QPR SOFTWARE

ANNUAL REPORT

2020

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OUR MISSION, STRATEGY AND MARKETS

QPR Software´s mission is to make customers agile and efficient in their operations.

Our values are reliability, respect and long-term success together. They define our operating culture and thus create the foundation for our future success and growth.

We innovate, develop and sell software for analyzing, monitoring and modeling organizational operations. Furthermore, we offer customers consulting services in operational development and digital business optimization.

In our product development we focus on meeting the challenges our client organizations face, especially in leading and optimizing their operations in a digitalizing world. Our primary focus area is process mining and analytics.

We will further accelerate product development by increasing our resources in a controlled manner. In software development, we place special focus on excellent user experience.

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

STRATEGIC TARGETS

Our target is to grow our net sales by an average of 15 - 20% per annum over the next three years. The target is mainly based on growth in international software sales and consulting services in our home market, Finland.

We foresee significant growth potential especially in process mining business, where we aim for an annual growth of more than 50%. Over the next few years, we seek growth especially in our international software sales.

OUR OFFERING

We offer our customers software for modeling, measuring and analyzing their operations. Our software provides customers insight into their operations, enabling them to streamline and improve their business operations.

In our home market, Finland, we sell and deliver software and provide consulting services directly to our customers. In process and enterprise architecture modeling software, we are the local market leader with an approximated 50% market share.

In process mining, we are clearly leading the local market and an international forerunner. The U.S. Patent and Trademark Office has granted us two patents for the technology behind this software.

In international markets, we sell software through our own direct sales force, as well as through an extensive reseller network extending to over 50 countries. The most sold product in our reseller network is our performance management software, QPR Metrics.

OUR MARKETS

The process mining software market is in an early phase of its life cycle and its estimated growth is approximately 50% per year. According to market research companies, the size of this global software market in 2020 was approximately EUR 300 - 400 million. The rapid growth is expected to continue in the coming years, and the market size to reach EUR 1.3 billion in 2023.

The process and enterprise architecture modeling market is mature and growing moderately. The size of this software market is approximately EUR 500 million.

The strategic corporate performance management software market is mature and growing moderately. The size of this software market is estimated at over EUR 300 million.

REVIEW BY THE CEO

The COVID-19 pandemic created numerous challenges for our business in 2020. While we managed these challenges very well, we also experienced inevitable negative effects that were reflected in our results. Our personnel, like in many other organizations, shifted almost exclusively to remote working in March, and this transition was very smooth. The results of our product development were excellent throughout the year and we have been able to progress as planned. The negative effects of the lock-down caused by the pandemic mainly hit new software sales, which were clearly down from the previous year. The consulting business and agreed software deliveries were, however, much less impacted by the pandemic, and consulting net sales even increased (+13%) from previous year.

In the autumn, we decided to adjust costs to the current challenging market situation and decided to implement temporary part-time layoffs for most of our personnel in Finland. These measures will reduce our costs in the first months of this year. Top management has taken part in these cost saving measures, either through temporary salary cuts or part-time layoffs.

To ensure long-term growth, last year we recruited new sales resources in our European key markets United Kingdom and France. We also entered into several new sales partnerships for the process mining software. The functionality of the visual reporting tool in QPR ProcessAnalyzer has been significantly enhanced in recent releases, and we now believe it to be one of the best and most versatile in visual reporting. Also, the tool's performance in processing large amounts of data has been significantly improved, and the software is now localized in seven languages.

To provide further value to our process modeling customers, we developed a new software tool to support their operations and quality systems. With the help of the new QPR BusinessPortal, our customers can now communicate their processes and quality documentation to their personnel, as well as gain visibility into their service and application portfolios. The QPR BusinessPortal is now on a piloting phase and will be fully launched to the markets later this year.

Sales of our performance management software QPR Metrics increased last year in the Middle East, despite the COVID-19 pandemic. The excellent sales development in this market continued in February of this year, when QPR signed a major agreement with a large central government organization to deliver a strategy management solution. The value of the deal is approximately EUR 1.2 million, and we estimate that almost EUR 1 million of the deal value will be booked into net sales over the course of 2021. Based on this major deal, the actual sales performance in early 2021 and the current sales funnel, we expect net sales to grow in 2021.

I would like to warmly thank all our customers, partners, personnel and shareholders for their valuable contribution and collaboration in 2020.

Jari Jaakkola
CEO

BOARD OF DIRECTORS

QPR Board of Directors held 14 meetings in 2020 (15). The average attendance at meetings was 100% (98.3%). The Board did not establish any committees. The Board of Directors made a self-assessment of its activities. In 2020, the Chairman of the Board and Board members received an annual emolument of EUR 25,230 and EUR 16,820, respectively. No separate meeting attendance fees were paid.

The Annual General Meeting held on June 8, 2020 elected the following four (4) members to the Board of Directors.

VESA-PEKKA LESKINEN
b. 1950

- Chairman of the Board since January 2006
- Member of the Board since July 2003
- Independent of the Company

Mr. Vesa-Pekka Leskinen is the Chairman of the Board of Kauppamainos Oy and the company's majority shareholder. He served as the CEO of Kauppamainos between the years of 1979 and 2010. Kauppamainos provides services in investor relations and communications, whereby the firm has designed and delivered close to a hundred annual reports for various companies, participated in the preparation of dozens of equity issues, and supported more than ten companies in their IPO processes. In this context, Mr. Leskinen has personally been involved in investor relations and communications of publicly listed companies.

Mr. Leskinen is also a founding partner of Quartal Oy and was the company's majority shareholder until 1999. Quartal is specialized in developing computerized delivery solutions and communication services, especially for the stock market and companies publicly traded on the stock exchange. In addition, Mr. Leskinen has been the Chairman of the Board of Directors at Vianaturale Oy since May 2014, and a Board member since October 2006.

Mr. Leskinen holds a degree in marketing communications.

Vesa-Pekka Leskinen held 851,400 shares of QPR Software Plc on December 31, 2020. Kauppamainos Oy, whose majority shareholder Mr. Leskinen is, held 475,170 shares of QPR Software Plc on December 31, 2020.

TOPI PIELA
b. 1962

- Member of the Board since March 2012
- Independent of the Company

Mr. Topi Piela is the CEO of Finnish Broadcasting Company Pension Fund and a member of the Finnish Association of Professional Board Members. Additionally, Mr. Piela is a member of the Board of Directors of EAB Group Oyj, JJPPPT Holding Oy, Asuntosalkku Suomi Oy, Porasto Oy and Piela Ventures Oy. He is also a member of the Alfred Kordelin Foundation´s commerce committee, a Supervisory Board member at Finnish Air Force Support Foundation and a member of the investment committee of Helsingin Seurakuntayhtymä.

Until September 2019 Topi Piela served as CEO of Umo Invest Oy and Balance Capital Oy, as well as Deputy CEO of Umo Capital Oy. Earlier, Topi Piela served as the Managing Director of Finvest Oyj and Amanda Capital Plc, after which he assumed a position in the Board of Directors of Amanda Capital and was appointed chairman. Other previous positions include Investment Director at Ilmarinen Mutual Pension Insurance Company, Managing Director and co-founder of Arctos Rahasto Oy, and Securities and Investment Director of Ålandsbanken Ab. He has also acted as a member of the State Pension Fund as well as the Finnish Broadcasting Company's Pension Fund investment committees, and a member of the Board of Directors as well as the audit Committee of Etera. Over the years, he has also served on the investment committees of several Finnish and European private equity funds.

Mr. Piela holds an M.Sc. in Economics, is a certified CEFA holder and has passed the Finnish Advanced Insurance Examination.

Topi Piela held 1,052 shares of QPR Software Plc on December 31, 2020.

SALLA VAINIO

b. 1969

- Member of the Board since April 2019
- Independent of the Company and its significant shareholders

Ms. Salla Vainio has extensive experience in holding senior management positions in various companies, and her special expertise lies in leading expert organizations. Currently Salla serves as the CEO of Marketing Clinic, a strategy and marketing firm. Salla is a member of Directors' Institute Finland and has served on several executive boards, both as a member and as chairman.

Ms. Vainio holds a Master of Science in Economics.

Salla Vainio did not hold shares of QPR Software Plc on December 31, 2020.

JARMO RAJALA

b. 1973

- Member of the Board since April 2019
- Independent of the Company and its significant shareholders

Mr. Jarmo Rajala is a digital technology expert and a leader with extensive experience in the software business, Artificial Intelligence (AI) and analytics. Currently Mr. Rajala works as Director of Data & AI at a Finnish consultancy and software company Cubiq Analytics Oy. He has also previously been employed by the search-based analytics company ThoughtSpot as Regional Director for Nordics and Baltics.

Mr. Jarmo Rajala holds an MBA from Henley Business School.

Jarmo Rajala did not hold shares of QPR Software Plc on December 31, 2020.

EXECUTIVE MANAGEMENT TEAM

JARI JAAKKOLA

b. 1961

- Chief Executive Officer since January 2008
- Member of the Executive Management Team since August 2006

Mr. Jari Jaakkola worked from August 2006 to January 2008 as Senior Vice President of Business Operations at QPR Software Plc, before being appointed Chief Executive Officer. Mr. Jaakkola's previous experience covers leadership positions at Sonera Corporation´s Group Management Team and the Metsä Board Corporation. His past roles include lead responsibilities in large international equity and finance operations, investor relations, strategic marketing and brand management, as well as in corporate communications and corporate affairs. Mr. Jaakkola has also worked for communications agencies and accumulated broad experience in working in international advertising and media.

Mr. Jaakkola holds a B.A. degree in Journalism from the University of Tampere and an MBA from Henley Business School (United Kingdom).

Jari Jaakkola held 241,000 shares of QPR Software Plc on December 31, 2020. Value FM Ltd, a company fully owned by Mr. Jaakkola, held 7,000 shares of QPR Software Plc on December 31, 2020.

TERO ASPINEN

b. 1985

- Vice President, Middle East and Performance Management since January 2017
- Member of the Executive Management Team since January 2017 August 2006

Mr. Tero Aspinen oversees QPR's business in the Middle East and is responsible for the development and sales of performance management solutions globally.

Mr. 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.

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

Tero Aspinen did not hold shares of QPR Software Plc on December 31, 2020.

MATTI ERKHEIKKI
b. 1978

- Senior Vice President, Process Mining and Strategy Management since January 2017
- Member of the Executive Management Team since July 2007

Mr. Matti Erkheikki is in charge of international sales and the delivery of process mining and analytics solutions as well as the development of an international sales channel for all of QPR´s software products.

Mr. Erkheikki has served QPR Software since February 2002, initially as a consultant. In 2005, he was appointed Business Development Manager, and in 2006, Regional Vice President of North America. From 2007 to 2014 he was responsible for QPR's business operations in Finland, and in between the years of 2012 and 2014, he also led the global OEM business.

Mr. Erkheikki holds a master's degree in Industrial Engineering and Management.

Matti Erkheikki did not hold shares of QPR Software Plc on December 31, 2020. His spouse held 2,000 shares of QPR Software Plc on December 31, 2020.

PEKKA KESKIIVARI
b. 1964

- Senior Vice President, Products and Technology
- Member of the Executive Management Team since March 2019

Mr. Pekka Keskiivari is responsible for QPR's software product portfolio, product strategy, product management, product development and customer care services.

Prior to joining QPR, he worked as Chief Technology Officer for Diktamen Oy (2014-2019) and for CRF Health (2006-2014). During the years 1996-2006 Mr. Keskiivari held various management and executive positions at Sonera Corporation in the area of product development and management. Prior to this, he worked for Neste in various roles ranging from software development to oil trading.

Mr. Keskiivari holds a Master of Science degree in Engineering from Helsinki University of Technology.

Pekka Keskiivari held 1,450 shares of QPR Software Plc on December 31, 2020.

PÄIVI VAHVELAINEN
b. 1959

- Acting Chief Financial Officer since November 2020
- Member of the Executive Management Team since November 2020

Ms. Päivi Vahvelainen is responsible for Finance, Human Resources and Administration at QPR Software. Additionally, she is responsible for holding QPR's insider register and monitoring the compliance with Insider Guidelines, as well as coordinating and reporting on the Company's internal controls and risk management.

Ms. Vahvelainen has worked as the Chief Financial Officer in QPR from May 2014 to June 2015, November 2009 to January 2013, and as Acting Chief Financial Officer in QPR from May 2008 to August 2009. Before joining QPR, she has worked as the CFO in Holiday Club Resorts Oy. In addition, she has held several financial management leadership positions in Sonera Corporation, Sanitec Oyj and Oy Gustav Paulig Ab.

Ms. Vahvelainen is a graduate from Commercial Institute and has a degree from the Institute of Marketing.

Päivi Vahvelainen did not hold shares of QPR Software Plc on December 31, 2020.

HARRI RUUSKA
b. 1971

- Senior Vice President, Operational Development Business since November 2020
- Member of the Executive Management Team since November 2020

Mr. Harri Ruuska is responsible for QPR's Operational Development Business, including consulting and software, in QPR's domestic market, Finland.

Prior to joining QPR, Mr. Ruuska worked at Atos as Head of Enterprise Solutions, Northern Europe, in 2018-2020. In 2016-2018 he was employed by CGI as VP, Consulting Services. During 2012-2016 he held various executive positions at Tieto in the area of ERP technologies, Business Integration, SAP projects and industry partnerships. Prior to this he held several management roles at Nokia for over 14 years. He also acts as Executive Adviser for Aalto University innovation pre-seed project since 2020.

Mr. Ruuska holds an Executive MBA degree in Executive Leadership.

Harri Ruuska did not hold shares of QPR Software Plc on December 31, 2020.

REPORT OF THE BOARD OF DIRECTORS

SUMMARY FOR THE FULL YEAR 2020

- Coronavirus had a negative impact on software sales, consulting net sales increased
- Net sales amounted to EUR 8,971 thousand (2019: 9,513), down 6%
- EBITDA was EUR 248 thousand (1,036)
- Operating result (EBIT) was EUR -936 thousand (-213)
- Result before taxes was EUR -952 thousand (-240)
- Result for the period was EUR -812 thousand (-161)
- Earnings per share was EUR -0.068 (-0.013)

BUSINESS OPERATIONS

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

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

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

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

NET SALES

Net sales in January – December were EUR 8,971 thousand (9,513), down 6%. Recurring revenue accounted for 47% (52) of net sales.

Net sales development was two-folded. Consulting net sales, including software deliveries, increased both in Finnish and Middle Eastern markets. However, software net sales decreased when customers postponed new purchases of our software offering due to uncertainties in their own future outlook, as well as due to uncertainties related to operating through remote work and in lock-down circumstances.

The longer sales cycles and increased customer requests for proposals and offers in the latter half of 2020 led to a significant increase in sales funnel size. At the end of 2020, our software sales funnel size increased by well over 20% compared to a time one year ago and before the pandemic. Furthermore, service sales funnel increased even more than software sales funnel.

Currency exchange rates had a negative impact on software maintenance net sales since a significant part of maintenance services are invoiced in US dollars. Part of our maintenance customers opted to transfer their services to QPR cloud and are now using our SaaS services. In January – December, our SaaS net sales increased slightly, despite temporary service pauses or discounts that were agreed with some customers that had to cope with the hardest negative impacts from the coronavirus pandemic.

Net sales decreased 3% in Finland and 9% in international markets, which led Group net sales to decrease by 6%. Of the Group net sales, 53% (51) derived from Finland, 27% (31) from the rest of Europe (including Russia and Turkey) and 20% (18) from the rest of the world.

Net sales by product group

The Group's turnover consisted of software and consulting businesses and was distributed as follows:

	Group, IFRS		Change
EUR in thousands	2020	2019	%
Software licenses	1,344	1,552	-13
Renewable software licences	900	1,102	-18
Software maintenance services	2,195	2,731	-20
Cloud services	1,081	1,068	1
Consulting	3,452	3,061	13
Total	8,971	9,513	-6

Net sales by geographic area

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.

	Group, IFRS		Change
EUR in thousands	2020	2019	%
Finland	4,718	4,863	-3
Europe, including Russia and Turkey	2,474	2,965	17
Rest of the world	1,780	1,686	6
Total	8,971	9,513	-6

FINANCIAL PERFORMANCE

The Group´s EBITDA was EUR 248 thousand (1,036) and operating result (EBIT) amounted to EUR -936 thousand (-213). The decrease in operating result was due to a decrease in net sales, as well as outlays in growth business areas. Strategic investments in growth businesses continued, which increased personnel, sales and marketing costs. To ensure long term growth, QPR recruited last year new sales resources in European key markets United Kingdom and France.

In the autumn we decided to adjust costs to the current challenging market situation and decided to implement temporary part-time layoffs with most of our personnel in Finland. The Group´s fixed costs were EUR 8,585 thousand (8,583) in the reporting period and remained on the same level as in previous year. Employee expenses were 77% (75), i.e. EUR 6,649 thousand (6,455), of fixed costs. Credit losses and credit loss reserves, included in fixed costs, increased slightly and were EUR 100 thousand (76).

Result before taxes was EUR -952 thousand (-240) and result for the period was EUR -812 thousand (-161). Earnings per share (fully diluted) were EUR -0.068 (-0.013).

FINANCE AND INVESTMENTS

Cash flow from operating activities in the reporting period January-December was EUR 334 thousand (1,349). The decrease in cash flow from operating activities was due to lower net sales and increased working capital.

Net financial expenses were EUR 16 thousand (26) and included currency exchange losses of EUR 0 thousand (21).

Investments totaled EUR 1,210 thousand (1,156). Investments were mainly related to product development expenditure. A new subsidiary, QPR Software Limited, was founded in UK.

The Group´s financial position is good. Cash and cash equivalents at the end of the reporting period were EUR 185 thousand (1,035), and in addition the Group has access to EUR 1.3 million other short-term financial instruments. At the end of the period, the Group had a short-term bank loan of EUR 700 thousand and no long-term interest-bearing bank loans.

The gearing ratio was 38% (-9). At the end of the reporting period, the equity ratio was 35% (45). The group's key figures are shown in enclosure 33 of the financial statement.

PRODUCT DEVELOPMENT

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

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

In the reporting period 2020, product development expenses were EUR 2,050 thousand (2,293) and represented 23% of net sales (24). Product development expenses worth EUR 825 thousand (788) were capitalized. The amortization of capitalized product development expenses was EUR 733 thousand (827). The amortization period for capitalized product development expenses is four years.

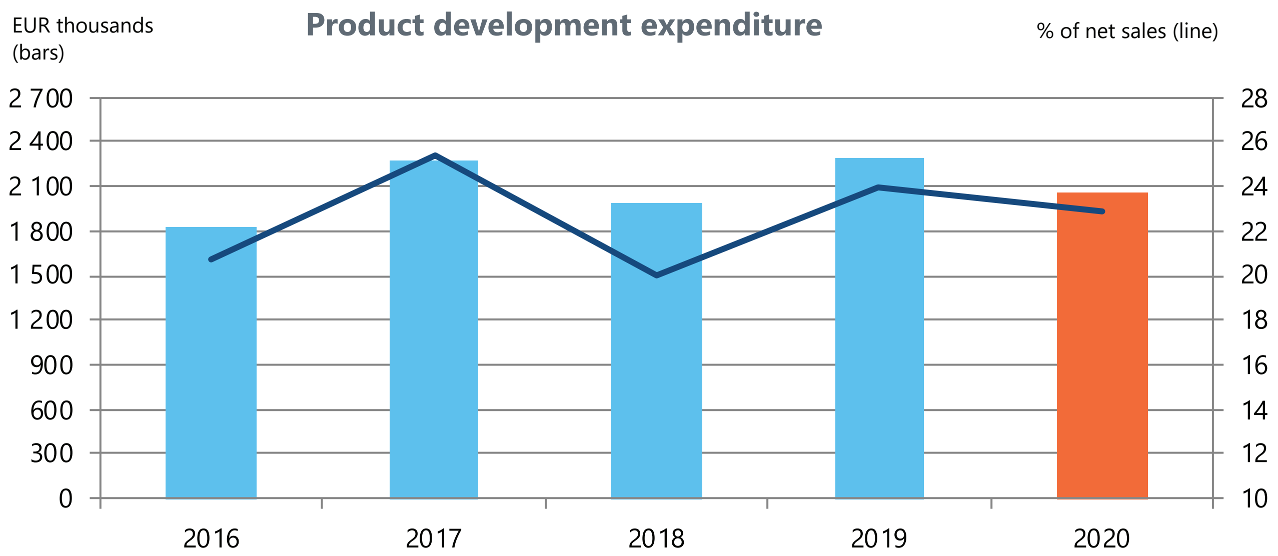
PERSONNEL

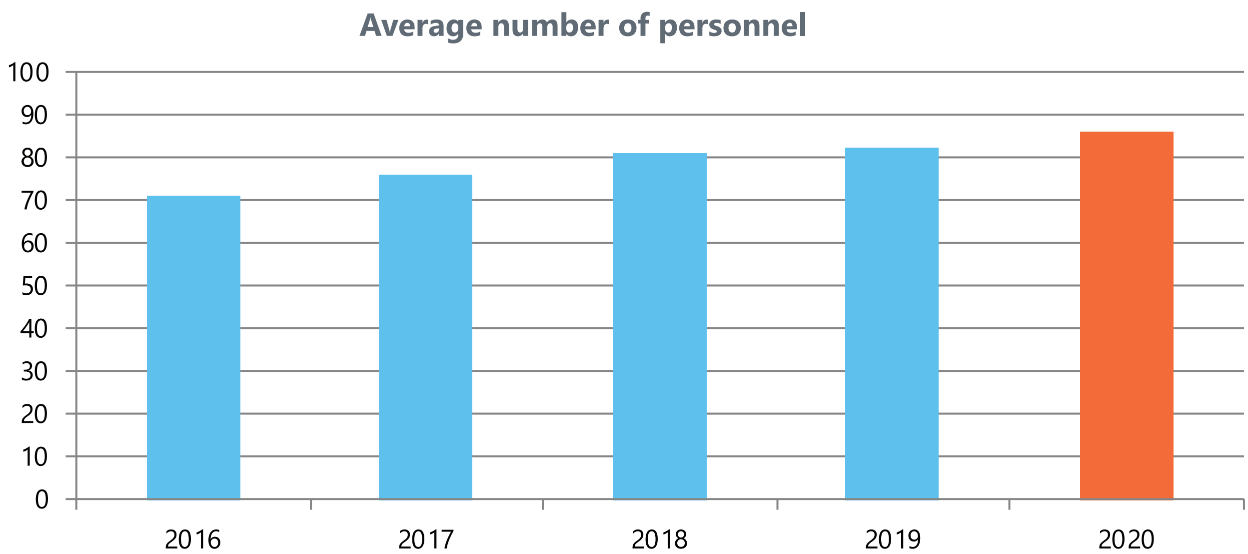
At the end of the reporting period, the Group employed a total of 88 persons (83). The average number of personnel during the reporting period 2020 was 86 (82).

The average age of employees is 42.3 (42.7) years. Women account for 20% (23) of employees, men for 80% (77). 18% (17) work in sales and marketing, 44% (41) in consulting and customer care, 29% (33) in product development, and 8% (10) in administration.

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

In 2020, the maximum annual bonus for members of the executive management team, including the CEO, was 40% of the annual base salary. A bonus totaling EUR 13 thousand (5) is paid to the executive management team for 2020.


EUR thousands (bars)
Product development expenditure
% of net sales (line)
2 700
2 400
2 100
1 800
1 500
1 200
900
600
300
0
28
26
24
22
20
18
16
14
12
10
2016
2017
2018
2019
2020


Average number of personnel
100
90
80
70
60
50
40
30
20
10
0
2016
2017
2018
2019
2020

STOCK OPTION PLAN

The Board of Directors of QPR Software Plc resolved in its meeting on January 29, 2019 to launch a new key employee stock option plan, based on an authorization granted by the Annual General Meeting. 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 to retain the key employees at the Company.

The maximum total number of stock options issued is 910,000 and they entitle their owners to subscribe for a maximum total of 910,000 new shares in the Company or existing shares held by the Company. The stock options are issued gratuitously. Of the stock options, 437,000 are marked with the symbol 2019A and 473,000 are marked with the symbol 2019B. The share subscription period, for stock options 2019A, will be January 1, 2022 – January 31, 2023, and for stock options 2019B, January 1, 2023 – January 31, 2024.

The number of shares subscribed by exercising stock options issued corresponds to a maximum total of 6.81% 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 stock options, the number of the Company's shares may be increased by a maximum total of 910,000 shares, if new shares are issued in the share subscription. The share subscription price for stock options 2019A is EUR 1.70 per share, which corresponded to the market price of the Company's share at the time of launching the option plan. The share subscription price for stock options 2019B is EUR 2.55 per share, which corresponds to the market price of the Company's share with an addition of 50%. The total expected cost effect of the stock option plan is about EUR 190 thousand.

STRATEGY

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

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

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

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

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

SHARE CAPITAL, SHAREHOLDERS AND SHARES

The Company's share capital at the end of the year 2020 was EUR 1,359,090 divided into 12,444,863 shares.

The Company has one share class. Each share has one vote and an equal right to dividend. The book counter value of the share is EUR 0.11. The Company's shares are included in the Finnish book-entry securities system managed by Euroclear Finland Oy.

At the end of the year, the Company had a total of 1,240 shareholders (1,146). During the year, trading in the Company's shares amounted to EUR 2,825 thousand (2,229), i.e. an average of EUR 11,212 per trading day (8,917).

Trading in shares totaled 1,403,426 shares (1,091,153). Turnover in shares corresponds to 11.7% (9.1) of the total shares outstanding and the average price was EUR 2.03 per share (2.09). The highest closing price during the year was EUR 2.50 (2.50) and the lowest EUR 1.60 (1.62).

At the end of the year, the total market value of the Company shares outstanding was EUR 26,853 thousand at the closing price of EUR 2.24.

In August QPR Software received a notification pursuant to Chapter 9, Section 5 of the Finnish Securities Markets Act (SMA), that Oy Fincorp Ab´s direct holding of the shares and votes in QPR Software has exceeded the threshold of ten (10) percent.

QPR Software shareholding by insiders and closely related persons, December 31, 2020

Name and position	Number of shares	By controlled entities	By closely related persons *)	Stock options 2019 A	2019 B
Vesa-Pekka Leskinen, Chairman of the Board	851,400	475,170	0	0	0
Topi Piela, Member of the Board	1,052	0	0	0	0
Jarmo Rajala, Member of the Board	0	0	0	0	0
Salla Vainio, Member of the Board	0	0	0	0	0
Mika Karkulahti, Principal Auditor	0	0	0	0	0
Jari Jaakkola, Chief Executive Officer	241,000	7,000	0	130,000	135,000
Insiders by definition					
Tero Aspinen, VP, Executive Management Team	0	0	0	30,000	33,000
Matti Erkheikki, SVP, Executive Management Team	0	0	2,000	65,000	65,000
Harri Ruuska, SVP, Executive Management Team	0	0	0	50,000	50,000
Pekka Keskiivari, SVP, Executive Management Team	1,450	0	0	22,000	45,000
Päivi Vahvelainen, CFO, Executive management Team	0	0	0	0	0
Insider ownership in total	1 094,902	482,170	2,000	297,000	328,000

* Shares held by spouses and persons under guardianship

Major shareholders of QPR Software Plc, December 31, 2020 *

Registered shareholders	No. of shares	% of shares and votes
Umo Capital Oy	1,660,000	13.34
Oy Fincorp Ab	1,496,106	12.02
Pelkonen, Jouko Antero:	1,408,000	11.31
Pohjolan Rahoitus Oy	1,360,000	10.93
Pelkonen, Jouko Antero	48,000	0.39
Leskinen, Vesa-Pekka:	1,326,570	10.66
Leskinen, Vesa-Pekka	851,400	6.84
Kauppamainos Oy	475,170	3.82
Ac Invest Oy	904,954	7.27
Lamy Oy	553,249	4.45
Junkkonen, Kari Juhani	512,016	4.11
QPR Software Oyj	457,009	3.67
Piekkola, Asko	310,438	2.49
Laakso, Janne Juhani	283,268	2.28
Jaakkola, Jari Vesa:	248,000	2.00
Jaakkola, Jari Vesa	241,000	1.94
Value FM Oy	7,000	0.06
Leskinen, Veli-Mikko	232,530	1.87
Kempe, Anna Carita	70,000	0.56
Becker, Kai-Erik Wilhelm	52,494	0.42
Lehto, Teemu Samuli	51,850	0.42
Puranen, Tommi Petteri	50,870	0.41
Hirvilammi, Hannu Esa	50,000	0.40
Kanninen, Matti Juhani	46,239	0.37
Hinkka Markku Juhani	38,270	0.31
Investment Fund Nordea Nordic Small Cap	37,334	0.30
20 largest, total	9,789,197	78.66
Other shareholders	2,655,666	21.34
TOTAL	12,444,863	100

* excluding nominee registered shareholders

Distribution of shareholding by size. December 31, 2020

	Shareholders:		Shares and votes:	
Number of shares	Number	%	Number	%
1 - 500	821	66	117,089	0.9
501 - 1,000	164	13	136,758	1.1
1,001 - 5,000	178	14	407,317	3.3
5,001 - 10,000	31	2.5	237,249	1.9
10,001 - 50,000	28	2.3	645,734	5.2
50,001 - 100,000	4	0.3	225,214	1.8
100,001 -1,700,000	14	1.1	10,675,502	85.8
Total	1,240	100	12,444,863	100
of which nominee-registered	8		1,362,012	10.9

Distribution of shareholding by sector. December 31, 2020

	Shareholders:		Shares and votes:	
Sector	Number	%	Number	%
Private companies	41	3.3	4,978,993	40.0
Financial and insurance institutions	7	0.6	3,435,067	27.6
Households	1,182	95.3	4,000,749	32.1
Non-profit organizations	2	0.2	7,001	0.1
European Union	5	0.4	18,634	0.2
Other countries	3	0.2	4,419	0.0
Total	1,240	100	12,444,863	100
of which nominee-registered	8		1,362,012	10.9

OWN SHARES

In 2020, the Company did not repurchase any own shares in the public trading of Nasdaq Helsinki (0). At the end of the year, the Company held 457,009 of its own shares with a total nominal value of EUR 50,271 and a total purchase price of EUR 439,307. Own shares held by the Company (treasury shares) represent 3.7% of the Company's share capital and votes.

The Annual General Meeting on June 8, 2020 authorized the Board of Directors to decide on issuing a maximum of 4,000,000 new shares and to decide on conveyance of a maximum of 700,000 own shares held by the Company. The authorizations are in force until the next Annual General Meeting. By the end of the year 2020 the Company had not used these authorizations.

GOVERNANCE

QPR Software Plc's (QPR's) management principles apply sound corporate governance and high ethical standards. They comply with the Finnish Limited Liability Companies Act, the Market Abuse Regulation and Securities Markets Act, QPR's Articles of Association, other regulatory rules concerning the administration of public companies, as well as the Finnish Corporate Governance Code (effective as of January 1, 2020) and the Guidelines for Insiders (effective as of January 1, 2021) maintained by the Finnish Securities Market Association.

The Company has issued a separate Corporate Governance Statement for 2020, which is available on the Investor section of the Company's website (www.qpr.com/investors).

Further information such as administration of the insider register, list of major shareholders, articles of association, charter of the Board, description of how internal control and internal audit are organized, introductions of the members of the Board and Executive Management Team, summary of the QPR Software Disclosure Policy, and the information published by the Company during the financial year is also available in the investor section.

ANNUAL GENERAL MEETING

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

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

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

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

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

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

The authorization also includes the right to issue special rights, in the meaning of Chapter 10, Section 1 of the Companies Act, which entitle to the Company's new shares or the Company's own shares held by the Company against consideration.

In the share issue and/or based on the special rights a maximum of 4,000,000 new shares can be issued and a maximum of 700,000 own shares held by the Company can be conveyed. The authorization is in force until the next Annual General Meeting.

The Annual General Meeting decided to authorize the Board of Directors to decide on a repurchase of own shares. Based on the authorization, an aggregate maximum amount of 250,000 shares of the Company's own shares may be repurchased, either on one or several occasions. The authorization is in force until the next Annual General Meeting.

The conditions of all authorizations of the Board of Directors decided by the Annual General Meeting are available in their entirety on the stock exchange release published by the Company on June 8, 2020 which is available on the investors section of the company's web site (www.qpr.com/investors/annual general meetings).

MANAGEMENT AND AUDITORS

The Executive Management Team (EMT) of QPR Software Plc consisted of Chief Executive Officer Jari Jaakkola (chairman), VP Middle East business and performance management solutions Tero Aspinen, SVP Process Mining and Strategy Management business Matti Erkheikki, Chief Financial Officer Jaana Mattila (until November 2, 2020), SVP Operational Development business Miika Nurminen (until October 2, 2020), acting Chief Financial Officer Päivi Vahvelainen (from November 2, 2020), SVP Operational Development Business Harri Ruuska (from November 16, 2020) and SVP Products and Technology Pekka Keskiivari.

KPMG Oy Ab, Authorized Public Accountants, acted as QPR Software Plc's auditors, with Authorized Public Accountant Miika Karkulahti as the principal auditor.

SHARES HELD BY THE BOARD AND CEO

The members of QPR Software Plc's Board of Directors, the Chief Executive Officer, and persons or entities closely related to them, held a total of 1,575,622 Company shares on December 31, 2020, representing 12.66% of the total number of shares and votes (December 31, 2019: 12.66). The amounts include own holdings, holdings of spouses, persons under guardianship, and controlled entities.

AUTHORIZATION OF THE BOARD OF DIRECTORS

The Annual General Meeting on June 8, 2020 decided to authorize the Board of Directors to decide on an issue of new shares and conveyance of the own shares held by the Company (share issue) either on one or several occasions. The share issue can be carried out as a share issue against payment or without consideration on terms to be determined by the Board of Directors.

The authorization also includes the right to issue special rights, in the meaning of Chapter 10, Section 1 of the Companies Act, which entitle to the Company's new shares or the Company's own shares held by the Company against consideration.

In the share issue and/or based on the special rights a maximum of 4,000,000 new shares can be issued and a maximum of 700,000 own shares held by the Company can be conveyed. The authorization is in force until the next Annual General Meeting.

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The conditions of all authorizations of the Board of Directors decided by the Annual General Meeting are available in their entirety on the stock exchange release published by the Company on June 8, 2020 which is available on the investors section of the company's web site (www.qpr.com/investors/annual general meetings).

INTERNAL CONTROL

Internal control and risk management in the Group aims 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.

It is the duty of the Board of Directors to monitor the appropriateness, effectiveness and efficiency of risk management and internal control in QPR Software Group. Risk management report covering the risks presented in the Risk Management section is presented to the Board in connection with quarterly financial reporting.

The threat caused by the risks to shareholders is used as a criterion when the Board of Directors evaluates these risks. The Board of Directors also monitors that the Company has defined operational principles for internal control and that the Company monitors the effectiveness of internal control.

RISK MANAGEMENT

Coordination of risk management, internal control and the related reporting is the responsibility of the Chief Financial Officer. Risk management in QPR Software is guided by the requirements of legislation, shareholders' expectations regarding business objectives, and expectations among important stakeholders, such as customers and personnel.

Risk management in QPR Software aims systematically and comprehensively to identify risks related to the Company's operations and ensures that risks are managed and taken into account in decision making. The Company does not have a separate risk management organization, and risk management is part of routine responsibilities throughout the organization. Risk management is developed by constantly improving operative processes in the Company.

QPR Software identifies the risks by their materiality: if realized, the risks selected for monitoring would have a material impact on the Company's business operations.

QPR 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 insurance.

QPR Software Plc's Management System has received ISO 9001:2015 quality certification covering the Company's all activities, which is audited annually by an external party.

RISKS RELATED TO BUSINESS OPERATIONS

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

Country risk

The instrument used for the risk is potential loss of country-specific revenue. Risk is managed by constantly gathering market information and by conducting business that is spread both geographically and across different industries.

Customer risk

The instruments used for measuring the risk are software maintenance customer churn and the share of overdue accounts receivables of all receivables (%). Risk is managed by taking good care of every customer and reseller, as well as, by active follow-up and collection of accounts receivables.

Personnel risk

The instrument used for measuring the risk is personnel churn. Risk is managed by professional recruitment, professional supervisory work and by securing possibilities for job rotation as well as for learning and growth.

Legal risk

The instrument used for measuring the risk is cumulative euro-value of all open legal disputes compared to annual net sales (%). The risk is managed by in-depth knowhow of contractual law, standard terms used in agreements and by performing both ethically and according to the Company values.

QPR's market and customer risks are mitigated as follows: the Company conducts business in more than 50 countries, both in public and private sectors as well as in several different business verticals.

Reasonable credit risk concerning individual business partners is characteristic to any international business. QPR seeks to limit this credit risk by continuous monitoring of standard payment terms, receivables, and credit limits. The value of trade receivables over 60 days past due was 17% (22) of total trade receivables at the end of the quarter.

RISKS RELATED TO INFORMATION AND PRODUCTS

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

Risk related to own products

The risk is managed by always securing the competitiveness of the Company's offering through content and the product strengths. The Company seeks to ensure the security of its products by continuous process development and automated malware prevention.

Intellectual Property Rights

The Company's Intellectual Property Rights (IPR) are secured by the confidentiality of the source code and selected patent applications.

In its process mining business, the Company has adopted an active IPR strategy. As a result of this, QPR filed patent applications in respect of 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, and in May 2016 QPR announced that the same office has granted a second patent for this technology.

In addition, the Company aims to secure by up-to-date contract management and internal training that third party IPRs are not used unauthorized in QPR products. The Company also has a legal expenses insurance.

Information and security risks

QPR Software regularly monitors and mitigates information security risks at the operational level and reports about them to the Board of Directors. As such, we are improving both governance and technology to improve the robustness of our systems. To mitigate information security risks, we have adopted data and vendor governance models, facilitate the annual audits of our partners, and provide appropriate user training to improve security awareness. No significant changes have taken place in QPR's information and product related risks during 2020.

In November, ISO 27001 Information Security Certification was awarded to QPR Software for design, marketing, and delivering software services and solutions for process excellence.

The ISO 27001 International Standard has been prepared to provide 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 certification was issued after the completion of a formal audit performed by Bureau Veritas, an independent and accredited certification body present in 140 countries with more than 78 000 employees.

RISKS RELATED TO FINANCING

QPR Software has identified the following two financing risks:

Currencies

The instrument used for measuring foreign currency risk is the share of all non-euro receivables or of an individual non-euro receivable from all receivables (%). The risk is managed by using the euro as the primary invoicing currency and by currency hedging according to the Company's hedging policy. The company constantly monitors how the open positions of the biggest invoicing currencies develop. At the end of the year, the Company had not hedged its foreign currency (non-euro) trade receivables. Approximately 68% of the Group's trade receivables were in euro at the end of the quarter (56). At the end of the quarter, the Company had not hedged its non-euro trade receivables.

Short-term cash flow

The instrument used for measuring the risk is forecasted cash flow. Risk is managed by monitoring accounts receivable and by effective collection of overdue receivables.

The risks related to financial position of the company are mitigated by relatively high share of recurring revenue in net sales. Management of financial risks in 2020 is described in more detail in Note 30.

LEGAL DISPUTES

In 2020 and 2019, the Company did not have any legal disputes.

OUTLOOK FOR 2021

In 2020, the coronavirus pandemic had a negative impact especially on new software sales. Customers postponed new purchases of our software offering due to uncertainties in their own future outlook, as well as due to uncertainties related to operating through remote work and in lock-down circumstances.

The exceptional circumstances caused by the pandemic will continue to have an impact on our business in the first months of this year, but we are already seeing signs of normalization in software purchase decisions. Based on actual sales performance in early 2020 and current sales funnel, QPR expects net sales to grow in 2021 (2020: EUR 8,971 thousand). At the end of 2020, our software sales funnel size increased by well over 20% compared to a time one year ago and before the pandemic. Furthermore, service sales funnel increased even more than software sales funnel.

QPR plans to moderately increase its sales, marketing and product development costs this year. The Company estimates EBITDA and operating result to improve compared to 2020, despite the planned increase in costs.

THE BOARD OF DIRECTORS' PROPOSAL ON DIVIDEND

The distributable funds of the parent company were EUR 572 thousand on December 31, 2020. The Board of Directors will propose to the Annual General Meeting that no dividend be paid for the financial year 2020.

No material changes have taken place in the Company's financial position after the end of the financial year.

EVENTS AFTER THE REPORTING PERIOD

QPR issued a stock exchange release in February and informed that is has signed a major agreement with a large central government organization from the Middle East to deliver strategy management solution. The value of the deal is approximately EUR 1.2 million and it consists of software licenses, software maintenance and implementation services. QPR estimates that almost EUR 1 million of the deal value will be booked into net sales over the course of 2021.

QPR SOFTWARE

FINANCIAL STATEMENTS

2020

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT, IFRS

(EUR 1,000)	Note	2020	2019
Net sales	3	8,971	9,513
Other operating income	4	100	0
Materials and services	6	1,422	1,143
Employee benefit expenses	7	6,649	6,455
Depreciation and amortization	9	1,183	1,250
Other operating expenses	10	753	878
Total expenses		10,007	9,727
Operating Result		-936	-213
Financial income	11	27	25
Financial expenses	11	-43	-51
Financial items, net		-16	-26
Result before tax		-952	-240
Income taxes	12	140	78
Result for the financial year		-812	-161
Other items in comprehensive income that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		-2	-5
Other items in comprehensive income, net of tax		-2	-5
Total comprehensive income for the financial year		-814	-166
Earnings per share, EUR			
Undiluted	13	-0.068	-0.013
Diluted	13	-0.068	-0.013

CONSOLIDATED BALANCE SHEET, IFRS

(EUR 1,000)	Note	2020	2019
ASSETS			
Non-current assets			
Capitalized product development expenses	14	1,801	1,709
Other intangible assets	14	254	335
Goodwill	15	513	513
Tangible assets	16	387	371
Other investments	17	5	5
Deferred tax assets	19	273	136
Total non-current assets		3,231	3,068
Current assets			
Trade and other receivables	20	2,901	2,904
Cash and cash equivalents	21	185	1,035
Total current assets		3,086	3,939
Total assets		6,317	7,007
EQUITY AND LIABILITIES			
Equity			
Share capital	23	1,359	1,359
Other funds		21	21
Treasury shares		-439	-439
Translation difference		-69	-66
Invested non-restricted equity fund		5	5
Retained earnings		1,126	1,882
Equity attributable to shareholders of the parent company		2,004	2,762
Current liabilities			
Trade and other payables	25	3,366	3,461
Interest-bearing liabilities	24	947	784
Total current liabilities		4,313	4,245
Total liabilities		4,313	4,245
Total equity and liabilities		6,317	7,007

CONSOLIDATED CASH FLOW STATEMENT, IFRS

(EUR 1,000)	Note	2020	2019
Cash flow from operating activities			
Result for the period		-812	-161
Adjustments for the result			
Depreciation		1,183	1,250
Other adjustments	27	-49	-0
Changes in working capital:			
Increase (-)/decrease (+) in short-term non-interest bearing receivables		165	601
Increase (+)/decrease (-) in short-term non-interest bearing liabilities		-120	-296
Interest expense and other financial expenses paid		-40	-51
Interest income and other financial income received		27	25
Taxes paid		-21	-18
Net cash flow from operating activities		334	1,349
Cash flow from investing activities			
Acquisition of tangible assets		-158	-54
Capitalized development expenses		-825	-788
Acquisition of other intangible assets		-115	-200
Net cash flow from in investing activities		-1,098	-1,041
Cash flow from financing activities			
Proceeds from borrowings	24	700	500
Repayments of borrowings	24	-761	-278
Net cash used in financing activities		-61	222
Change in cash and cash equivalents		-825	530
Cash and cash equivalents at the beginning of year		1,035	505
Effect of exchange rate differences		-25	0
Cash and cash equivalents at the end of year	21	185	1,035

PARENT COMPANY INCOME STATEMENT, FAS

(EUR)	Note	2020	2019
Net sales	3	8,417,451	8,777,855
Other operating income	4	660,179	551,619
Material and services	6	2,934,511	2,958,946
Personnel expenses	7	4,780,583	4,558,388
Depreciation and amortization	9	168,718	185,798
Other operating expenses	10	1,716,654	1,776,288
Total expenses		9,600,466	9,479,421
Operating result		-522,836	-149,947
Financial income and expenses	11	49,010	-39,586
Result before appropriations and taxes		-473,826	-189,533
Result before taxes		-473,826	-189,533
Income taxes	12	79,314	96,467
Result for the financial year		-394,512	-93,066

PARENT COMPANY BALANCE SHEET, FAS

(EUR)	Note	2020	2019
ASSETS			
Non-current assets			
Intangible assets	14	259,085	353,311
Tangible assets	16	175,580	89,995
Investments in group companies	17	3,581,263	3,581,152
Other investments	17	4,562	4,562
		4,020,490	4,029,021
Current assets			
Non-current receivables	18.19	391,817	287,503
Current receivables	20	2,770,827	2,742,515
Cash and cash equivalents	21	65,640	925,515
		3,228,284	3,955,534
Total assets		7,248,774	7,984,554
EQUITY AND LIABILITIES			
Equity			
Share capital	23	1,359,090	1,359,090
Invested unrestricted equity fund		5,347	5,347
Retained earnings		1,400,518	1,493,513
Treasury shares		-439,307	-439,307
Result for the financial year		-394,512	-93,066
Total equity		1,931,136	2,325,577
Liabilities			
Current liabilities	24.25	5,317,638	5,658,977
Total liabilities		5,317,638	5,658,977
Total equity and liabilities		7,248,774	7,984,554

PARENT COMPANY CASH FLOW STATEMENT, FAS

(EUR)	2020	2019
Cash flow from operations		
Operating result	-522,836	-149,947
Adjustment for the period:		
Depreciation and amortization	168,718	185,798
Financial items, net	-14,402	-19,636
Taxes paid	-	10
Cash flows before change in working capital	-368,520	16,226
Change in working capital		
Increase (-) / decrease (+) in current receivables	-173,998	359,800
Increase (-) / decrease (+) in current liabilities	-174,598	-148,032
Change in long-term receivables, non-interest bearing	120,686	-
Change in net working capital	-227,910	211,768
Net cash from operating activities	-596,430	227,994
Cash flows from investing activities		
Investments in intangible assets	-2,505	-209,786
Purchases of tangible assets	-157,571	-53,952
Investments in subsidiary shares	-111	-
Investments in subsidiary loans granted	-303,329	-
Investments in subsidiary loans receivable	-	32,292
Net cash used in investing activities	-463,516	-231,445
Cash flows from financing activities		
Proceeds from current loans and borrowings	700,000	500,000
Repayments of short term borrowings	-500,000	-
Dividends paid	70	45
Cash flows from financing activities	200,070	500,045
Change in cash and cash equivalents	-859,876	496,593
Cash and cash equivalents at the beginning of the year	925,515	428,922
Cash and cash equivalents at the end of the year	65,640	925,515

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 share-holders of the parent company
Equity Jan 1, 2019	1,359	21	-61	-439	5	1,987	2,873
Dividends paid						0	0
Stock option scheme						56	56
Comprehensive income			-5			-161	-166
Equity Dec 31, 2019	1,359	21	-66	-439	5	1,882	2,762
Dividends paid						0	0
Stock option scheme						56	56
Comprehensive income			-3			-812	-814
Equity Dec 31, 2020	1,359	21	-69	-439	5	1,126	2,004

PARENT COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, FAS

	Restricted equity		Unrestricted equity				
(EUR)	Number of shares	Share capital	Treasury shares	Invested unrestricted equity fund	Retained earnings	Total unrestricted equity	Total equity
Equity Jan 1, 2019	12,444,863	1,359,090	-439,307	5,347	1,493,468	1,059,508	2,418,598
Dividends paid					45	45	45
Result for the year					-93,066	-93,066	-93,066
Equity Dec 31, 2019	12,444,863	1,359,090	-439,307	5,347	1,400,447	966,487	2,325,577
Dividends paid					70	70	70
Result for the year					-394,512	-394,512	-394,512
Equity Dec 31, 2020	12,444,863	1,359,090	-439,307	5,347	1,006,006	572,046	1,931,136

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 approved the Financial Statements for publication on February 17, 2021. Shareholders have the right to approve or reject Financial Statements in the Annual General Meeting. The Annual General Meeting may also decide to revise Financial Statements.

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, valid as of December 31, 2020. 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 Euro. 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 2020

Starting from January 1, 2020, the Group has applied the following new and revised standards and interpretations.

Amendments to IAS 1 Presentation of Financial Statements, and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material (effective for financial years beginning on or after January 1, 2020).

- The amendments clarify the definition of material and include guidance to help improve consistency in the application of the concept across all IFRS Standards. In addition, the explanations accompanying the definition have been improved.
- New definition: Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Amendments to IFRS 16 Leases – COVID-19-Related Rent Concessions (effective for financial years beginning on or after June 1, 2020)

- In 2020, the amendment did not have any impact on the Consolidated Financial Statements.

Management estimates that the following new or revised standards and interpretations will not have a material impact on the Consolidated Financial Statements.

Amendments to IFRS 3 Business Combinations – Definition of a Business (effective for financial years beginning on or after January 1, 2020)

- The amendments narrowed and clarified the definition of a business. They also provide a simplified assessment framework for deciding whether a transaction should be accounted for as an acquisition of assets rather than a business.
- The amendment did not have any impact on the Consolidated Financial Statements.

Other new or revised standards or interpretations did not have any impact on the Consolidated Financial Statements.

Consolidation principles

The Consolidated Financial Statements include the parent company, QPR Software Plc, and the subsidiaries controlled by it. With regard to subsidiaries, the parent company's control is based on full ownership of the share capital or a majority holding. The Company did not own shares in joint ventures or associated companies in 2020 and 2019.

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 2020 and 2019.

Continuity of operations

The Consolidated Financial Statements have been prepared in accordance with the principle of continuity.

Foreign currency translation

Foreign subsidiaries' functional currency 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 right to a customer.

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

Software license revenue arising under a contract of indefinite duration and invoiced upfront for the invoicing period is recognized in accordance with its performance obligations which are license, maintenance and cloud (SaaS) services. 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. 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 is 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 have been transferred to the customer.

The payment terms used by the Group are typical for each market, including domestic terms, which are typically shorter that international terms.

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.

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 a new option plan for key persons as of beginning of the year 2019. 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 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 option plans is defined on the basis of the BlackScholes option 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 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 likely that taxable income will be generated in the future against which the temporary difference can be utilized. Deferred tax liabilities are recognized in the balance sheet in full.

Intangible assets

Goodwill arising in business combinations 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 less impairment losses.

Expenditures for research are recognized as expenses. Product development expenditures leading to new products or new features are capitalized and amortized during their useful life. Amortization starts when the product version has been released. Maintenance, reparations and minor revisions are directly recorded as expenses. The useful life of capitalized product development expenditures is 4 years, during which time the capitalized expenditures are amortized using the straight-line method.

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 less 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 2020 and 2019.

Useful lifetimes of tangible assets:

Machinery and equipment	3-7 years
IT machinery and equipment	2-5 years

Lease agreements

As of January 1, 2019, the group has adopted the IFRS 16 standard on leases. In accordance with 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.

As of 2019, in accordance with IFRS 16, leases are recognized in the balance sheet as a right-of-use asset and a corresponding financial liability at the date at which the lease asset is available for the use by the Group. Lease payments are allocated in liabilities and financial expenses. The financial expense is recognized in the income statement over the lease period. The right-of-use asset is depreciated on a straight-line basis over the asset's useful life or the shorter lease term. The lease liabilities are discounted at the borrowing average rate of each year. The Group has adopted the new IFRS 16 standard using modified retrospective approach and the comparative information has not been restated.

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 has applied the exemption of not recognizing short-term leases and leases of low-value assets in the balance sheet and continues to treat them as operating leases.

The Group mainly leases offices for business use. Leases are typically either fixed-term agreements, which may be renewable, or indefinite term, which usually require less than a year's notice. For leases for less than 12 months and for low-value assets, the Group continues to treat them as operating leases.

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 less transaction costs that are directly attributable to the acquisition or issue of the 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 a party to the contract and are subsequently measured at fair value. The Group has no derivative contracts in 2020 and 2019.

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
Repurchase of 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 financial statements in accordance with the IFRS requires management to make estimates and assumptions that affect the balance sheet's reported assets and liabilities, as well as the financial year's income and expenses. In addition, professional judgment is required in applying accounting principles. Because the estimates and assumptions are based on the business outlook at the close of the financial year, they include risks and uncertainties. Reality may differ from the estimates and assumptions made.

Where applicable, management has considered the effects of Covid-19 in its estimates.

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, 2020, 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.

Amendments to IAS 16 Tangible Assets – Property, Plant and Equipment (PPE) – Proceeds before Intended Use* *(effective for financial years beginning on or after January 1, 2022)*

According to changes, both revenue and costs related to producing and selling an item before the tangible asset (PPE) is available for its intended use are to be recognized in profit or loss.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Costs of Fulfilling a Contract* *(effective for financial years beginning on or after January 1, 2022)*

The amendments clarify that when a provision is made for an onerous contract based on inevitable expenses, the cost of fulfilling the contract shall include direct incremental costs, as well as an allocation of other direct costs incurred.

Annual Improvements to IFRS Standards 2018–2020 cycle* *(effective for financial years beginning on or after January 1, 2022)*

The objective of the Annual Improvements process is to collect smaller non-urgent improvements to the standards into a single collection implemented once a year. The improvements have clarified the following standards:

- IFRS 16 Leases, example 13: The amendment removes from example the Lessor's reimbursement for payments related to leasehold improvements, as the example was unclear as to whether the reimbursement would meet the definition of a lease incentive.

Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current* *(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 noncurrent.

Other new and revised standards and interpretations are not expected to have an effect on 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.

The financial statements have been prepared using the 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

The Parent Company applies the same principles of revenue recognition as the Group. The Group's principles of revenue recognition are introduced in Note 1, page 35.

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 a new technology or the development of a new product generation are capitalized and amortized over a useful life of 4 years. When determining the duration of useful economic life, the technology's eventual obsolescence and a product's typical life cycle are taken into account. 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 less accumulated amortization and impartment 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 less accumulated depreciation and impartment 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 rental period.

2. SEGMENT INFORMATION

QPR Software reports one operating segment: Operational development of organizations. In addition to this, the Company reports revenue from products and services as follows: Software 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. Recurring revenue is based on long term contracts of indefinite or several years´ duration, and contract revenue is 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)	2020	2019
Net sales by operating segment		
Operational development of organizations	8,971	9,513
Total net sales	8,971	9,513

3. NET SALES

Net Sales by Product Group

Group net sales derive from software and consulting business, with the following breakdown:

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2020	2019	2020	2019
Software licenses	1,344	1,552	1,303,706	1,419,467
Renewable software licenses	900	1,102	576,922	740,396
Software maintenance services	2,195	2,731	2,028,270	2,519,415
Cloud services	1,081	1,068	1,057,022	1,039,562
Consulting services	3,452	3,061	3,451,532	3,059,015
Total net sales	8,971	9,513	8,417,451	8,777,855

Net Sales by Geographic Area

As geographic information QPR Software reports geographical areas Finland, rest of Europe including Russia and Turkey, and rest of the world. Net sales are reported by the customer´s location.

Finland	4,718	4,863	4,717,542	4,862,903
Europe incl. Russia and Turkey	2,474	2,965	2,001,304	2,377,930
Rest of the world	1,780	1,686	1,698,605	1,537,023
Total net sales	8,971	9,513	8,417,451	8,777,855

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

4. OTHER OPERATING INCOME

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2020	2019	2020	2019
Grants and subsidies	100	-	99,962	-
Other items	-	-	560,217	551,619
Total	100	-	660,179	551,619

Public grants 2020 include a grant of EUR 100 thousand from Business Finland.

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

June 2020 QPR decided to start a new Digital Delivery Project focusing on planning and developing of a new digital business model. In this project, QPR researched new models to fully deliver and deploy on-premise software both digitally as well as remotely. This new digital business model was developed for the Middle Eastern market by creating a strategy monitoring software pilot. The pilot included, among other things, digital workflows and approvals of strategy and performance management measures.
Business Finland decided to grant the project EUR 100 thousand direct funding from their Covid-19 related program intended for business development in disruptive circumstances. The project's closing report was delivered to Business Finland in December 2020, and the funding has been paid in full.

5. ACQUIRED BUSINESS OPERATIONS, PARENT COMPANY

Established in 2020, a subsidiary of QPR Software Limited in UK. In 2019, no business acquisitions were made.

6. MATERIALS AND SERVICES

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2020	2019	2020	209
Materials and services	1,422	1,143	2,934,511	2,958,946

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 purchases together with the above mentioned expenses.

7. EMPLOYEES AND RELATED PARTIES

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2020	2019	2020	2019
Wages and salaries	5,648	5,402	4,055,644	3,813,181
Pension expenses - defined contribution plans	818	938	582,632	658,739
Other personnel expenses	183	115	142,308	86,467
Total	6,649	6,455	4,780,583	4,558,388
Average number of employees during the year	86	82	57	56

Related parties

The Group's 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 2020 and 2019.

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)		Parent company, FAS (EUR)	
	2020	2019	2020	2019
Salaries and other short term benefits:				
Members of the Board of Directors	76	76	75,704	75,844
Chief Executive Officer Jari Jaakkola	192	195	192,136	194,541
Executive Management Team	589	592	588,681	592,311
Total	857	863	856,521	862,696

	Parent company, FAS (EUR)	
	2020	2019
Board fees by member:		
Leskinen Vesa-Pekka, Chairman of the Board	25,232	25,232
Häkämies Juha	-	4,486
Piela Topi	16,824	16,824
Rajala Jarmo	16,824	12,408
Sipilä Taina	-	4,486
Vainio Salla	16,824	12,408
Total	75,704	75,844

QPR Software Plc's Annual General meeting held June 8, 2020, decided that the Chairman of the Board will be paid an annual emolument of EUR 25,230 (2019: EUR 25 thousand) and that other members of the Board will be paid an annual emolument of EUR 16,820 (2019: EUR 17 thousand) each. No separate meeting fees are paid.

The Company does not have any exceptional pension arrangements for the CEO. Pension expenses accrued, based on the CEO's salary and bonuses and the Finnish pension legislation, amounted to EUR 26 thousand in 2020 (2019: EUR 33 thousand).

The period of notice for the CEO is three (3) months. Compensation on termination is equivalent to six (6) month's salary. Other members of the Group's Executive Management Team do not enjoy special benefits related to termination of their contract.

In 2020, the maximum annual bonus of Executive Management Team, including the CEO, was 40% of the annual base salary. The bonus system for both the CEO and the Executive Management Team was based on development of the Group net sales, revenue and new sales of the divisions, and the Group's net sales in 2020. For financial year 2020 about 13 thousand euros (2019: EUR 5 thousand) will be paid to the executive management team, including the CEO.

8 . SHARE BASED PAYMENTS

Option scheme

As of beginning ot the year 2019 the Group has adopted a new option plan for key persons. The stock options are intended to form 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. The purpose is also to retain the key employees at the company.

The maximum total number of stock options issued is 910,000 and they entitle their owners to subscribe for a maximum total of 910,000 new shares in the company or existing shares held by the company. The stock options are issued gratuitously. Of the stock options, 437,000 are marked with the symbol 2019A and 473,000 are marked with the symbol 2019B.

The number of shares subscribed by exercising stock options issued corresponds to a maximum total of 6.81 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 stock options, the number of the company's shares may be increased by a maximum total of 910,000 shares, if new shares are issued in the share subscription.

The share subscription price for stock options 2019A is EUR 1.70 per share, which corresponds to the market price of the company's share. The share subscription price for stock options 2019B is EUR 2.55 per share, which corresponds to the market price of the company's share with an addition of 50 per cent. 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 share subscription period, for stock options 2019A, will be 1 January 2022 – 31 January 2023, and for stock options 2019B, 1 January 2023 – 31 January 2024.

The theoretical market value of one stock option 2019A is approximately EUR 0.31 per stock option and of one stock option 2019B, approximately EUR 0.11 per stock option. The theoretical market value of stock options 2019 is approximately EUR 187,500 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 4 years and approximately 5 years and volatility approximately 22 per cent.

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 new stock option plan 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.

Stock option schemes and subscription period	Stock options granted / outstanding at end of the year	Returned / exercised / expired	Un-distributed	One option entitles to purchases shares	Share subscription price
2019A 1.1.2022–31.1.2023	437,000	-15,000	30,000	1	1.70
2019B 1.1.2023–31.1.2024	473,000	-15,000	30,000	1	2.55
Total	910,000	-30,000	60,000		

9. DEPRECIATION AND AMORTIZATION

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2020	2019	2020	2019
Intangible assets	817	889	96,731	105,974
Tangible assets				
Machinery and equipment	72	80	71,987	79,824
Right-of-use assets, buildings	294	281	-	-
Total	1,183	1,250	168,718	185,798

No write-downs of the assets have been made during 2019 and 2020.

10. OTHER OPERATING EXPENSES

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
(EUR 1,000)	2020	2019	2020	2019
Non-statutory indirect employee costs	138	268	96,702	197,113
Premises	53	62	313,138	335,516
Travel expenses	28	110	23,107	97,501
Marketing and other sales promotion	136	156	136,018	156,237
Computers and software	427	390	410,440	375,522
External services	492	483	458,004	447,538
Doubtful receivables and bad debts	100	76	94,061	75,799
Capitalized product development expenses	-825	-788	-	-13,917
Other expenses	204	121	185,185	104,980
Total	753	878	1,716,654	1,776,288

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

Auditing	44	32	40,771	29,707
Tax consulting	-	4	-	4,240
Other services	-	1	-	1,050
Total	44	37	40,771	34,996

There were no other than auditing services charged by the legally appointed auditor KPMG Oy Ab during the fiscal year 2020 (2019: EUR 5 thousand).

The management and administration service fees charged by the parent company to the daughter companies have been reported within the other operating income, not as deductions in the other expenses.

Product development expenses incurred during the year

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
(EUR 1,000)	2020	2019	2020	2019
Expenses recognized in profit or loss	1,225	1,505	252,164	203,030
Capitalized expenses	825	788	-	13,917
Total	2,050	2,293	252,164	216,947

Product development expenses mainly consist of personnel expenses. Recognized expenses do not include amortization of earlier capitalized expenses. Amortization is presented in Note 14.

11 . FINANCIAL INCOME AND EXPENSES

Recognized in profit or loss

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2020	2019	2020	2019
Interest income from loans and other receivables	2	12	5,997	16,368
Interest expenses from loans	-7	-2	-6,181	-6,053
Other financial income and expenses	-12	-16	-10,192	-6,919
Exchange rate differences	-0	-21	59,386	-42,982
Total	-16	-26	49,010	-39,586

Exchange rate differences in profit and loss

Exchange rate differences included in net sales	-95	-22	-90,457	-20,693
Exchange rate gains in financial income	24	12	65,160	414
Exchange rate losses in financial expenses	-25	-33	-5,774	-43,396
Total	-95	-43	-31,070	-63,675

12. INCOME TAXES

Recognized in profit or loss

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2020	2019	2020	2019
Current tax expense	-169	-72	-107,384	-67,996
Tax expense from previous years	29	-6	28,070	-28,471
Total	-140	-78	-79,314	-96,467

Reconciliation between the income tax expense in the comprehensive income statement and the tax expense calculated at the applicable corporate tax rate in Finland (20% in 2020 and 2019):

	Group, IFRS	
(EUR 1,000)	2020	2019
Result before tax	-952	-240
Income tax calculated at the Finnish corporate tax rate	190	48
Effect of different tax rates in foreign subsidiaries	-4	-0
Effect of IFRS 15 and IFRS 16	-31	-
Other items	-16	38
Non-deductible expenses	-	-8
Tax expense in the comprehensive income statement	140	78

13. EARNINGS PER SHARE

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

	Group, IFRS	
(EUR 1,000)	2020	2019
Result for the period attributable to shareholders of the parent company (EUR thousand)	-812	-161
Number of shares outstanding (1,000 pcs)	11,988	11,988
Earnings per share (EUR/share) Undiluted and diluted	-0,068	-0,013

As of the beginning of 2019 the company adopted a new key employee share option scheme. During 2020 and 2019, the stock option scheme had no dilutive effect.

14. INTANGIBLE ASSETS

Group (EUR 1,000), IFRS	Computer software	Other intangible assets	Capitalized product development	Total
Book value Jan 1, 2019	20	119	1,693	1,831
Increases, transfers	202	57	844	1,102
Amortization for the period	-18	-44	-827	-889
Acquisition cost Dec 31, 2019	1,257	2,709	6,682	10,647
Accum. amortization and write-downs Dec 31, 2019	-1,053	-2,577	-4,973	-8,603
Book value Jan 1, 2020	203	132	1,709	2,044
Increases, Transfers	115	-113	825	827
Amortization for the period	-67	-17	-734	-817
Acquisition cost Dec 31, 2020	1,372	2,596	7,507	11,475
Accum. amortization and write-downs Dec 31, 2020	-1,120	-2,594	-5,706	-9,421
Book value Dec 31, 2020	252	2	1,801	2,054

Parent company (EUR), FAS				
Book value Jan 1, 2019	19,705	62,842	54,632	137,179
Increases	195,869	112,320	13,917	322,106
Amortization for the period	-17,755	-43,518	-44,701	-105,974
Acquisition cost Dec 31, 2019	1,216,602	1,664,912	365,293	3,246,805
Accum. amortization and write-downs Dec 31, 2019	-1,018,783	-1,533,268	-341,445	-2,893,495
Book value Jan 1, 2020	197,819	131,644	23,848	353,312
Increases	114,825	-	-	114,825
Decreases	-	-112,320	-	-112,320
Amortization for the period	-64,546	-17,036	-15,149	-96,731
Acquisition cost Dec 31, 2020	1,331,427	1,552,592	365,293	3,249,312
Accum. amortization and write-downs Dec 31, 2020	-1,083,330	-1,550,304	-356,594	-2,990,228
Book value Dec 31, 2020	248,098	2,288	8,699	259,085

15. GOODWILL

Group (EUR 1,000)	2020	2019
Acquisition cost Jan 1	513	513
Acquisition cost Dec 31	513	513
Book value Dec 31	513	513

Goodwill has arisen from the acquisition of Nobultec Ltd in 2011 and hasbeen allocated to the Process Mining (former Process Intelligence) business unit.

Goodwill has been tested for impairment in the last quarter of 2020 and the discount rate used in impairment testing was 11.14% (2019: 12.5) before taxes.

The recoverable amount evaluated in the impairment test is based on the 2020 budget and on subsequent development assessed on the basis of the strategy. Key variables used in the calculations are the growth rates of net sales, expenses and EBITDA. The growth of net sales has been determined by taking into account the company's actual performance, market position and growth potential in its market.

Based on sensitivity analyses, management believes that it is unlikely that a somewhat likely change in key variables used in the test would lead to a situation where the book value of goodwill in the balance sheet would exceed the unit's recoverable amount.

Sales growth of the Process Intelligence business unit is broadly designed to be in line with the Company's strategy for the planning period. The recoverable amount based on cash flows for the next five years is about EUR 2.8 million.

If the annual net sales growth of the Process Intelligence business unit in the planning period were approximately -3%, it would constitute a situation in which there are indications of goodwill impairment. If the fair value of goodwill proved to be lower than the unit's book value in an impairment test, an impairment loss would be recorded as an expense in the income statement and would be allocated primarily to goodwill in the balance sheet.

16. TANGIBLE AND RIGHT-OF-USE ASSETS

Group (EUR 1,000), IFRS	Machinery and equipment	Right-of-use assets: buildings	
Book value Jan 1, 2019	116		
Increases	54	562	
Depreciation for the period	-80	-281	
Acquisition cost Dec 31, 2019	1,925	562	
Accum. depreciation and write-downs Dec 31, 2019	-1,834	-281	
Book value Jan 1, 2020	90	281	
Increases	158	224	
Depreciation for the period	-72	-294	
Acquisition cost Dec 31, 2020	2,083	786	
Accum. depreciation and write-downs Dec 31, 2020	-1,906	-575	
Book value Dec 31, 2020	176	211	*)

Parent company (EUR), FAS	
Book value Jan 1, 2019	115,868
Increases	53,952
Depreciation for the period	-79,824
Acquisition cost Dec 31, 2019	1,885,038
Accum. depreciation and write-downs Dec 31, 2019	-1,795,042
Book value Jan 1,2020	89,995
Increases	157,571
Depreciation for the period	-71,987
Acquisition cost Dec 31, 2020	2,042,609
Accum. depreciation and write-downs Dec 31, 2020	-1,867,029
Book value Dec 31, 2020	175,580

*) Right-of-use assets Note 28 Leases

17. SHARES IN SUBSIDIARIES AND OTHER ENTITIES

The parent company of the Group is QPR Software Plc.

Subsidiaries	Domicile	Parent company 2020	2019
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%	

*) founded June 2, 2020

	Parent company (EUR)	
Shares in subsidiaries	2020	2019
Acquisition cost Jan 1	3,581,152	3,581,152
Increases	111	-
Acquisition cost Dec 31	3,581,263	3,581,152
Book value Dec 31	3,581,263	3,581,152
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	3,585,825	3,585,714

18. LONG-TERM RECEIVABLES

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2020	2019	2020	2019
Receivables from the Group companies	-	-	225,000	200,000

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

QPR CIS Oy	-	-	225,000	200,000
Total	-	-	225,000	200,000

19. DEFERRED TAX ASSETS AND LIABILITIES

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

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2020	2019	2020	2019
Jan 1	136	57	87,503	-
Recorded in comprehensive income	137	79	79,314	87,503
Dec 31	273	136	166,817	87,503

A deferred tax asset of EUR 273 thousand has been recognized in the balance sheet for unused confirmed or estimated losses of Finnish companies. Management estimates that deferred tax losses will be available by 2023. The profit forecasts used in the evaluation are budget 2021 and strategy figures 2022-2025.

20. TRADE AND OTHER RECEIVABLES

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2020	2019	2020	2019
Trade receivables	2,564	2,586	2,522,485	2,489,390
Credit loss provision	-53	-45	-53,170	-25,438
Accrued income and prepaid expenses	40	188	37,083	170,675
Other receivables	350	175	254,146	81,104
Current receivables from Group companies	-	-	10,284	26,784
Total	2,901	2,904	2,770,827	2,742,515

Geographical breakdown of trade receivables:

Finland	1,151	1,089	1,151,055	1,088,671
Other European countries incl. Russia & Turkey	604	415	591,117	381,962
Countries outside Europe	809	1,082	780,313	1,018,756
Total	2,564	2,586	2,522,485	2,489,390

Currency breakdown of trade receivables:

	Group, IFRS (EUR 1,000)		(EUR 1,000)	
(EUR 1,000)	2020	%	2019	%
EUR (Euro)	1,749	68.2	1,454	56.2
USD (U.S. Dollar)	677	26.4	842	32.5
SEK (Swedish Krona)	33	1.3	52	2.0
ZAR (South African Rand)	88	3.4	119	4.6
JPY (Japanese Yen)	13	0.5	15	0.6
GBP (Pound Sterling)	2	0.1	7	0.3
RUB (Russian Ruble)	1	0.0	5	0.2
AED (United Arab Emirates dirham)	0	0.0	92	3.6
Total	2,564	100	2,586	100.0

Age analysis of trade receivables:

Not due	1,822	71.1	1,122	43.4
0 - 90 days overdue	299	11.7	956	37.0
90 - 180 days overdue	6	0.2	71	2.7
More than 180 days overdue	436	17.0	437	16.9
Total	2,564	100	2,586	100

Fair value of trade receivables:

The initial book value of trade receivables approximates fair value because the effect of discounting is not material due to the short maturity.

Credit losses and provision of credit losses

The Group recognizes expected credit loss provision based on the age of the trade receivables and experience.

	Group, IFRS	
	Credit loss expectation based on trade receivables 2020, EUR 1,000	Credit loss expectance based on age trade receivables,%
Not due	0	0.0
0 - 60 days overdue	1	0.5
60 - 120 days overdue	0	1.0
120 - 180 days overdue	0	2.0
>180 days overdue	44	10.0
Total	45	

In addition to the maturity-based matrix for trade receivables, the company has recognized a provision for credit losses based on experience for a total of EUR 53 thousand (2019: 45).

Credit losses of EUR 100 thousand (2019: 76) on trade receivables have been recognized in profit or loss.

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

	Parent company, FAS (EUR)	
	2020	2019
Accrued income	33,310	69,127
Prepaid expenses	3,772	101,548
Total	37,083	170,675

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

	Parent company, FAS (EUR)	
	2020	2019
QPR CIS Oy	10,284	26,784
Total	10,284	26,784

21. CASH AND CASH EQUIVALENTS

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2020	2019	2020	2019
Bank accounts	185	1,035	65,640	925,515
Total	185	1,035	65,640	925,515

The parent company has a credit limit of EUR 1.5 million in Nordea for short-term financing needs. The limit was in use in 2020; EUR 700 thousand (end of 2019: EUR 0).

The parent company has a credit limit of half a million euros with Nordea for short-term financing needs. The limit was not in use at the end of financial year 2020 (2019: 500 thousand euro).

22. BALANCE SHEET ITEMS RELATED TO CUSTOMER CONTRACTS

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2020	2019	2020	2019
Trade receivables	2,510	2,541	2,469,315	2,463,952
Contract assets	295	133	294,685	133,445
Contract liabilities	-527	-800	-492,535	-764,546

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

Contract liabilities are items which have already been invoiced but performance obligations have not yet been entirely fulfilled. In QPR Software, contract liabilities are usually related to maintenance or SaaS fees which are invoiced from the customer prior to contract period and are recognized as revenue equally over time during the contract period.

23. SHAREHOLDERS' EQUITY

The Company has one series of shares and the maximum value of share capital is EUR 1,359 thousand. All the issued shares have been fully paid. Total amount of issued shares was 12,444,863 in 2020 and 2019.

Other funds

Includes the reserve fund in subsidiary QPR Software AB.

Treasury shares

Treasury shares include the purchase price of own shares held by the Group.

Capitalized product development costs

Capitalized product development costs include product development costs activated in the parent company balance sheet, that are to be deducted from the distributable funds in accordance with the Finnish accounting legislation.

Calculation of the distributable funds

	Parent company, FAS EUR	
	2020	2019
Retained earnings	1,400,447	1,493,468
Result for the period	-394,512	-93,066
Dividends paid	70	45
Treasury shares	-439,307	-439,307
Invested unrestricted equity fund	5,347	5,347
Activated product development expenses	-	-23,847
Distributable funds	572,046	942,641

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

Current interest-bearing loans

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2020	2019	2020	2019
Loans from banks, next year repayment	700	500	700,000	500,000
Lease libilities	247	284	-	-
Total	947	784	700,000	500,000

Interest-bearing loans consist of a 1.1% fixed-interest short-term bank loan.

The Group has a EUR 0.5 million revolving credit facility at its disposal, of which EUR 0 was in use at the end of 2020 (2019: EUR 500 thousand).

The Group has a EUR 1.5 million credit facility agreement at its disposal, of which EUR 700 thousand was in use at the end of 2020.

The carrying amount of liabilities do not materially deviate from their fair value due to short maturieties of the instruments.

Repayment schedule of right-of-use liabilities

Group, IFRS

(EUR 1,000)

			2020		2019	
	Nominal interest rate	Maturity	Nominal value	Book value	Nominal value	Book value
Lease liabilities	2,00%	2019-2020	247	247	284	284
Interest-bearing right-of-use liabilities			247	247	284	284

25. TRADE PAYABLES AND OTHER LIABILITIES

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2020	2019	2020	2019
Trade payables	216	25	196,801	31,951
Accrued expenses and prepaid income	2,305	2,083	1,999,903	1,787,789
Advances received	527	800	492,535	764,546
Other liabilities	318	554	63,368	342,918
Current liabilities to Group companies	-	-	1,865,032	2,231,773
Total	3,366	3,461	4,617,638	5,158,977

The amount of trade payables in foreign currency was low in 2020 and 2019.

The carrying amount of trade payables and other liabilities do not materially deviate from their fair value due to short maturieties of the instruments.

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

	Parent company, FAS (EUR)	
	2020	2019
Holiday pay, including social costs	705,839	597,037
Bonuses, including social costs	138,818	70,942
Prepaid income	1,128,926	885,793
Other accrued expenses	26,320	234,016
Total	1,999,903	1,787,789

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

	Parent company, FAS (EUR)	
	2020	2019
QPR Services Oy	523,190	799,030
QPR Software AB	661,915	670,630
QPR Software Inc	678,108	762,112
QPR Software Limited	1,818	-
Total	1,865,032	2,231,773

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 three. 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, 2020	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		2,901	2,901
Cash and cash equivalents	21		185	185
Total			3,086	3,086
Financial liabilities				
Financial liabilities not measured at fair value				
Bank borrowings	24		700	700
Right-of-use liabilities	24		247	247
Trade payables	25		216	216
Total			1,163	1,163

27. ADJUSTMENTS TO THE CASH FLOW FROM OPERATING ACTIVITIES

	Group, IFRS (EUR 1,000)	
	2020	2019
Corporate taxes	-140	-78
Other items	92	78
Yhteensä	-49	-0

28. COMMITMENTS AND CONTINGENT LIABILITIES

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2020	2019	2020	2019
Business mortgage (held by the company)	2,387	1,385	2,337,288	1,337,288
Lease liabilities and rental commitments				
Maturing within one year	7	17	236,946	291,409
Maturing during in 1-5 years	7	0	14,688	0
Total	2,401	1,402	2,588,922	1,628,697

Rental commitments include office rental agreements:

- Rental agreement (January 1, 2017), valid for the time being. The notice period is 6 months.
- Rental agreement (December 1, 2018), valid for the time being. The notice period is 6 months. First notice day is April 30, 2021.

Rental guarantees totaling EUR 14 thousand are included in other current receivables in the balance sheet.

The Group and the Parent company had no derivative contracts in the end of fiscal years 2020 and 2019.

29. LEASE AGREEMENTS

Leases in the Balance Sheet

	Group, IFRS (EUR 1,000)	Group, IFRS (EUR 1,000)
	Dec 31, 2020	Dec 31, 2019
Assets		
Non-current assets		
Right-of use assets, buildings	212	281
Total	212	281
Equity and liabilities		
Lease liabilities, current	247	284
Total	247	284

Leases in the Income Statement

	1-12 2020	1-12 2019
Expenses related to short term leases and low value asset leases	-10	-9
Depreciation of right-of-use assets	-294	-281
Interest expenses	-4	-9
Total	-308	-299

The total cash outflow for leases in 2020 was EUR 262 thousand (2019: 281).

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 the majority of purchases are made in Euros.

The main part of trade receivables is in Euros (EUR). The most significant invoicing currencies after EUR were the U.S. Dollar (USD), South African Rand (ZAR) and the Swedish Krona (SEK) during the financial year. If the value of USD, ZAR and SEK 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 80 thousand, equaling 3.1% 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 81 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 on 19 May, 2010, the Company may engage in foreign currency hedging. The purpose of the currency hedging is to reduce the added uncertainty of exchange rates and to minimize the adverse impact of the 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 2020 and 2019, the Company did not have any hedging instruments.

Interest rate risk

The effect of interest rate changes on the Group result is insignificant and the Group did not take any hedging measures during the financial year.

Liquidity risk

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

The objective of liquidity risk management is to maintain sufficient liquidity and to ensure that it is available for business purposes fast enough. QPR maintains sufficient liquidity through efficient cash management and deposits. The Group's interest-bearing loans do not include any covenants.

Maturity schedule of liabilities (amounts are undiscounted):

Group, IFRS

(EUR 1,000)	Book value	0–6 months	7–12 months
Trade and other payables	533	533	0
Bank borrowings, revolving credit facility	700	700	0
Lease liabilities (IFRS16)	247	142	105
Total	1,480	1,375	105

Operative credit risk

The Group's international business operations are by their nature exposed to credit risk related to individual partners. However, the Group has a wide customer base and reseller network spread over several market areas. The Group's trade receivables thereby arise 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, continuous and active monitoring of receivables and credit limits aims at mitigating the Group's credit risks. The impact of Covid-19 on credit losses in 2020 has been minor. 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 (EUR 1,000), IFRS	2020	2019
Cash and cash equivalents	185	1,035
Net liabilities	762	-251
Shareholders' equity	2,004	2,762
Gearing, %	38.0	-9
Equity ratio, %	34.6	44
Total balance sheet	6,317	7,007

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

32. EVENTS AFTER THE REPORTING PERIOD

In February 2021 QPR signed a major agreement with a large central government organization from the Middle East to deliver strategy management solution. The value of the deal is approximately EUR 1.2 million and it consists of software licenses, software maintenance and implementation services. QPR estimates that almost EUR 1 million of the deal value will be booked into net sales over the course of 2021.

33. KEY FIGURES OF THE GROUP 2018-2020

Group, IFRS

(EUR 1,000)	2020	2019	2018
Net sales	8,971	9,513	10,047
Growth of net sales, %	-5.7	-5.3	12.4
Operating result	-936	-213	521
% of net sales	-10.4	-2.2	5.2
Result or loss before tax	-952	-240	335
% of net sales	-10.6	-2.5	3.3
Result for the period	-812	-161	320
% of net sales	-9.0	-1.7	3.2
Return on equity, %	-34.1	-5.7	11.4
Return of investments, %	-28.0	-5.9	18.9
Cash and cash equivalents	185	1,035	505
Net liabilities	762	-251	-505
Equity	2,004	2,762	2,873
Gearing, %	38.0	-9.1	-17.6
Equity ratio, %	34.6	44.5	48.6
Total balance sheet	6,317	7,007	6,436
Investment in intangible and tangible assets	1,210	1,156	790
% of net sales	13.5	12.2	7.9
Research and development expenses	2,050	2,293	1,989
% of net sales	22.9	24.1	19.8
Personnel average for period	86	82	81
Personnel at the beginning of period	83	84	76
Personnel at the end of period	88	83	84

34. PER-SHARE KEY FIGURES 2018-2020

Group, IFRS

(EUR 1,000)	2020	2019	2018
Earnings per share, EUR	-0.068	-0.013	0.027
Equity per share, EUR	0.161	0.222	0.231
Dividend per share *, EUR	0.000	0.000	0.000
Dividend as % of result	0.0	0.0	0
Effective dividend yield, %	0.0	0.0	0
Price/earnings ratio (P/E)	-33.1	-173.7	61.0
Development of share price			
Average price, EUR	2.01	2.04	1.65
Lowest closing price, EUR	1.70	1.65	1.55
Highest closing price, EUR	2.50	2.48	1.77
Closing price on Dec 31, EUR	2.24	2.34	1.63
Market capitalization on Dec 31, EUR 1,000	26,853	28,052	19,540
Development of trading volume			
Number of shares traded, 1,000 pcs	1,403	1,091	1,026
% of all shares	11.7	9.1	8.6
Number of shares on Dec 31, 1,000 pcs	12,445	12,445	12,445
Average number of shares outstanding	11,988	11,988	11,988

*) Year 2020: The Board of Director's proposal to the Annual General Meeting.

35. RECONCILIATION OF ALTERNATIVE KEY FIGURES

Equity ratio, %	2020
Total Equity	2,004
balance sheet total	6,317
Advances received	527
$\frac{\text{Total equity x 100}}{\text{Balance sheet total - advances received}}$	34.6 %

SIGNATURES OF BOARD OF DIRECTORS' AND FINANCIAL STATEMENTS

Helsinki, Finland, February 18, 2021

QPR Software Plc
Board of Directors

Vesa-Pekka Leskinen
Chairman of the Board

Topi Pela
Board member

Jarmo Rajala
Board member

Salla Vainio
Board member

Jari Jaakkola
Chief Executive Officer

AUDITOR'S NOTE

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

Helsinki, Finland, February 22, 2021

KPMG Oy Ab
Authorized Public Accountants

Miika Karkulahti
Authorized Public Accountant

DEFINITION OF KEY INDICATORS

Return on equity (ROE), %:

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

Return on investment (ROI), %:

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

Equity ratio, %:

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

Gearing:

Interest-bearing liabilities - cash and cash equivalents

Gearing, %:

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

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, %:

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

Effective dividend yield, %:

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

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:

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

ALTERNATIVE PERFORMANCE MEASURES

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”.

AUDITOR'S REPORT

TO THE ANNUAL GENERAL MEETING OF QPR SOFTWARE PLC

REPORT ON 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 December 31, 2020. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant 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
Revenue recognition and valuation of trade receivables - Refer to Accounting principles for the consolidated financial statements and notes 2,3 and 20	
The Group reports revenue from services as follows; software licenses, software maintenance services, cloud (SaaS) services and consulting. The revenue is recognized when 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 obligation, determining standalone 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 2.6 million as at December 31, 2020 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 receiva-bles. Due to significance of the carrying amount and over 180 days past due receivables amounting to EUR 0.4 million at the balance sheet date December 31, 2020, 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 testing procedures over revenue contracts that we selected based on size, timing and complexity. In respect of 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 tested the effectiveness of the key internal controls. We also analyzed the trade receivables and compared the receivables to the confirmation letters received from the selected third parties. We also followed up the payments received after year-end 2020 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.

Valuation of capitalised product development costs (Refer to Accounting principles for the consolidated financial statements and notes 9, 10 and 14)

Group companies develop software and consulting service products to be used by its customers. The total product development costs capitalized amounted to EUR 0.8 million in the financial year. The capitalized product development costs are amortized over four years on a straight-line basis. The carrying amount, EUR 1.8 million, represents 93 percent of the consolidated equity.

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

Our audit procedures included, among others:

- We evaluated the appropriateness of the capitalization principles, tested the accuracy of cost calculations and assessed the amortization periods and amortization methods used.
- We evaluated calculations prepared by management and the reasonableness of the underlying assumptions, and assessed the forecasts prepared by management by comparing the actual results with the original forecasts.
- Furthermore, we considered the appropriateness of the Group's notes in respect of intangible assets.

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.

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 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 Financial Statements

Our objectives are to obtain reasonable assurance on 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 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 scepticism 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 15 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. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date. 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other opinions

We support the adoption of the financial statements. The proposal by the Board of Directors regarding the treatment of distributable funds is in compliance with the Limited Liability Companies Act. We support that the Board of Directors of the parent company and the Managing Director be discharged from liability for the financial period audited by us.

Helsinki, February 22, 2021

KPMG OY AB

Miika Karkulahti
Authorized Public Accountant, KHT

INFORMATION FOR SHAREHOLDERS

THE SHARE OF QPR SOFTWARE PLC

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

Trading code
QPR1V

ISIN code
FI0009008668

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Thursday March 25, 2021 starting at 1:00 p.m. at the Company's headquarters Huopalahdentie 24, 00350 Helsinki, Finland.

In order to prevent the spread of the Covid-19 pandemic, the Meeting will be organized so that only the proxy representatives are allowed to be present at the Meeting venue. This is necessary especially in order to ensure the health and safety of the Company's shareholders, employees and other stakeholders and compliance with the current restrictions set by the authorities. It is requested that shareholders would appoint the Independent Proxy representative nominated by the Company as their proxy representative and give him voting instructions. Shareholders can only participate through a proxy representative, by submitting counterproposals and asking questions in advance.

A shareholder of the Company that has been entered into the Company's shareholders' register maintained by Euroclear Finland Ltd on March 15, 2021 has the right to participate in the General Meeting.

The shareholder willing to participate in the Annual General Meeting shall inform the Company of the participation on March 15, 2021, at 4.00 p.m. at the latest, in writing to the address QPR Software Plc. Huopalahdentie 24, 00350 Helsinki, by phone to the number +358 50 4361 658, or by email to the address ilmoittautumiset@qpr.com.

The letter or message of participation shall be at the destination prior to the expiry of the registration period.

PROXY REPRESENTATIVE AND POWERS OF ATTORNEY

A shareholder may participate in the Annual General Meeting and exercise his/her rights at the Meeting only by way of proxy representation. Due to restrictions caused by the Covid-19 pandemic shareholders are requested to use independent proxy service arranged by the Company and authorize the Independent Proxy representative nominated by the Company, or a person designated by him to represent the shareholder and exercise on his/her behalf the right to vote in accordance with the voting instructions given by the shareholder.

The Independent Proxy representative nominated by the Company is Heikki Uotila, attorney-at-law. His contact information is Susiluoto Attorneys-at-Law Ltd, Uudenmaankatu 16 A, 00120 Helsinki, Finland, tel. + 358 400 429 786, email: heikki.uotila@susiluoto.com.

A proxy representative shall produce a dated proxy document or otherwise in a reliable manner demonstrate his/her right to represent the shareholder at the Annual General Meeting. Should a shareholder participate in the meeting by means of several proxy representatives representing the shareholder with shares in different book-entry accounts, the shares by which each proxy representative represents the shareholder shall be identified in connection with the registration for the Annual General Meeting.

Templates for a Power of Attorney as well as for instructions to vote are available on the website of the Company www.qpr.com latest on March 9, 2021, when submitting counterproposals to the Annual General Meeting has ended. Possible proxy documents are requested to be delivered by email to ilmoittautumiset@qpr.com or in originals to QPR Software Plc, Huopalahdentie 24, and 00350 Helsinki by March 23, 2021.

Delivery of a duly prepared and signed proxy document to the Company before the end of the registration period March 15, 2021 at 4.00 pm (EET) constitutes due registration for the Annual General Meeting.

HOLDERS OF NOMINEE REGISTERED SHARES

A holder of nominee registered shares has the right to participate in the Annual General Meeting by virtue of such shares, based on which he/she on the record date of the Annual General Meeting, i.e. on March 15, 2021, and would be entitled to be registered in the shareholders' register of the Company held by Euroclear Finland Ltd. The right to participate in the Annual General Meeting requires, in addition, that the shareholder on the basis of such shares has been registered into the temporary shareholders' register held by Euroclear Finland Ltd at the latest by March 22, 2021 by 10:00 a.m. (EET). As regards nominee registered shares this constitutes due registration for the Annual General Meeting. Any changes in share ownership after the date of record shall not have an impact on right to participate the Annual General Meeting nor on votes of the shareholder.

A holder of nominee registered shares is advised to request without delay all necessary instructions regarding the temporary registration in the shareholder's register of the Company, the issuing of proxy documents and registration for the Annual General Meeting from his/her custodian bank. The account management organization of the custodian bank has to register a holder of nominee registered shares, who wants to participate in the Annual General Meeting, into the temporary shareholders' register of the Company at the latest by March 22, 2021 by 10:00 a.m. (Finnish time), as mentioned above.

Additional information is available in Notice to Annual General Meeting, which is published on March 4, 2021.

DIVIDEND

The Board proposes to the Annual General Meeting that no dividend be paid for the financial year ended on December 31, 2020.

FINANCIAL INFORMATION IN 2020

In 2021, QPR Software Plc will publish its financial information as follows:

- Interim Report Jan-Mar/2021: Friday, April 23, 2021
- Interim Report Jan-Jun/2021: Wednesday, August 4, 2021
- Interim Report Jan-Sep/2021: Friday, October 22, 2021

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

CHANGES OF ADDRESSES

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

CONTACT INFORMATION

QPR Software Plc

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Business ID: 0832693-7

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QPR Online Community

https://www.qpr.com/community

Company website

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