



Quality. Processes. Results.



QPR Software Plc

Financial Bulletin
January-December 2023





QPR is renewing itself in a turbulent market



The year 2023 was a turning point for QPR in many ways.



QPR Software Plc



Company in a nutshell

QPR Software Plc is a leader in Digital Twin of an Organization (DTO) technology providing software for process mining, enterprise modeling and strategy & performance management.

QPR allows customers to gain valuable insights for informed decisions that make a difference.

Software products

QPR Digital twin of an Organization (DTO) suite:

- Process Mining QPR ProcessAnalyzer
- Enterprise Modeling QPR EnterpriseArchitect
- Strategy & Performance Management QPR Metrics

Basic facts

Founded

1991

Corporate headquarters

Helsinki, Finland

Certifications

- ISO 9001
- ISO 27001

Stock symbol

QPRIV: Nasdaq, Helsinki

Licenses sold

Over 1 million worldwide

Industry recognitions

Gartner, Palladium, Ventana Research, Forrester Research

2000+ Customers

















































QPR Software

Strong process know-how and unique technology



Heikki Veijola
Chief Executive
Officer

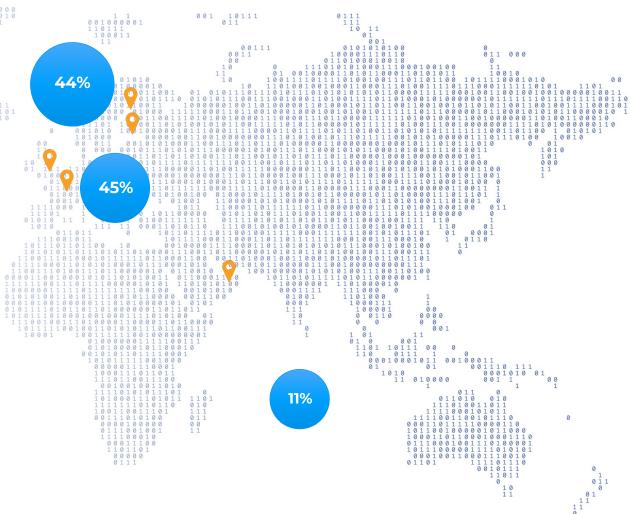


- Our mission is to help organizations by increasing the transparency of processes and business operations
- We are leading provider of Digital Twin of an Organization (DTO) sofware
- In process analysis software, we are one of the most advanced companies in the world
- QPR has globally the only process mining software running natively on Snowflake Data Cloud
- QPR Software Named a Visionary in 2023 Gartner® Magic Quadrant™ for Process Mining Tools

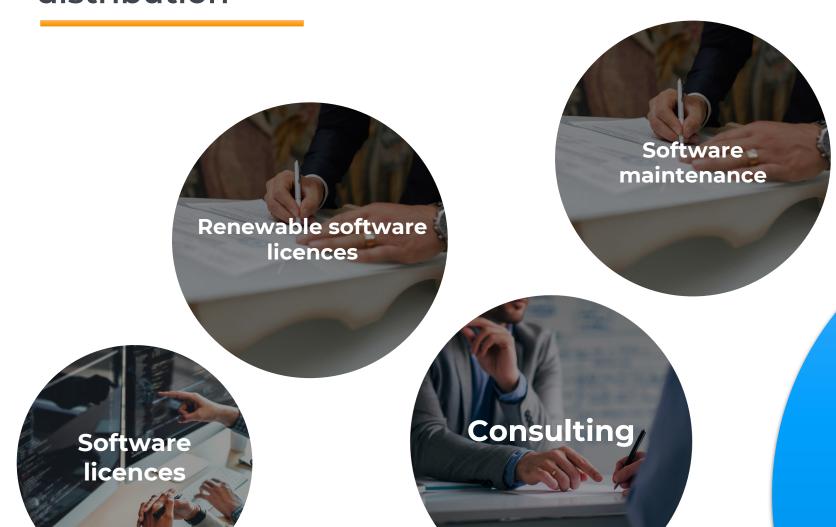


Our market, in which we operate

- Own sales staff in Finland and the United Arab Emirates
- Our position in the Middle East market is strong
- Market shares of 2023 turnover by geography:
 - Finland: 44% (51%)
 - Other Europe incl. Turkey: 45% (41%)
 - Other world: 11% (8%)



The company presents the received income with the following and distribution







Products- and services

with which our customers achieve significant quality and cost improvements in several areas of their operations

Process mining

- The process mining method utilizes artificial intelligence and machine learning algorithms, using data directly from the organization's own systems
- The method visualizes and analyzes the course of the organization's processes

Business development

 We offer the tools, methods, and capabilities that enable the customer to develop and strengthen their organization's management systems and processes to improve performance

Strategy management

 We help our customers define the organization's strategy, and we support its implementation and performance measurement























CONSULTING

QPR DTO Solution



Digital Transformation Management

- Strategy and performance management
- Program and project management



Identification of projects, transformation objectives and risks



Process KPIs



Enterprise modeling

 Model everything from business models to application & technology portfolios As-is processes Improvement ideas



To-be processes for conformance testing



Process & enterprise mining

- Discovery & analysis
- Business rules & conformance, and notifications
- Operational KPIs and dashboards



Data Cloud

- Data storage
- Data pipelines & transformation

Professional Services



January-December 2023 highlights



- · SaaS software business grew +36% (January-December 2022: +35%)
- · Net sales amounted to EUR 7,550 thousand, decrease of 3% (January-December 2022: 7,823)
- EBITDA was EUR 182 thousand (-1,753)
- · Operating result (EBIT) amounted to EUR -813 thousand (-2,770)
- · Result before taxes was EUR -924 thousand (-2,864)
- · Result was EUR -924 thousand (-2,868)
- · Earnings per share was EUR -0,055 (-0,202)

October-December 2023 highlights



- SaaS software business grew +21%
- Net sales amounted to EUR 1,599 thousand, decrease of 25% (October-December 2022: 2,142)
- EBITDA was EUR -30 thousand (-430)
- Operating result (EBIT) amounted to EUR –283 thousand (-681)
- Result before taxes was EUR -307 thousand (-745)
- Result was EUR -307 thousand (-748)
- Earnings per share was EUR -0,017 (-0,047)

Net sales development



NET SALES BY PRODUCT GROUP							
	Oct-Dec,	Oct-Dec,	Change,	Jan-Dec,	Jan-Dec,	Change,	Jan-Dec,
EUR in thousands	2023	2022	%	2023	2022	%	2022
Software licenses	103	203	-49	485	560	-13	560
Renewable software licenses*	51	73	-30	504	583	-13	583
Software maintenance services*	448	417	7	1,720	1,803	-5	1,803
SaaS	617	510	21	2,371	1,738	36	1,738
Consulting	380	939	-60	2,469	3,139	-21	3,139
Total	1,599	2,142	-25	7,550	7,823	-3	7,823

^{*}Jan-Sept, 2022 categorization of revenue has been adjusted with 2023 reporting policy (reported in Jan-Sept, 2022: renewable software licenses: 631, software maintenance services: 1265)

Net sales development



NET SALES BY GEOGRAPHIC AREA							
	0 1 0	0 1 5	CI	1 0	. D	CI	
	Oct-Dec,	Oct-Dec,	Change,	Jan-Dec,	Jan-Dec,	Change,	Jan-Dec,
EUR in thousands	2023	2022	%	2023	2022	%	2022
Finland	700	1,088	-36	3,499	4,126	-15	4,126
Europe incl. Turkey	723	876	-18	3,128	2,745	14	2,745
Rest of the world	176	178	-1	923	953	-3	953
Total	1,599	2,142	-25	7,550	7,823	-3	7,823

Profit & Loss January-December 2023



- The Group Net Sales EUR 7,550 -3%
- The Group's variable expenses were 896 thousand euros (1,552), -42% due to closing fixed price Middle East projects.
- The Group's fixed expenses were EUR **7,468** -17%: personnel reductions and savings implemented in the last quarter of 2022 and second quarter 2023, among other saving measures.
- The Group's EBITDA 182k€ (-1,753k€) +110%, the operating result was -813k€ (-2,770) +71%
- The result before taxes was –924€ and the result for the period was -924k€.
- Earnings per share were EUR –0.055 per share.

EUR in thousands, unless	Oct-Dec,	Oct-Dec,	Change,	Jan-Dec,	Jan-Dec,	Change,
otherwise indicated	2023	2022	%	2023	2022	%
Net sales	1,599	2,142	-25	7,550	7,823	-3
Other operating income	-	4	-	1	4	-
Materials and services	134	411	-67	896	1,552	-42
Employee benefit expenses	1,202	1,951	-38	5,287	7,214	-27
Other operating expenses	294	214	37	1,186	814	46
EBITDA	-31	-430	93	182	-1,753	110
Depreciation and						_
amortization	252	251	0	995	1,017	<u>-2</u> 71
Operating result	-283	-681	<i>58</i>	-813	-2,770	71
Financial income and						
expenses	-24	-32	-23	-111	-62	81
Provisions	-	-33	-	-	-33	
Result before tax	-307	-745	59	-924	-2,864	68
In come have	0	2		0	2	
Income taxes	207	-3 -748	- 59	-924	-3	
Result for the period	-307	-/48	59	-924	-2,868	08
E :						
Earnings per share, EUR	-0.017	-0.047	63	-0.055	-0.202	<i>73</i>
(basic and diluted)	-0.017	-0.0 4 /	03	-0.055	-0.202	/3
Consolidated statement of						
comprehensive income:						
Result for the period	-307	-748	59	-924	-2,868	68
·	-307	-/ 1 0	39	-92 1	-2,000	00
Exchange differences on						
translating foreign operations	0	-1	_	-1	-2	-51
Total comprehensive income	-307	-749	59	-925	-2,870	<u>-51</u> 68
Total comprehensive income	507	7 13	33	525	2,070	00

Finance and investments



- Cash flow from operations in the review period January-December was positive, 849 thousand euros (-1,765).
- The investments were 620 thousand euros (1,355), and they were product development investments.
- The net cash flow of the financing was 639 thousand euros (2,692), consisting mainly of 703 thousand euros from the company's directed share issue. In comparison year company collected 2,948 thousand euro from share issue.
- The group's financial position 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 euros (3,452).
- The company has enhanced the collection of its trade receivables. In addition, the group has available other short-term cash resources of 500 thousand euros.
- At the end of the review period, the group had a bank loan, of which EUR 1.0 million was long-term and EUR 500 thousand was short-term.
- Covenants are attached to the loan, which is based on the company's EBITDA and equity ratio.

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.



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QPR BusinessPortal