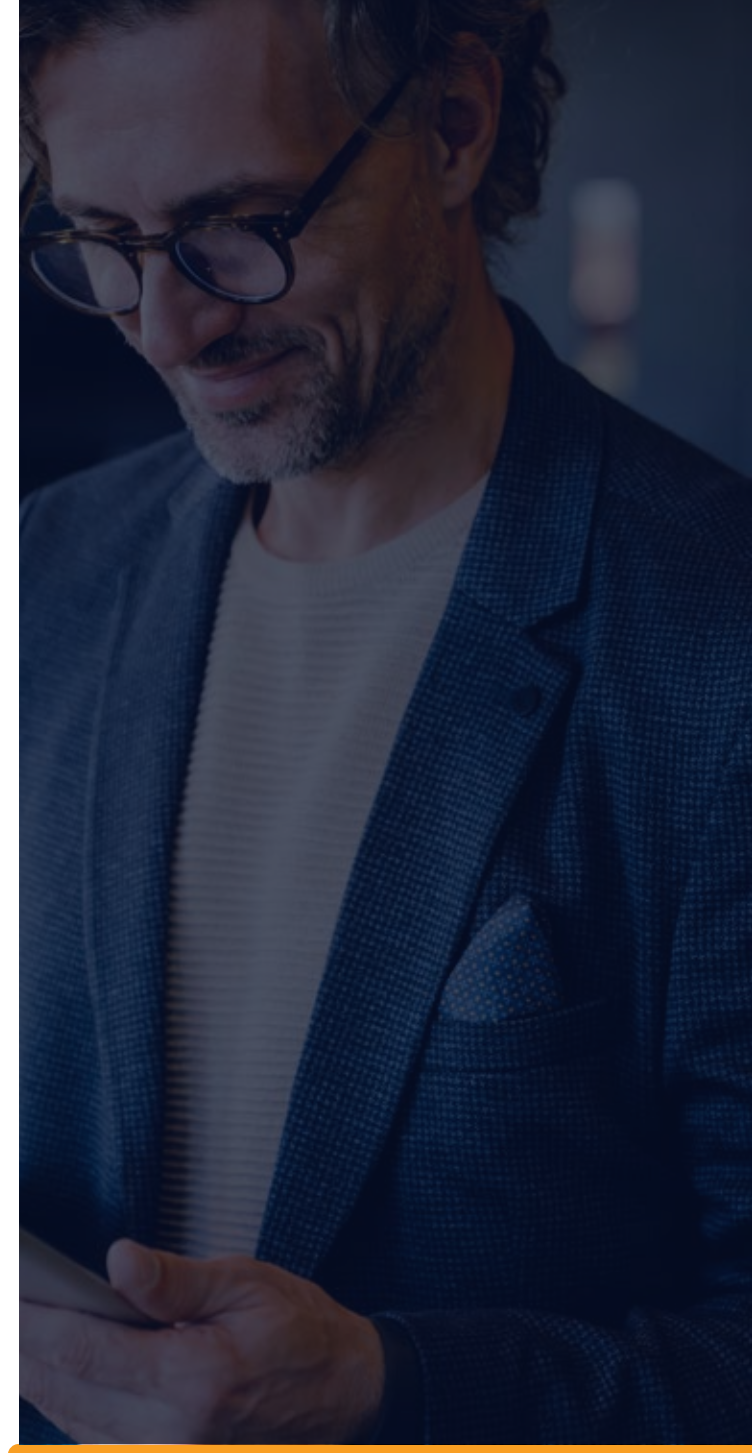


	Parent company (EUR)	
	2023	2022
Shares in subsidiaries		
Acquisition cost Jan 1	3,581,263	3,581,263
Increases	0	0
Decreases	-83,610	0
Acquisition cost Dec 31	3,497,653	3,581,263
Book value Dec 31	3,497,653	3,581,263
Other shares		
Acquisition cost Jan 1	4,562	4,562
Acquisition cost Dec 31	4,562	4,562
Book value Dec 31	4,562	4,562
Total book value of shares Dec 31	3,502,215	3,585,825

The parent company (FAS) wrote down the value of its subsidiary, QPR CIS OY, which had previously engaged in business in Russia. The parent company assesses that the ongoing war initiated by Russia and the sanctions imposed by the European Union will significantly impact the business opportunities of QPR CIS OY. Consequently, the discounted cash flow of future earnings is lower than the value of the shares in the parent company's balance sheet.

18. LONG-TERM RECEIVABLES

	Parent company, FAS (EUR)	
	2023	2022
Receivables from the Group companies	0	225,000
Breakdown of the Parent company's receivables from Group companies:		
QPR CIS Oy	0	225,000
Total	0	225,000



The parent company (FAS) wrote down the capital loan it had previously granted to its subsidiary engaged in business in Russia, QPR CIS Oy. The parent company assesses the repayment prospects of the loan as weak due to the war initiated by Russia and the related sanctions imposed by entities like the European Union.

19. DEFERRED TAX ASSETS AND LIABILITIES

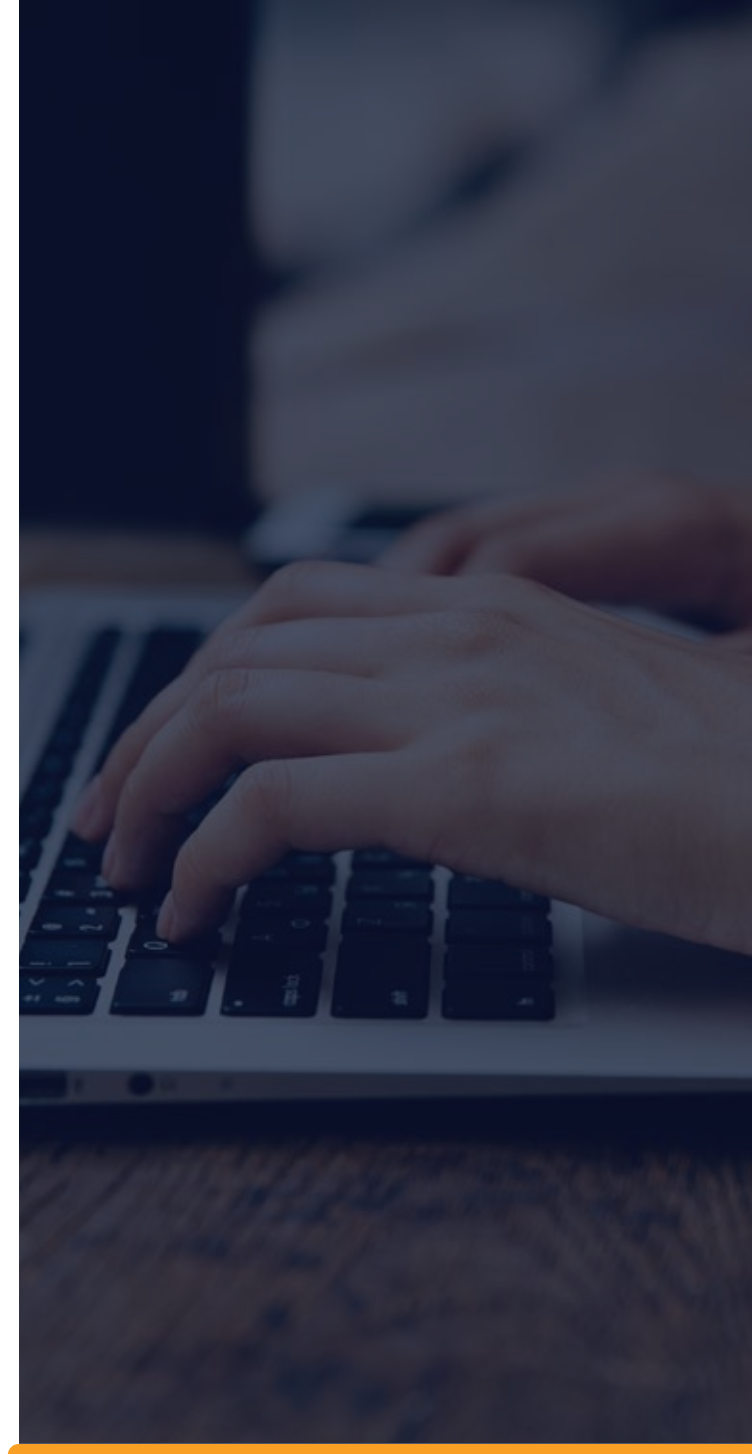
Deferred tax assets, based on tax-loss carryforwards, have changed as follows:

	Group, IFRS (EUR 1,000)	
	2023	2022
Jan 1	273	273
Dec 31	273	273

A deferred tax asset of EUR 273 thousand has been recognized in the balance sheet for confirmed and probable unused losses of the Group's Finnish Companies. These tax assets company will most likely be able to utilize before the end of the utilization period by 2030.

The company has not recognized deferred tax assets in 2021 -2023 according to the principle of precaution. Unbooked deferred tax assets for the loss in 2023 amount to EUR 217 thousand, for 2022 amounted to EUR 722 thousand and for year 2021 amounted to EUR 212 thousand. Total of unbooked deferred tax assets is EUR 1,151 thousand. Recognized and unrecognized deferred tax assets are EUR 1,424 thousand.

At 31 December 2023, QPR concluded based on its assessment that it is not probable for result year 2022 that it will be able to utilize the unused tax losses, unused tax credits and deductible temporary differences in Finland in the foreseeable future. This assessment was done primarily based on the historical performance. In 2023, QPR generated accounting and taxable loss. This conclusion is based on the weighting of objective negative evidence against more subjective positive evidence. The primary factors in this weighting were the more objective record of a pattern of financial performance compared to the more inherently subjective expectations regarding future financial performance in Finland. QPR continues to assess the realizability of deferred tax assets including in particular its actual profitability and may re-recognize deferred tax assets related to Finland where a clear pattern of tax profitability can be established. Finnish unrecognized and recognized deferred tax assets expires in ten years from the time those arose, starting from year 2026 until 2033 and are available against future Finnish tax liabilities.



20. TRADE AND OTHER RECEIVABLES

Group, IFRS (EUR 1 000)

	2023	2022
Trade receivables	1,290	2,831
Credit loss provision	-7	-3
Accrued income and prepaid expenses	218	380
Other receivables	205	242
Total	1,706	3,449

Geographical breakdown of trade receivables:

Finland	547	1,172
Other European countries	452	1,162
Countries outside Europe	291	497
Total	1,290	2,831

Parent Company, FAS (EUR)

	2023	2022
Trade receivables	1,179,236	2,775,016
Credit loss provision	-	-3,100
Accrued income and prepaid expenses	203,191	369,006
Income tax receivables	-	-
Other receivables	83,565	62,756
Current receivables from Group companies	2,231,949	1,907,336
Total	3,697,941	5,111,014

Geographical breakdown of trade receivables:

Finland	546,539	1,171,644
Other European countries	371,457	1,146,350
Countries outside Europe	261,240	457,022
Total	1,179,236	2,775,016



Currency breakdown of trade receivables:

(EUR 1,000)	Group, IFRS			
	2023	%	2022	%
EUR (Euro)	1,014	78,6	2,316	81,8
USD (U.S. Dollar)	248	19,2	240	8,5
SEK (Swedish Krona)	3	0,2	33	1,2
ZAR (South African Rand)	9	0,7	6	0,2
JPY (Japanese Yen)	13	1,0	16	0,6
GBP (Pound Sterling)	4	0,3	23	0,8
AED (United Arab Emirates dirham)	-	-	196	6,9
Total	1,290	100	2,831	100

Age analysis of trade receivables:

Not due	681	52,8	1,940	68,5
0 - 90 days overdue	543	42,1	825	29,1
90 - 180 days overdue	33	2,5	47	1,7
More than 180 days overdue	33	2,6	20	0,7
Total	1,290	100	2,831	100

Fair value of trade receivables:

The initial book value of trade receivables equals fair value because the effect of discounting is not material considering maturity.

Credit losses and provision of credit losses

The Group recognizes expected credit loss provision based on the age of the trade receivable.



	Trade receivables	Group, IFRS	
		Credit loss expectation based on trade receivables 2023, EUR 1,000	Credit loss expectance based on age trade receivables, %
Not due	681	0	0,02
0 - 60 days overdue	452	2	0,5
60 - 120 days overdue	119	1	1,0
120 - 180 days overdue	4	0	2,0
>180 days overdue	33	3	10,0
Total	1,290	7	0

In addition to the maturity-based matrix for trade receivables, in 2023, the Company has not recognized additional provisions for credit losses (2022: EUR 0).

Credit losses of EUR 2 thousand (2022: EUR 36) on trade receivables have been recognized in the Group's result.

Breakdown of the parent company's accrued income and prepaid expenses:

	Parent company, FAS	
	(EUR)	
	2023	2022
Accrued income	33,522	32,456
Prepaid expenses	168,077	330,350
Total	201,599	362,806

Breakdown of the parent company's receivables from Group companies:

	Parent company, FAS	
	(EUR)	
	2023	2022
QPR Services Oy	2,006,949	1,907,336
Total	2,006,949	1,907,336

21. CASH AND CASH EQUIVALENTS

	Group, IFRS (EUR 1 000)	
	2023	2022
Bank accounts	884	17
Total	884	17

	Parent company, FAS (EUR)	
	2023	2022
Bank accounts	859,814	938
Total	859,814	938

The parent company has a revolving credit facility of EUR 1.5 million with Nordea for financing need. The funds were used at the end of 2023: EUR 1.0 million (at the end of 2022: EUR 0) in the long term liabilities and EUR 0.5 million (at the end of 2022: EUR 1.5 million) in the short term liabilities. The agreement for the revolving credit facility was renewed 24th January 2023 and transferred as long term loan maturing 31st January 2026.

The Group has a credit limit of EUR 0.5 million, which was not in use at the end of 2023 (2022: EUR 22 thousand). The amount of the credit limit decreased from EUR 1 million to EUR 0.5 million in February 2023.



22. BALANCE SHEET ITEMS RELATED TO CUSTOMER CONTRACTS

	Group, IFRS	
	(EUR 1 000)	
	2023	2022
Trade receivables	1,290	2,831
Contract assets	34	33
Contract liabilities*	-2,186	-2,258

	Parent company, FAS	
	(EUR 1 000)	
	2023	2022
Trade receivables	1,179,236	2,775,016
Contract assets	33,522	32,778
Contract liabilities*	-2,061,924	-2,200,622

*The contractual liability for the comparison year has been restated according to 2023 reporting principles.

Contract assets are items for which performance obligations have already been fulfilled, but the customers have not yet been invoiced. In QPR Software, contract assets are usually related to consulting services, which are invoiced after the performance obligations have been fulfilled.

Contract liabilities, on the contrary, are items which have already been invoiced, but for which performance obligations have not yet been entirely fulfilled. In QPR Software, contract liabilities are usually related to maintenance or SaaS fees, which are invoiced in advance and are recognized as revenue over the duration of the contract period.



23. SHAREHOLDERS' EQUITY

The Company has one series of shares and the maximum value of share capital is EUR 80 thousand. All issued shares have been paid in full. The Company arranged right issuance in 2023 increasing number of shares to 18,175,192 (2022: 16,455,321).

Other funds

Includes the reserve fund in subsidiary QPR Software AB.

Treasury shares

Includes the purchase price of shares repurchased by the Group.

Invested unrestricted equity fund

Invested unrestricted equity fund includes proceedings from right issuance arranged in third quarter 2023. Along the right issuance 1,719,871 new shares were registered. According to Finnish accounting standards, invested unrestricted equity fund is reported into gross value.

Calculation of the distributable funds

	Parent company, FAS	
	(EUR)	
	2023	2022
Retained earnings	-2,747,372	270,643
Result for the period	-1,402,736	-3,007,840
Dividends paid	-	-
Treasury shares	-347,552	-405,727
Invested unrestricted equity fund	5,529,731	3,454,341
Distributable funds	1,032,072	311,418



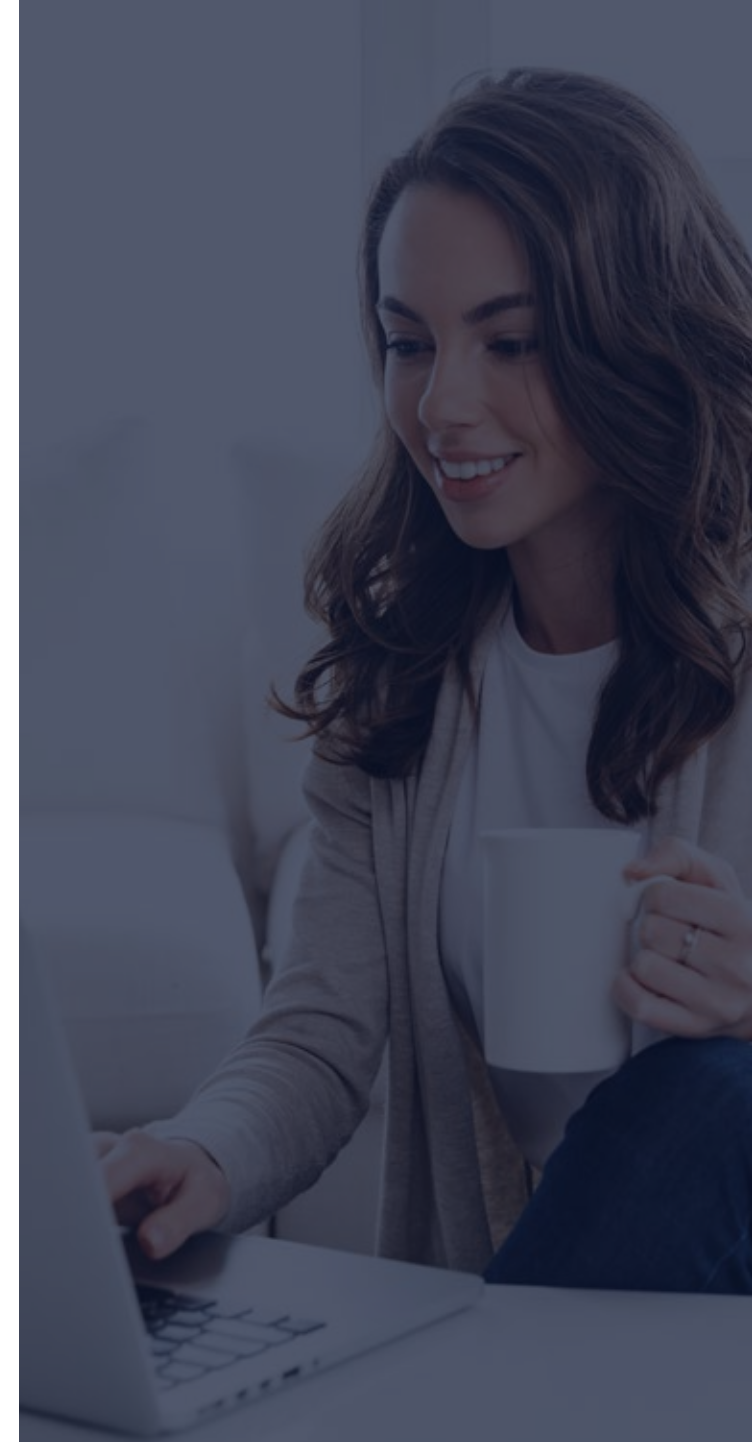
24. OTHER NON-CURRENT LIABILITIES AND INTEREST-BEARING LOANS

	Group, IFRS (EUR 1 000)	
Non-current liabilities	2023	2022
Non-current Lease liabilities	192	609
Loans from banks	1,000	-
Total	1,192	609

	Parent company, FAS (EUR)	
Non-current liabilities	2023	2022
Loans from banks	1,000,000	0
Total	1,000,000	0

	Group, IFRS (EUR 1 000)	
Current interest-bearing loans	2023	2022
Loans from banks, next year repayment	500	1,521
Lease liabilities	126	149
Total	626	1670

	Parent company, FAS (EUR)	
Current interest-bearing loans	2023	2022
Lease liabilities	500,000	1,520,756
Total	500,000	1,520,756



The company has EUR 1 million of long term and 0.5 million of short term loan from banks. Interest-bearing loans consist of euribor 12 months and 1.05 % interest margin.

The Group has a credit limit of EUR 0.5 million, which was not in use at the end of 2023 (2022: EUR 22 thousand). The amount of the credit limit decreased from EUR 1 million to EUR 0.5 million in February 2023,.

The parent company has a revolving credit facility of EUR 1.5 million with Nordea for financing need. The funds were used at the end of 2023: EUR 1.0 million (at the end of 2022: EUR 0) in the long term loans and EUR 0.5 million (at the end of 2022: EUR 1.5 million) in the short term loans. The agreement for the revolving credit facility was renewed 24th January 2023 and transferred as long term loan maturing 31st January 2026.

Covenants attached to the loan, are based on the company's EBITDA and equity ratio. The EBITDA is tested every six months, and the equity ratio is tested annually according to the situation on the last day of the year. At the covenant test on 31st December 2023, EBITDA was below the agreed covenant limit. In December 2023, the bank committed to not exercising the right to demand immediately it's receivables based on the financing agreement if the group breaches a possible EBITDA covenant as of the financial statements in December 2023.

Considering the discounted present value of the debt, taking into account its maturity and interest rate, it is 1.435 million euros, which is 65 thousand euros lower than the original book value of the debt, which was 1.5 million euros.

Repayment schedule of right-of-use liabilities

Group, IFRS

(EUR 1,000)

			2023	2022
	Nominal interest rate	Maturity	Book value	Book value
Lease liabilities	4,6 %	2022-2026	318	758
Interest-bearing right-of-use liabilities			318	758

The Company renegotiated office lease agreements shortening it's maturity from 5.5 years to 3.5 years and partly agreed of discounted leases for 2023 and 2024. Lease contract's maturity is 2 years and 4 months. According to agreement, the Company has a possibility to move to the landlord's other facilities with mutual agreement. Along with the change of lease contract, company's lease expenses decreased from the comparison period.

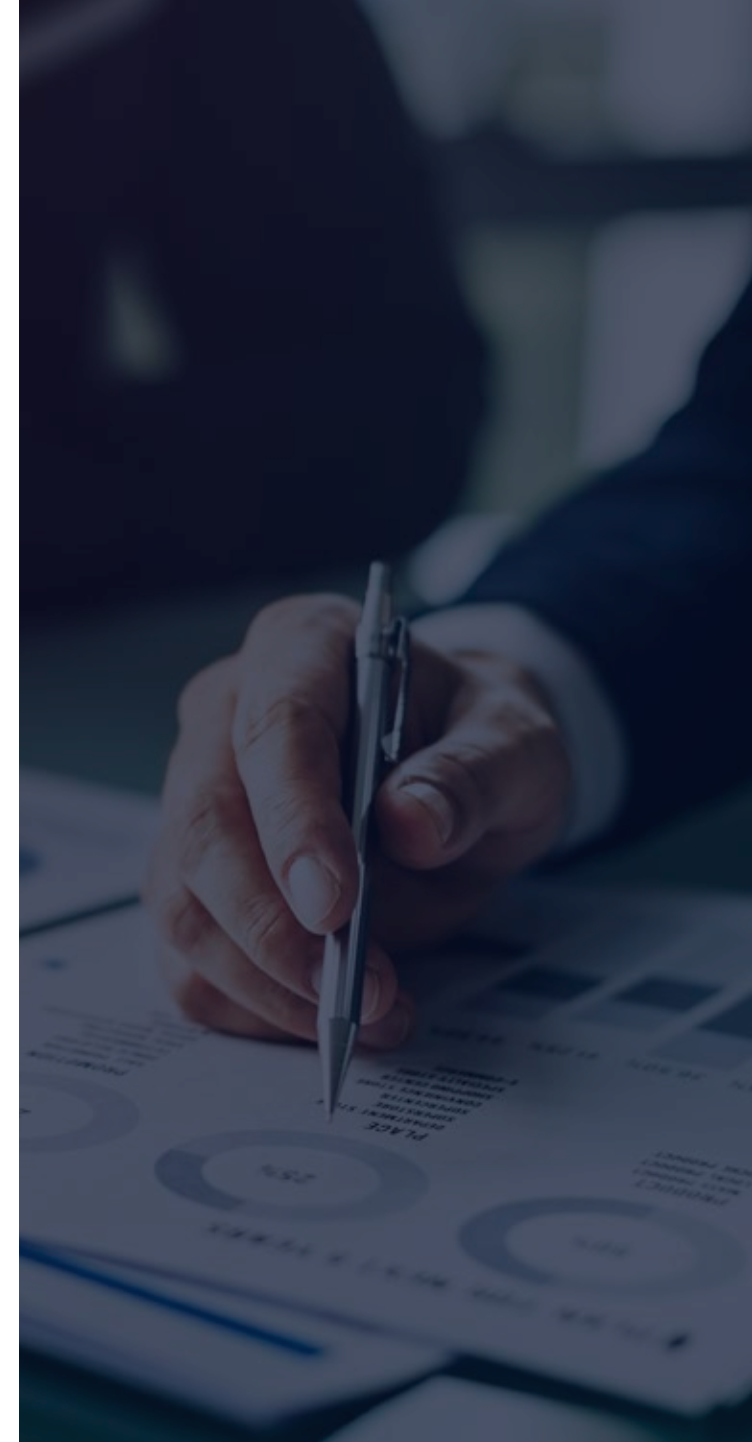
25. TRADE PAYABLES AND OTHER LIABILITIES

	Group, IFRS (EUR 1 000)	
	2023	2022
Provisions	-	33
Trade payables	212	499
Accrued expenses and prepaid income	1,539	2,598
Advances received	1,558	885
Other liabilities	395	661
Total	3,703	4,676

	Parent company, FAS (EUR)	
	2023	2022
Provisions for liabilities and charges	-	32,628
Trade payables	189,566	457,733
Accrued expenses and prepaid income	1,262,222	2,338,513
Advances received	1,530,141	860,024
Other liabilities	309,345	570,708
Current liabilities to Group companies	2,096,506	1,793,198
Total	5,387,781	6,052,804

The initial carrying amount of trade payables and other liabilities corresponds to the fair value because the effect of discounting is not material considering the maturity of the item. The amount of trade payables in foreign currencies was 23 %, (2022: 1 %).

The Group didn't book provisions at the end of 2023. At the end of 2022 QPR recognised a provision for the estimated restructuring cost following management's approval of the publication of the detailed restructuring plan. The provision applied to expenses related to the reorganisation of personnel published 20th September 2022 and as a result to costs related to termination of the lease of the premises. On 31st December 2022 the provision was EUR 33 thousands. Cash flows related to the restructuring materialized in the beginning of 2023. This provision was reported in QPR Plc in provisions, in group bookings.



Breakdown of the parent company's accrued expenses and prepaid income:

	Parent company, FAS	
	(EUR)	
	2023	2022
Holiday pay, including social costs	415,751	574,955
Bonuses, including social costs	102,645	136,189
Prepaid income	612,515	1,508,242
Other accrued expenses	131,311	119,127
Total	1,262,222	2,338,513

Breakdown of the parent company's liabilities to Group companies:

	Parent company, FAS	
	(EUR)	
	2023	2022
QPR CIS Oy	23,414	24,488
QPR Software AB	1,347,642	1,016,631
QPR Software Inc	724,532	750,080
QPR Software Limited	919	1,999
Total	2,096,506	1,793,198



26. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

The table discloses carrying amounts of financial assets and financial liabilities. The fair value hierarchy level for equity investments measured at fair value is 3. The carrying amount of other financial assets and financial liabilities is a reasonable estimate of their fair value. The financial assets and liabilities are classified in accordance with IFRS 9.

December 31, 2023

	Book value			
	Note	At fair value through profit or loss	Recognised at amortised cost	Total
Financial assets				
Financial assets measured at fair value				
Equity investments	17	5		5
Total		5		5
Financial assets not measured at fair value				
Trade and other receivables	20		1,706	1,706
Cash and cash equivalents	21		884	884
Total			2,590	2,590
Financial liabilities				
Financial liabilities not measured at fair value				
Bank borrowings	24		1,500	1,500
Right-of-use liabilities	24		318	318
Trade payables and other liabilities	25		3,703	3,703
Total			5,521	5,521

27. ADJUSTMENTS TO THE CASH FLOW FROM OPERATING ACTIVITIES

	Group, IFRS (EUR 1,000)	
	2023	2022
Other items	21	-173
Total	21	-173

Other items includes Stock option program IFRS2 adjustments and accounts payable related to investments.

28. COMMITMENTS AND CONTINGENT LIABILITIES

	Group (EUR 1 000)	
	2023	2022
Business mortgage	2,382	2,382
Lease liabilities and rental commitments		
Maturing within one year	30	47
Maturing during in 1-5 years	27	80
Total	2,439	2,509

	Parent company (EUR)	
	2023	2022
Business mortgage	2,337,288	2,337,288
Lease liabilities and rental commitments		
Maturing within one year	166,310	226,178
Maturing during in 1-5 years	225,616	749,419
Total	2,729,214	3,312,885



Rental commitments include following agreements:

Group (IFRS):

Business mortgages are given as guarantee for Nordea towards RCF loan value EUR 1,500 thousand. Rental guarantees totaling EUR 3 thousand are included in other current receivables in the balance sheet. Rental agreements related office and IT equipment as well as car lease agreements

PARENT (FAS)

Business mortgages are given as guarantee for Nordea towards RCF loan value EUR 1,500 thousand. Rental guarantees totaling EUR 2 thousand are included in other current receivables in the balance sheet. Rental agreements related office and IT equipment as well as car lease agreements

The Company renegotiated office lease agreements shortening it's maturity from 5.5 years to 3.5 years and partly agreed of discounted leases for 2023 and 2024. Lease contract's maturity is 2 years and 4 months. According to agreement, the Company has a possibility to move to the landlord's other facilities with mutual agreement. Along with the change of lease contract, company's lease expenses decreased from the comparison period.

29. LEASE AGREEMENTS

Leases in the Balance Sheet

	Group, IFRS (EUR 1,000)	
	Dec 31, 2023	Dec 31, 2022
Assets		
Non-current assets		
Right-of use assets, buildings	318	756
Total	318	756
Lease liabilities, non-current	192	609
Lease liabilities, current	126	149
Total	318	758



The Company renegotiated office lease agreements shortening its maturity from 5.5 years to 3.5 years and partly agreed of discounted leases for 2023 and 2024. Lease contract's maturity is 2 years and 4 months. According to agreement, the Company has a possibility to move to the landlord's other facilities with mutual agreement. Along with the change of lease contract, company's lease expenses decreased from the comparison period.

Leases in the Income Statement

	01-12/2023	01-12/2022
Depreciation of right-of-use assets	-118	-235
Interest expenses	-6	-8
Total	-124	-243

The total cash outflow for leases in 2023 was EUR 121 thousand (2022: 266).

30. FINANCIAL RISK MANAGEMENT

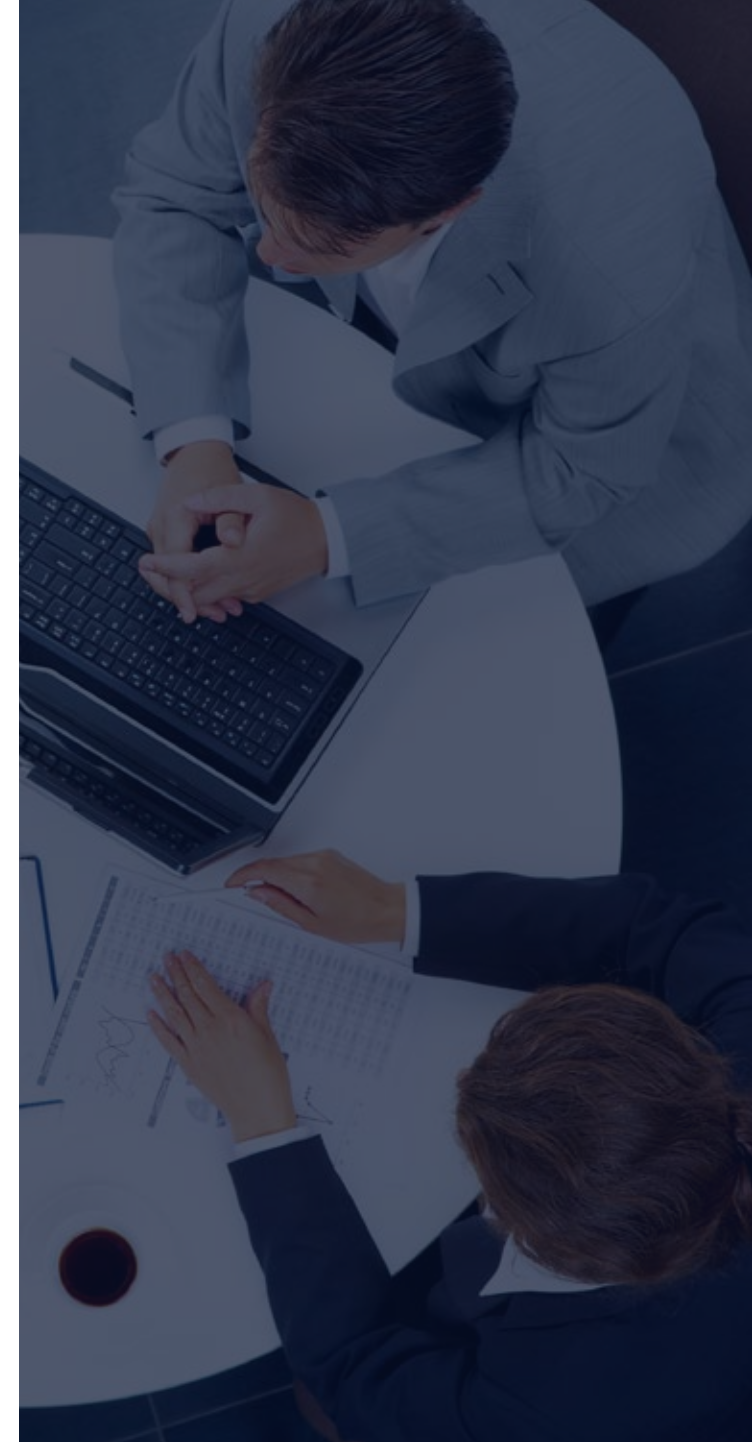
The International business operations of QPR Group are exposed to risks typical in normal international transactions. Financial risk management aims to secure sufficient financing cost-effectively and to monitor, and when necessary, to mitigate the materializing risks. Risk management is a centralized responsibility of the Group's financing function and the CEO. The general risk management policies are approved by the QPR Software Plc Board of Directors. The Board is also responsible for supervising the adequacy, appropriateness, and effectiveness of the Group's risk management

Foreign exchange risk

The main sales currency for the Group is Euro and most purchases are made in Euros.

The majority of trade receivables is in Euros (EUR), 79%. During the financial year, the most significant invoicing currencies after EUR were the U.S. Dollar (USD) and the Japanese yen (JPY). If the value of USD and JPY against EUR were to decrease by 10%, and the share of currencies were to remain on the same level, the value of trade receivables would decrease by EUR 26 thousand, equaling 2.0 % of the total value of all trade receivables. Correspondingly, if the value of all non-EUR invoicing currencies were to decrease by 10%, the value of trade receivables would decrease by EUR 28 thousand. A breakdown of trade receivables by currency is presented in Note 20

In accordance with the foreign exchange risk policy approved by the Board of Directors, the Company may engage in foreign currency hedging. The purpose of currency hedging is to reduce the uncertainty brought by exchange rates and to minimize the adverse impact of exchange rate changes to the Group's cash flow, financial



results, and equity. Management regularly reviews the Company's foreign exchange risks, taking into account the hedging costs. At the end of 2023 and 2022, the Company did not have any hedging instruments

Interest rate risk

The impact of interest rate changes on the Group result is insignificant and the Group did not take any hedging measures during the financial year. According to the financing agreement made on 24th, January 2024, the interest rate for the 1.0 million EUR long term and 0.5 million EUR short term loans is tied to 12 months euribor and 1,05% margin.

Liquidity risk

Liquidity risk is defined as financial distress or extraordinarily high financing costs due to the shortage of liquid funds in a situation where business conditions unexpectedly deteriorate and require financing.

The purpose of liquidity risk management is to maintain sufficient liquidity and to ensure that funds are continuously available to finance business operations quickly enough. QPR maintains sufficient liquidity through efficient cash management and deposits. The group converted its loans in January 2023 to the long term and bind under covenants, measured against EBITDA and own equity ratio. EBITDA based performance measure is tested bi-annually and own equity ratio annually in the end of year. At the covenant test on 31st December 2023, EBITDA was below the agreed covenant limit. In December 2023, the bank committed to not exercising the right to demand immediately its receivables based on the financing agreement if the group breaches a possible EBITDA covenant as of the financial statements in December 2023. The credit limit will be repaid in instalments of 500 thousand on 31.1.2024, 31.1.2025, and 31.1.2026.

Dec, 31 2023

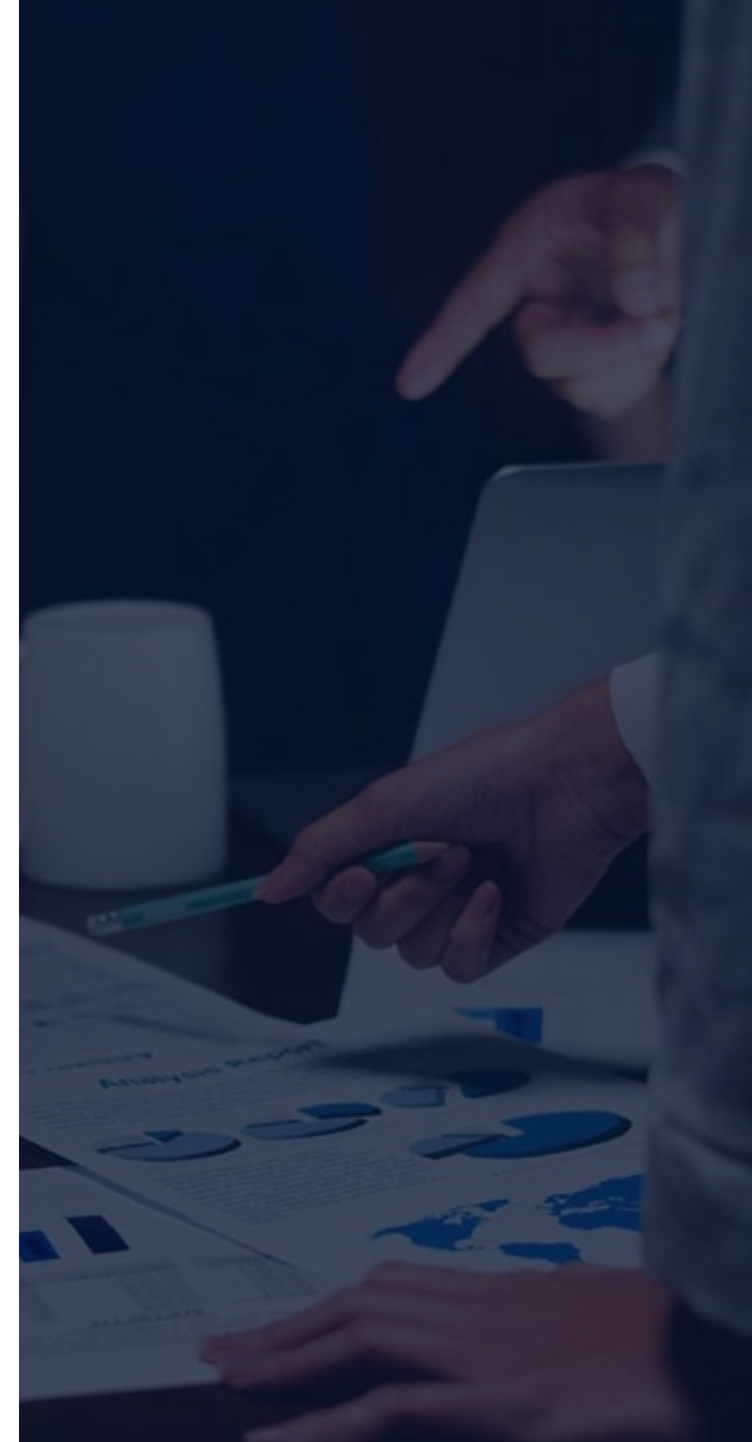
Group, IFRS

(EUR 1,000)	Book value	0-6 month	7-12 month	beyond 12 month
Trade and other payables	212	212	0	0
Bank borrowings, revolving credit facility	1500	500	0	1000
Lease liabilities (IFRS16)	318	57	69	192
Total	2,031	769	69	1,192

Dec, 31 2022

Group, IFRS

(EUR 1 000)	Book value	0-6 month	7-12 month	beyond 12 month
Trade and other payables	499	499	0	0
Bank borrowings, revolving credit facility	1521	1521	0	0
Lease liabilities (IFRS16)	758	85	63	609
Total	2,778	2,105	63	609



The interest of the bank loan consists of euribor 12 months and 1.05 % interest margin, trade liabilities are free of interest and lease liability has imputed interest of 4.563 %.

Operative credit risk

The Group's international business operations are by their nature exposed to reasonable credit risk related to individual partners. However, the Group's customer base and reseller network is broad and spread over several market areas. Thus, the Group's trade receivables are collected from a large number of resellers and customers in several market areas, and according to management's estimate there are no concentrations of reseller, customer, or geographical risks. In addition, the continuous and active monitoring of receivables and credit limits aim to mitigate the Group's credit risks. The Group's maximum credit risk corresponds to the book value of trade receivables. Additional information on the Group's trade receivables is presented in Note 20.

31. CAPITAL MANAGEMENT

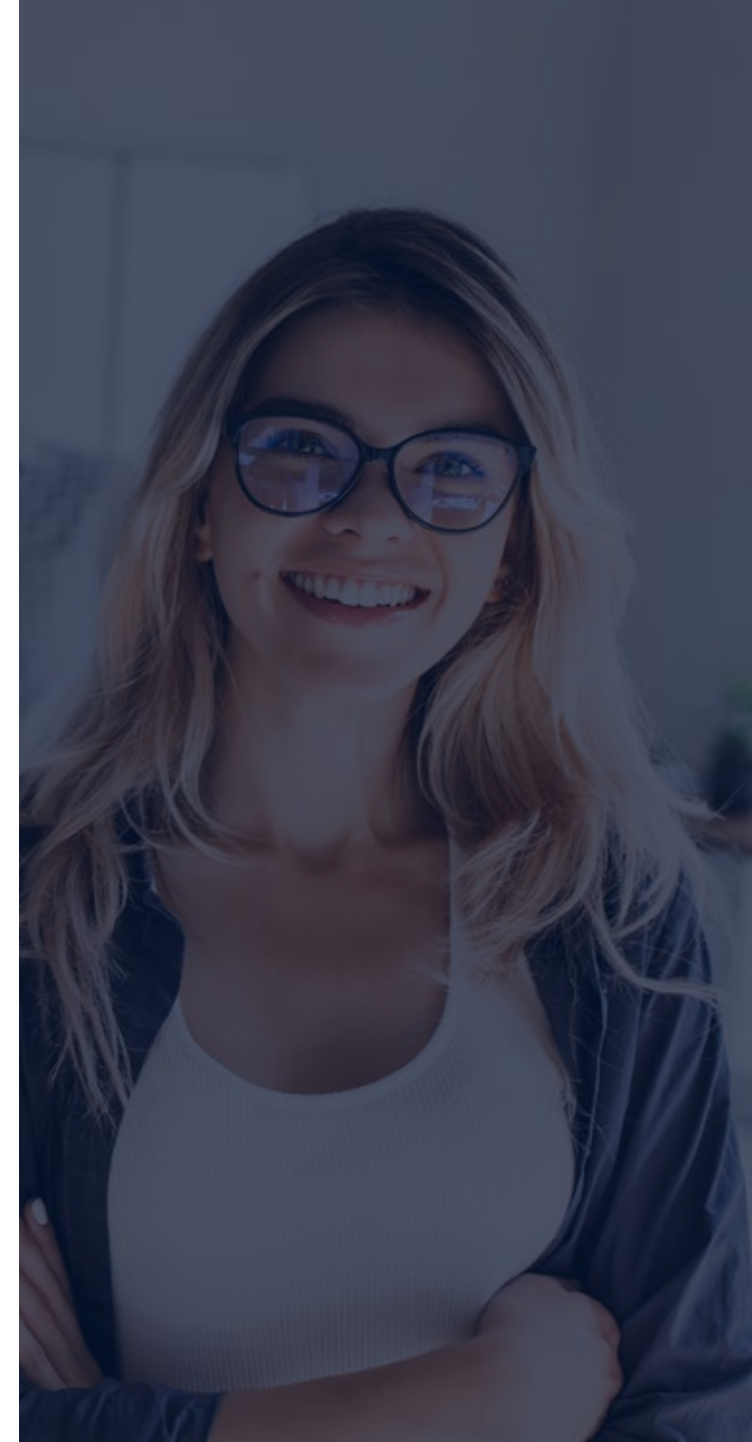
Group, IFRS (EUR 1,000)	2023	2022
Cash and cash equivalents	884	17
Net liabilities	934	2,262
Shareholders' equity	348	487
Gearing, %	268,3	464,9
Equity ratio, %	8,1	7,4
Total balance sheet	5,869	7,442

The development of Group's capital structure is monitored, in particular, through gearing and equity ratio.

32. EVENTS AFTER THE REPORTING PERIOD

Change negotiations related to the adjustment of QPR Software Plc 's strategy

On December 14, 2023, QPR Software Plc announced its adjusted strategy and the change in its organizational structure planned to support it and submitted a negotiation proposal in accordance with the related Cooperation Act to start the change negotiations. The change negotiations were completed on Thursday, January 4, 2024.



In the change negotiations, the Company planned to change its organizational structure to support its adjusted strategy. The goal of the planned changes is to support the more efficient organization of QPR Software's operations, to try to respond to changes in the operating environment, and to renew the organizational structure in order to achieve the Company's long-term growth and profitability goals.

Change negotiations were held separately in both QPR Software Plc and QPR Services Oy. As a result of the negotiations, the Company will terminate a maximum of four positions at QPR Software Plc and a maximum of six positions at QPR Services Oy.

QPR Software Plc signed the first partner agreement in North America and received an affirmative decision on Business Finland's support for market mapping

QPR Software's unique process mining software, QPR ProcessAnalyzer, is globally the only software running natively in the Snowflake Data Cloud. This means solving performance, scalability, and security issues for customers. The majority of Snowflake's customers are in the US market. In accordance with its strategy, QPR aims to expand to the North American market, utilizing the partner network that is being built there.

An important step in this endeavor is the signing of a significant partnership agreement with Solution BI on January 16, 2024. The agreement includes resale rights for QPR ProcessAnalyzer in the United States, Canada and Mexico. The company also cooperates with Solution BI in the Middle East region.

In addition, on January 30, 2024, Business Finland approved QPR Software Plc's Market Explorer funding, which is used to investigate business opportunities and map markets in North America. Granted support covers 50% of incurred costs, upper limit 39,995 euros. This financial support is intended to facilitate the mapping of the company's new markets and to promote the conditions for the internationalization of the business.

33. RECONCILIATION OF ALTERNATIVE KEY FIGURES

	2023	2022
Equity ratio, %		
Total Equity	348	487
balance sheet total	5,869	7,442
Advances received	1,558	885
Advances received		
Total equity x 100 (Balance sheet total - advances received)	8.1 %	7.4 %



SIGNATURES OF BOARD OF DIRECTORS' AND FINANCIAL STATEMENTS

Helsinki, Finland, February 16, 2024

QPR Software Plc
Board of Directors

Pertti Ervi
Chairman of the Board

Matti Heikkonen
Board member

Antti Koskela
Board member

Jukka Tapaninen
Board member

Heikki Veijola
Chief Executive Officer

AUDITOR'S NOTE

An auditor's report concerning the performed audit has been given today.

Helsinki, Finland, February 16, 2024

KPMG Oy Ab
Authorized Public Accountants

Petri Kettunen
Authorized Public Accountant

DEFINITION OF KEY INDICATORS

Return on equity (ROE), %:

$$\frac{\text{Result for the period} \times 100}{\text{Shareholders' equity (average)}}$$

Return on investment (ROI), %:

$$\frac{(\text{Result before taxes} + \text{interest and other financial expenses}) \times 100}{\text{Balance sheet total} - \text{non-interest bearing liabilities (average)}}$$

Equity ratio, %:

$$\frac{\text{Total equity} \times 100}{\text{Balance sheet total} - \text{advances received}}$$

Gearing:

Interest-bearing liabilities - cash and cash equivalents

Gearing, %:

$$\frac{(\text{Interest-bearing liabilities} - \text{cash and cash equivalents}) \times 100}{\text{Total equity}}$$

Earnings per share, euro:

$$\frac{\text{Result for period}}{\text{Weighted average number of shares outstanding during the year}}$$

Equity per share, euro:

$$\frac{\text{Equity attributable to shareholders of the parent company}}{\text{Number of shares outstanding at the end of the year}}$$

Dividend per share, euro:

$$\frac{\text{Total dividend paid}}{\text{Number of shares outstanding at the end of the year}}$$

Dividend per Result, %:

$$\frac{\text{Dividend per share} \times 100}{\text{Earnings per share}}$$

Effective dividend yield, %:

$$\frac{\text{Dividend per share} \times 100}{\text{Share price at the end of the year}}$$

Price/earnings ratio (P/E):

$$\frac{\text{Share price at the end of the year}}{\text{Earnings per share}}$$

Market capitalization:

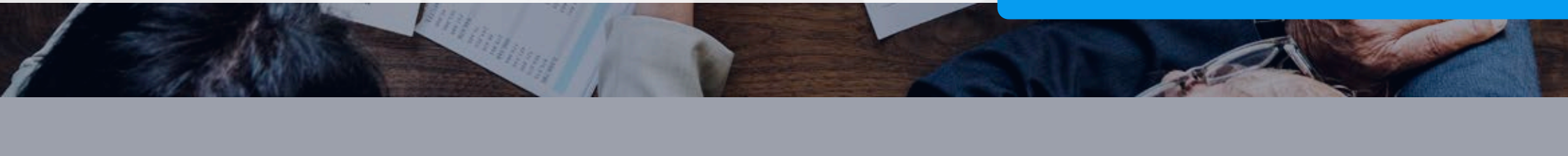
Total number of shares outstanding x share price at the end of the year

Turnover of shares, % of all shares:

$$\frac{\text{Number of shares traded} \times 100}{\text{Average number of shares outstanding during the year}}$$

Alternative key figures

The Group reports certain performance measures that are not based on IFRS (i.e. alternative performance measures). Alternative performance measures are used to provide relevant information to interested parties and improve comparability of reporting periods. Alternative performance measures may not be considered as a substitute for measures of performance in accordance with IFRS. Definitions for alternative measures can be found under the title "Definition for key indicators".



TO THE ANNUAL GENERAL MEETING OF QPR SOFTWARE PLC

Report of the Audit of the Financial Statements

Opinion

We have audited the financial statements of QPR Software Plc (business identity code 0832693-7) for the year ended 31 December 2023. The financial statements comprise the consolidated balance sheet, comprehensive income statement, statement of changes in equity, cash flow statement and notes, including a summary of material accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

— the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU

— the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Board of Directors.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 10 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions

of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

THE KEY AUDIT MATTER

HOW THE MATTER WAS ADDRESSED IN THE AUDIT

Sufficiency of Group's liquidity and financing arrangements - Refer to consolidated cash flow statement, accounting policies for the consolidated financial statements and notes 25, 26 and 30 to the consolidated financial statements

— The financial statements have been prepared on a going concern basis considering the efficiency improvement measures taken, the operating forecast as well as the financing agreement renewed by the company during the financial year. The financing agreement includes financial covenants based on the company's EBITDA margin and equity ratio.

— In recent years, the Group has generated losses, cash flow from operating activities has been negative and liquidity tight. The Group has taken efficiency improvement measures to strengthen its financial position, create a more sustainable cost structure, and secure liquidity. The Group's result for the financial year 2023 is EUR 0.9 million negative, against a positive cash flow from operating activities of EUR 0.8 million. The company's financial position has been strengthened by a directed share issue of EUR 0.76 million in the financial year.

Our audit procedures included, among others:

— In our audit, we inspected the financing arrangements for the directed share issue and the renewed financing agreement carried out during the financial year. We assessed compliance with the covenants in the financing agreement and the impact of a breach of the EBITDA covenant on the company's financial position and liability classification.

— To assess the sufficiency of financing, we analyzed the business plans and cash flow estimates prepared by the company.

— As a part of our year-end audit procedures, we assessed the accuracy of classification of financial liabilities, and considered the adequacy and appropriateness of the disclosures provided on the financial status in the consolidated financial statements.

Valuation of capitalised product development costs and valuation of goodwill - Refer to accounting principles for the consolidated financial statements and notes 9, 10, 14 and 15

— The Group companies develop software and consulting service products to be used by their customers. The development expenditures are capitalized to the extent that they meet the capitalization criteria set out in the relevant accounting standard (IAS 38) and are assessed to contribute future economic benefits. The assessment may change even in a rather short term, e.g. as a result of technical development.

— The total product development costs capitalized in the financial year ended amounted to EUR 0.6 million. The capitalized product development costs are amortized over four years on a straight-line basis. At the year-end 2023, the capitalized product development costs amounted to EUR 2.2 million. The capitalized product development costs represent 637 percent of the consolidated equity.

— Goodwill amounted to EUR 0.4 million at the financial year-end 2023 and represents 103 percent of the consolidated equity.

— Goodwill and capitalized product development costs are tested at least annually for impairment.

— The preparation of the cash flow projections underlying the impairment tests requires management judgement in regard to e.g. sales growth, profitability, terminal growth and discount rates.

— Due to the significant carrying amounts and management judgment involved in determining recoverable amounts and useful life, the valuation of capitalized product development costs and goodwill is one of the key areas that our audit is focused on.

Our audit procedures included, among others:

— We assessed the appropriateness of the capitalization process and the amortization periods of development expenditures and considered whether the development costs capitalized during the year had met the capitalization criteria under the relevant accounting standard.

— We assessed the appropriateness of the impairment test carried out for the goodwill in the consolidated financial statements.

— Our audit procedures on the impairment testing included, among others, the following: We evaluated the cash flow estimates for future financial periods prepared by management and the key assumptions used in the impairment tests, such as sales growth, profitability and terminal growth.

— Furthermore, we considered the adequacy and appropriateness of the Group's notes in respect of goodwill, testing calculations and intangible assets.

Revenue recognition and valuation of trade receivables - Refer to accounting principles for the consolidated financial statements and notes 2, 3 and 20

— The consolidated net sales consist of software license sales, software maintenance services, cloud (SaaS) services and consulting services. Revenue is recognized when (or as) the control of the service is transferred to the customer, which may be over time or at a point in time.

— Application of revenue recognition principles requires management judgement especially in identifying separate performance obligations, determining stand-alone selling price as well as in analyzing terms and conditions of the contract to determine the appropriate timing to recognize revenue.

— The revenue recognition principles and their consistent application have a significant impact on the net sales and profitability as reported by QPR Software Plc. Therefore, the revenue recognition is one of the key areas that our audit is focused on.

— Trade receivables were in total EUR 1.3 million at 31 December 2023, representing a significant part of the balance sheet. Regardless the fact that there are no significant credit losses incurred in the past, there may be valuation risk associated with trade receivables. Due to the significance of the carrying amount of the trade receivables, the valuation and monitoring of trade receivables is one of the key areas that our audit is focused on.

Our audit procedures included, among others:

— We evaluated the revenue recognition principles by reference to applicable financial reporting standards and contract terms.

— Our audit procedures included testing of key controls designed to ensure the completeness and accuracy of net sales.

— We completed detailed audit procedures over revenue contracts that we selected based on size, timing and complexity. In respect of the selected contracts, we assessed the identification of performance obligations, tested the accuracy of invoicing and compared revenue transactions recorded with contractual terms and traced them to supporting evidence of delivery.

— We evaluated the monitoring routines for trade receivables and the effectiveness of the key internal controls. We also analyzed the trade receivables followed up the payments received after year-end 2023 in respect of selected trade receivables.

— In addition, we assessed the adequacy and accuracy of disclosures related to revenue recognition and trade receivables in the consolidated financial statements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement

when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's

or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER REPORTING REQUIREMENTS

Information on our audit engagement

We have been the auditors appointed by the Annual General Meeting since 2006, and our appointment represents a total period of uninterrupted engagement of 18 years.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 16 February 2024

KPMG OY AB

PETRI KETTUNEN
Authorized Public Accountant, KHT

INFORMATION FOR SHAREHOLDERS THE SHARE OF QPR SOFTWARE PLC

QPR SOFTWARE PLC SHARES

The share of QPR Software Plc is quoted on the main list of the Nasdaq Helsinki, in the Information technology sector, Small Cap segment. Trading started on March 8, 2002.

Trading code

QPRIV
ISIN code
FI0009008668

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on May 15th, 2024

The Board of Directors convenes the Annual General Meeting, with a separate announcement of the General Meeting.

CHANGES OF ADDRESSES

If the address of a shareholder changes, we request you to contact the custodian bank holding the shareholder's book-entry account.

FINANCIAL INFORMATION IN 2024

QPR will publish three Interim Reports in 2024:

- Interim Report January–March 2024 on Friday 19 April 2024
- Half-year Financial Report January-June 2024 on Friday 2 August 2024
- Interim Report January-September 2024 on Friday 25 October 2024

The interim reports and all stock exchange bulletins of QPR Software Plc are available on the Investor pages of the Company's web pages (www.qpr.com/Investors)

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