

**QPR Software Plc**  
**Annual Report 2015**

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QPR Software Plc (Nasdaq Helsinki) provides solutions for strategy execution, performance and process management, process mining and enterprise architecture in over 50 countries. Users of QPR Software gain the insight they need for informed decisions that make a difference.

With 25 years of experience, 2 000 customers and over a million licenses sold, QPR’s products are highly regarded by industry analysts and customers alike.

QPR Software – Dare to Improve.

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## Year 2015 – key events

### January – March

- **February:** QPR Software expands co-operation with a European health care organization.
- **March:** QPR is recognized in Gartner Inc's "Market Guide for Enterprise Business Process Analysis" report.

### April – June

- **April:** The U.S. Patent and Trademark Office grants a patent to a process mining technology developed by QPR Software.
- **April:** City of Helsinki, the capital of Finland, chooses QPR to deliver its process and enterprise architecture environment.
- **May:** QPR delivers an extension to performance management system of a leading European car importer and dealer.
- **May:** QPR starts distributing the new, 2015 version of QPR Suite.
- **May:** QPR international resellers all over the world assemble to the annual Partner Summit organized in Helsinki, Finland.
- **June:** QPR's rating is improved in the "Nucleus Research 2015 Corporate Performance Management Technology Value Matrix".

### July – September

- **July:** QPR shares Enterprise Architecture know-how in the business architecture book, "Business and Dynamic Change: The Arrival of Business Architecture." with case Aalto University.
- **July:** QPR is recognized in Gartner Inc's "Hype Cycle for Business Process Management" report.

### October – December

- **October:** QPR Software introduces QPR Metrics IntegrationPlatform to help transform data into smart decisions. The solution extracts, transforms and loads (= ETL) information from any database to QPR Metrics, one of the most flexible performance management solutions on the market.
- **November:** QPR and leading Nordic IT Company Advania sign a partnership where Advania will sell and promote QPR ProcessAnalyzer in Sweden.
- **November:** QPR gets answers from over 300 decision makers from more than 180 organizations in both private and public sector to the survey of Enterprise Architecture in Finland 2015.
- **December:** QPR delivers process mining software and consultancy to a leading European industrial corporation.

## Our strategy and its execution

QPR Software's mission is to make customers agile and efficient in their operations. We innovate, develop and sell in international markets software aimed at analyzing, monitoring and modeling operations in organizations. Furthermore, the Company strengthens its consulting practice in its home market Finland and offers customers a variety of services for operational development planning and execution.

We offer customers innovative and efficient tools to model and measure all layers and dimensions of operations in organizations, to automatically discover and monitor any processes based on actual event data and to analyze causes for potential performance problems. This provides customers insight into their business operations – and this insight enables them to streamline and improve business operations and to execute their strategies swiftly and effectively.

The Company's strategy is to differentiate from its competitors by developing software products to meet with the increasing challenges organizations face in leading and developing their operations in digitalizing world. Special focus areas for development are process mining, process analytics and operational performance measuring. The Company believes that the relevant market for these focus areas grows significantly in the future, as companies collect more and more transaction and other event data from their operations. In software development, special focus is placed on processing and analyzing large amounts of data, as well as excellent user experience.

In the next three years, QPR seeks to grow especially its process mining, analytics and measuring software sales in the international markets. In order to reach this target, the Company has since 2015 increased its investments in expanding and renewing its international software reseller channel. The Company's middle term target is set at 15% annual net sales growth.

**In our home market Finland**, we sell and deliver software and consulting services mainly directly to our customers. In process and enterprise architecture modeling software we are a local market leader with approximately 50% market share. In our home market, we have in recent years significantly grown our business in consulting services aimed at operational development in organizations.

Process mining and measuring is a new software product category – in this category we target significant

growth for our new innovative software. We are a clear local market leader in this category, and among the most advanced companies in the world developing software for this domain. In 2015 The U.S. Patent and Trademark Office granted a patent to our technology for analyzing and improving business processes with event instance data. QPR has developed this technology since 2009 and launched QPR ProcessAnalyzer software based on it in 2011. QPR ProcessAnalyzer is a process mining software that automatically generates accurate real-life process flowcharts based on event instance data extracted from IT systems, instead of manually modeling them. The software contains ready-made connectors to the most common IT systems such as SAP, Oracle, Salesforce.com, Epicor, ServiceNow, Infor M3 and Microsoft SQL Server.

**In international markets**, the majority of our software sales is executed by our reseller network, extending into more than 50 countries. Our reseller partners offer in their respective markets, in addition to our software, related technical and management consultancy services. Our own earnings logic in international markets is based almost exclusively on software sales.

We aim to grow international software net sales by expanding our reseller network, especially for our new software products.

For our modeling and performance measuring software products, we are looking for reseller partners to build scalable solution business with us in their home markets. Solution areas based on our off-the-shelf software include process mining, quality management, Lean, risk management, process and enterprise architecture, people performance management, Balanced Scorecard as well as strategy execution planning and monitoring.

For our resellers we offer, in addition to software sales commissions, an attractive opportunity to significantly grow consulting business in their own markets. Through our innovative offering, they gain an opportunity to differentiate from competition that is using traditional methodologies and tools.

**Our values** are Long-term success together, Reliability and Respect. They define our operating culture and thus create a foundation for our future success and growth.

## Review by the CEO



The development of QPR Software's business operations was twofold during 2015. The first quarter of the year was successful: net sales increased 13% and operating margin was over 10% of net sales. Subsequently, the tightened competition in process and enterprise architecture

modeling and performance management software had a negative impact on sales in part of QPR's reseller channel. This impact cannibalized sales growth from new products, services and resellers entirely, and group net sales remained at previous year's level (-1 %).

According to our strategy, we seek to grow especially our process mining, analytics and measuring software sales in the international markets. In line with these targets, we continued the development of our software products and services, as well as the renewal of our international sales.

We increased investments in international distribution of our innovative software products. Reseller recruitment was successful, and we recruited 16 new resellers in 13 countries. In addition to these new partnerships, many partners in our traditional reseller network expanded their partnership and included QPR Process-Analyzer in their portfolio. We expanded distribution of this process mining software especially into developed European markets, such as Germany, Sweden, Belgium and the Netherlands. For performance management

and process modeling software, we recruited many new resellers from Middle East, Africa and South America. As a result of these channel expansions, the amount and value of made offers grew significantly in the latter half of the year, and continues to be on a high level.

We invested in training of the new reseller partners, as well as in marketing and product launches in new markets. We believe these outlays will have a positive impact on net sales this year, but at the same time we estimate that the tightened competition will continue to have a negative impact on sales in part of QPR's reseller channel. According to our published earnings outlook, we estimate that operating profit excluding special items will grow in 2016 compared to 2015.

The development of our software and service offering continued as planned in 2015. During the year, we released new versions of all our software products. Furthermore, we continued to invest in developing and productizing our operational development services aimed at organizations. This year one of the focus areas in product development is further improving user experience of our software in various terminal devices.

I would like to thank all our customers, partners, personnel and shareholders for their excellent collaboration in 2015.

**Jari Jaakkola**  
CEO

## Board of Directors

QPR Board of Directors had 13 meetings in 2015 (12). The average attendance percentage in meetings was 96 (94). The Board of Directors made a self-assessment of its operation. The Board has not established any committees. Chairman of the Board received an annual emolument of EUR 25,230 and a member an emolument of EUR 16,820 in 2015. No separate meeting fees were paid.

### Vesa-Pekka Leskinen

**b. 1950**

**Member of the Board since July 2003.**

**Chairman of the Board since January 2006.**

**Independent of the Company.**



Mr. Vesa-Pekka Leskinen is the Chairman of the Board of Kauppamainos Oy and was the CEO of Kauppamainos from 1979 to September 2010. He is the majority owner of Kauppamainos Oy. The main area of business of Kauppamainos has been investor relations and communications, in relation to

which Kauppamainos has designed and delivered nearly a hundred annual reports of various companies, participated in the preparation of tens of equity issues, and have been supporting the IPO process of more than ten companies. Mr. Leskinen has personally been involved in carrying out the investor relations and communication of public listed companies.

Vesa-Pekka Leskinen is also a founding partner of Quartal Oy and was the majority owner of the company until 1999. Quartal Oy is focusing on developing and delivering computerized delivery solutions and communication services, especially for the stock market and the companies having business therein. In addition, Vesa-Pekka Leskinen is the Chairman of the Board of Directors of Vianaturale Oy (as of May 2014, earlier member as of October 2006). By education Mr. Leskinen is an undergraduate and has an MAT degree.

Mr. Leskinen held 851,400 shares of QPR Software Plc at December 31, 2015. Kauppamainos Oy, whose majority owner Mr. Leskinen is, held 475,170 shares of QPR Software Plc at December 31, 2015.

### Kirsi Eräkangas

**b. 1965**

**Member of the Board since March 2012.**

**Independent of the Company and its significant shareholders.**



Ms. Kirsi Eräkangas is the Chairman of the Board in TLD Registry Limited and member of Board of Directors in Benemen Finance Oy and Nuuka Solutions Oy. She is owner of Nomadi Oy, an investment and development company co-operating with several IT start-ups.

Kirsi Eräkangas is one of the co-founders of the publicly listed software company Basware Corporation. Basware is the global leader in providing purchase to pay and e-invoicing solutions. Eräkangas had a central role in developing Basware's business, and she held several executive positions 1988 – 2005. Her latest operative responsibility covered Basware's professional services globally. She was Basware's board member 1993 – 2008, latest as the Vice Chairman.

Earlier she has been a member of Board of Directors of Biocomputing Platforms Ltd (2007 – 2010 and 2014), Finpro ry (2007 – 2013), Oy Free Drop Innovations Ltd (2013 – 2015), Softability Oy (2006 – 2008) and Vahanen International Oy (2014 – 2015) as well as a member of the Board of Directors (2007 – 2012) and Chairman of the Board (2008 – 2010) of Nervogrid Oy. She was a member of the Board of Directors of Nobultec Ltd in 2008, and the Chairman of the Nobultec Board during 2009 – 2011, a company acquired by QPR Software in 2011. Mrs. Eräkangas is also a member of the Finnish Association of Professional Board Members. Kirsi Eräkangas holds a M.Sc. degree in Economics and EMBA degree.

Ms. Eräkangas held 7,000 shares of QPR Software Plc at December 31, 2015.

## Juho Malmberg

**b. 1962**

**Member of Board since March 2015.  
Independent of the Company and its significant  
shareholders.**



Mr. Juho Malmberg is the CIO of Finland's largest financial services group, the OP Financial Group. He is also a member of Board of Directors in F-Secure Corporation and Kemppi Oy. Earlier he has been a member of Board of Directors also in Kuntien Tiera Oy 2011 – 2013. From 2012 to

2014 Malmberg was the CEO of ZenRobotics Ltd, a company focusing on robotic system based recycling.

Prior to this Juho Malmberg worked in Kone Corporation as a Member of the Kone Executive Board. In 2006 – 2010, as Executive Vice President, Development he was responsible, among others, for Kone's global business change program KONE Way and customer process and was the head of IS/IT. In this role he was nominated as the CIO of the Year 2010 in Finland. From 2010 to 2012 Malmberg was as Executive Vice President, Customer Experience responsible for Kone's customer experience, developing globally sales and customer care, as well for market and competitor intelligence and analysis.

From 1987 to 2006 Juho Malmberg worked in Accenture in various positions, starting as a consultant in Accenture United Kingdom in 1987. He moved to Accenture Finland in 1989 and advanced as the Managing Director, Accenture Finland and later as the Accenture Nordic Outsourcing Business Lead. Juho Malmberg holds a Master of Science, Electrical Engineering (Information Technology) degree.

Mr. Malmberg held 10,000 shares of QPR Software Plc at December 31, 2015.

## Topi Piela

**b. 1962**

**Member of the Board since March 2012.  
Independent of the Company.**



Mr. Topi Piela is the CEO of Balance Capital Oy, deputy to CEO of Ulkomarkkinat Oy and a member of the Finnish Association of Professional Board-Members. Mr. Piela is a member of the Board of Directors of Etera Mutual Pension Insurance Company, JJPPPT Holding Oy and Asuntosalkku Suomi Oy. He is also a member of the State Pension Fund and YLE (the Finnish Broadcasting Company) Pension Fund investment committees, and the audit Committee of Etera.

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 and worked also as a chairman. Piela's 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 served on the investment committees of several Finnish and European private equity funds. Topi Piela has earlier been member of QPR Software Board of Directors during 2006 – 2009. Mr. Piela has a M.Sc. degree in Economics and has CEFA and Advanced Insurance Examination diplomas.

Mr. Piela held 1,052 shares of QPR Software Plc at December 31, 2015. Ulkomarkkinat Oy, whose Deputy to CEO Mr. Piela is, held 1,657,986 shares of QPR Software Plc at December 31, 2015.

## 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, Business Operations at QPR Software Plc. Jari Jaakkola's previous experience covers leadership positions in Sonera Corporation and 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 holds a B.A. degree in journalism from Tampere University and an MBA from Henley Business School (United Kingdom).

Mr. Jaakkola held 239,000 shares of QPR Software Plc at December 31, 2015. His 100% owned company Value FM Ltd held 9,000 shares of QPR Software Plc at December 31, 2015.

### Maija Erkheikki

**b. 1978**

**Senior Vice President, Channel business since  
January 2011.  
Member of the Executive Management Team since  
January 2008.**



Ms. Maija Erkheikki is responsible for the international reseller business and globally for marketing and customer care & support. Before joining QPR she worked as a consultant and was employed by a QPR reseller partner.

At QPR she started as a senior consultant training reseller partners and implementing solutions for Finnish customers. In 2006 she was based in California and supported US reseller partners and implemented solutions for the US customers. In 2007 she was in charge of channel sales and developing the distribution channel in the US. Year 2008 she worked as Vice President, Channel Sales Europe and Americas. From 2009 to 2010 Maija Erkheikki worked as Vice President, Services and Solutions. Maija Erkheikki holds a Master's degree in Industrial Engineering and Management.

Maija Erkheikki held 2,000 shares at December 31, 2015.

### Matti Erkheikki

**b. 1978**

**Senior Vice President, Process intelligence business  
since January 2015.  
Member of the Executive Management Team since  
July 2007.**



Mr. Matti Erkheikki is responsible for the global delivery of QPR process intelligence solutions, selling them in the Finnish market, developing an international process intelligence solution sales channel as well as for selling and delivering SAP solutions in the Finnish market.

Matti Erkheikki has been employed by QPR Software since February 2002. Initially he worked as a consultant implementing QPR solutions globally. Since August 2005 he worked as a Business Development Manager and since July 2006 as the Regional Vice President of USA and Canada for QPR's California-based subsidiary QPR Software, Inc. From 2007 to 2014 he has been responsible for QPR's business operations in Finland and 2012 – 2014 also for the global OEM business. Matti Erkheikki holds a Master's degree in Industrial Engineering and Management.

Matti Erkheikki held no shares and his spouse held 2,000 shares of QPR Software Plc at December 31, 2015.

## Jaana Mattila

**b. 1966**

**Chief Financial Officer since June 2015.**

**Member of the Executive Management Team since June 2015.**



Ms. Jaana Mattila 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.

Jaana Mattila has worked as the Chief Financial Officer in Biohit Oyj 2013 – 2014. Earlier, she has held financial management and development positions in Baxter Oy and Stora Enso Oyj and worked as the Finance Director in Fazer Amica Oy. Mattila holds a Master of Science degree in Economics.

Jaana Mattila held no shares of QPR Software Plc at December 31, 2015.

## Miika Nurminen

**b. 1969**

**Senior Vice President, Operational development business since June 2015.**

**Member of the Executive Management Team since January 2015.**



Mr. Miika Nurminen is responsible for selling and delivering QPR's operational development consulting and software, as well as for the Company's service offering, organizational development, and ICT.

Miika Nurminen has been employed by QPR since 1999.

Between 1999 – 2008 he worked as a consultant and senior consultant, as the head of QPR customer care and ICT and as a senior product manager. In 2000 – 2001 he worked as a consultant in QPR's that time US office in Minneapolis. From 2008 to 2009 he held the

position of Director, product development, from 2009 to 2010 Director, business process management product line and from 2011 to 2014, the head of enterprise architecture solutions. Prior to QPR, Miika Nurminen held positions, among others, in Planway Oy as an application specialist and founding partner and in ICL Data Finland Ltd as a software engineer.

Miika Nurminen holds a Master of Business Information Technology degree and has the following certificates: ArchiMate 2, TOGAF 9 Foundation, Scrum Product Owner and Foundation Certificate in IT-Service Management.

Miika Nurminen held no shares of QPR Software Plc at December 31, 2015

## Jaakko Riihinen

**b. 1958**

**Senior Vice President, Products & Technology since August 2012.**

**Member of the Executive Management Team since June 2012.**



Mr. Jaakko Riihinen is responsible for the Company's software product portfolio, product strategy, product management and product development. He has a more than 30 years' experience in ICT business.

Before QPR he worked in Nokia Siemens Networks as the Head of Research & Development at OSS Business Line as well as in the company's restructuring program. Prior to this, in 2001 – 2008, he worked as Director, Enterprise Architecture in Nokia and Nokia Siemens Networks. Jaakko Riihinen held several managerial positions in Nokia 1992 – 2001, and was the CEO of AmbraSoft Finland Ltd 1987 – 1992. Jaakko Riihinen has undergraduate studies in Engineering, at Aalto University School of Science and Technology.

Jaakko Riihinen held 30,000 shares of QPR Software Plc at December 31, 2015.

# Report of the Board of Directors 2015

## Highlights in 2015:

- Net sales EUR 9,436 thousand (2014: 9,541).
- Net sales decreased 1% due to a decrease in international software channel sales. Net sales growth in Finland, new international channel sales partnerships made in 2015 and increased international process mining software sales had a positive impact on net sales, but it did not fully compensate sales decline in QPR's traditional reseller sales channel.
- Operating profit EUR 368 thousand (1,095), operating margin 3.9% of net sales (11.5). Operating profit decreased mainly due to increased expenses related to renewals in the Company's sales channels and product portfolio. These expenses were personnel, subcontracting and marketing costs.
- Profit before taxes EUR 347 thousand (1,065).
- Profit for the year EUR 338 thousand (890).
- Earnings per share EUR 0.028 (0.074).
- The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.02 be paid to shareholders for the financial year 2015 (2014: 0.05) and furthermore the Board of Directors be authorized to decide, subject to its discretion, on payment of an extra dividend of EUR 0.01 during 2016.

## BUSINESS OPERATIONS

QPR Software focuses on providing organizations software and professional services for operational development. Our software and services are used in over 50 countries. The Company offers its customers insight to their business operations through modeling, analysis and performance measuring.

QPR Software's business operations consist of software and consulting services sales. 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, Software maintenance services, Software rentals, and Consulting. Software rentals and Software maintenance services together form the recurring revenue reported by the Company. Recurring revenue is based on long-term contracts continuing for the time being or for a fixed period of several years. Typically rental and maintenance charges are invoiced annually in advance.

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.

### NET SALES

Net sales 2015 was EUR 9,436 thousand (9,541) and decreased 1%. Net sales growth in Finland, new international channel sales partnerships initiated in 2015 and increased international process mining software sales had a positive impact on net sales, but it did not fully compensate sales decline in QPR's traditional international sales channel.

Software license net sales decreased 3% compared to previous year. Vast majority of license net sales was derived from international markets.

Both software maintenance services net sales and software rental net sales decreased 7%. This was due to expiration of a few significant contracts, which was not fully compensated by new maintenance services and rental sales. Customer churn remained low, measured by the number of expired contracts, but among them there were more economically significant ones than usually.

The share of recurring revenue was 49% (52) of total net sales.

Consulting net sales grew 9%, mainly due to very strong first quarter of the year. Net sales in operational development consulting and process analysis consulting increased, but decreased in technical SAP consulting.

Out of the Group net sales 69% (65) were derived from Finland, 18% (21) from the rest of Europe (including Russia and Turkey) and 13% (14) from the rest of the world.

## FINANCIAL PERFORMANCE

### Operating profit

The Group operating profit in 2015 was EUR 368 thousand (1,095), or 3.9% of net sales (11.5). Operating profit decreased from the previous year primarily due to increased costs. Higher costs are mainly due to increases in international sales channel and product development costs. The majority of these outlays were

**Net sales by product group**

EUR in thousands	2015	2014	Change, %
Software licenses	1,427	1,470	-3
Software maintenance services	2,873	3,093	-7
Software rentals	1,774	1,901	-7
Consulting	3,362	3,077	9
<b>Total</b>	<b>9,436</b>	<b>9,541</b>	<b>-1</b>

**Net sales by geographic area**

EUR in thousands	2015	2014	Change, %
Finland	6,499	6,193	5
Europe, including Russia and Turkey	1,740	2,035	-15
Rest of the world	1,197	1,313	-9
<b>Total</b>	<b>9,436</b>	<b>9,541</b>	<b>-1</b>

increased personnel, subcontracting and marketing costs.

The Group's fixed costs were EUR 8,510 thousand (8,134) in 2015, and grew 4.6% compared to previous year. Personnel costs represented 76.1% (74.9) of fixed costs and were EUR 6,477 thousand (6,092). Credit losses, included in the fixed costs, totaled EUR 49 thousand (96).

**Other items in the comprehensive income statement**

Net financial expenses were EUR 21 thousand (30) in 2015. The net financial expenses included foreign exchange losses (net) of EUR 20 thousand (29).

Profit before taxes was EUR 347 thousand (1,065) and profit for the year was EUR 338 thousand (890).

Taxes recorded for the year were EUR 9 thousand (176). The low tax rate is primarily due to lower financial results and recorded withholding taxes in QPR's Swedish subsidiary concerning earlier years.

Earnings per share (fully diluted) were EUR 0.028 (0.074).

**FINANCE AND INVESTMENTS**

Cash flow from operating activities was EUR 406 thousand (1,617). Cash flow decreased due to lower profits, a change in invoicing pattern and higher taxes paid. Of the negative difference, approximately EUR 350 thousand was due to value added taxes paid already in 2015 for invoices that are due in 2016. A significant share of recurring revenue (recurring revenue in 2015:

EUR 4,647 thousand) is invoiced at the end of accounting year, and becomes due early in the following year. This leads to strong cash flow from operating activities in January – March.

Investments in 2015 totaled EUR 1,148 thousand (915) and consisted mainly of product development, ICT system investments, and extension of the office facilities.

Net change in cash and cash equivalents was EUR -841 thousand (65) in 2015. Cash and cash equivalents at the end of the year were EUR 585 thousand (1,426). At the end of 2015, the Company had EUR 500 thousand of interest-bearing liabilities.

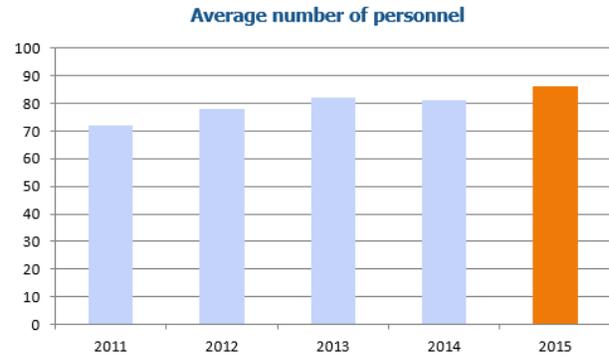
The gearing ratio was -3% (-45). Current liabilities include received advance payments in total of EUR 1,209 thousand (1,261) Return on investment was 12% (35) in 2015.

At the end of 2015, equity ratio was 43% (44) and the consolidated shareholders' equity was EUR 2,194 thousand (3,196). Return on equity was 11% (29) in 2015.

**PRODUCT DEVELOPMENT**

QPR develops software and consulting service products to be used by its customers. Software product development costs in 2015 were approximately 91% of all product development costs. The Company published new versions of all of its software products during the year.

By developing its consulting service products, the Company aims to grow its local business in Finland, and to accelerate its international software sales by offering



complementary service concepts and solutions to its software reseller partners.

In 2015, product development expenses were EUR 1,821 thousand (1,847), and represented 19% of net sales (19). Product development expenses do not include amortization of capitalized product development expenses. Product development expenses were capitalized for a total amount of EUR 782 thousand (683). The amortization of capitalized product development expenses in 2015 was EUR 462 thousand (396).

## PERSONNEL

At the end of the year, the Group employed a total of 83 persons (78). Average number of personnel in 2015 was 86 (81) and personnel costs were EUR 6,477 thousand (6,092), representing 69% of net sales (64).

For incentive purposes, the Company has a bonus program that covers all employees. Remuneration of the top management consists of salary, fringe benefits and a possible annual bonus based mainly on net sales development. In 2015, the maximum annual bonus of executive management team, including the CEO, was 30% of the annual base salary. A bonus totaling EUR 8 thousand was paid to the executive management team for 2015. More information on incentive plans can be found on the investors section of the Company's web site, ([www.qpr.com](http://www.qpr.com) → investors → corporate governance → operational management).

## SHARE CAPITAL, SHAREHOLDERS AND SHARES

The Company's share capital at the end of the year was EUR 1,359,089.93 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 1,212 shareholders (820). During the year, trading in

the Company's shares amounted to EUR 6,351 thousand (2,752), i.e. an average of EUR 25,302 per trading day (11,278).

Trading in shares totaled 4,558,065 shares (2,828,001), giving an average of 18,160 shares per trading day (11,590). Turnover in shares corresponds to 38 % of the total shares outstanding (22.7) and the average price was EUR 1.29 per share (0.97). The highest closing price during the year was EUR 1.96 (1.04) and the lowest EUR 1.02 (0.90).

At the end of the year, the total market value of the Company shares outstanding was EUR 14,385 thousand (12,108) at the closing price of EUR 1.20.

## Own shares

In 2015, the Company did not repurchase any own shares in the public trading of Nasdaq Helsinki (37,400). 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 March 12, 2015 authorized the Board of Directors to decide on issuing a maximum of 4,000,000 new shares, to decide on conveyance of a maximum of 700,000 own shares held by the Company, and to decide on acquiring a maximum of 250,000 own shares. The authorizations are in force until the next Annual General Meeting. For the time being, the Company has not used these authorizations.

## GOVERNANCE

QPR Software Plc complies with the Nasdaq Helsinki Guidelines for Insiders issued on October 9, 2009 and with the Corporate Governance Code 2015, issued by the Finnish Securities Market Association, from the beginning of the financial year starting on January 1, 2016. For the financial year 2015 the Company complies with the Corporate Governance Code 2010, which is the one preceding the new 2015 Code.

**Major shareholders, December 31, 2015**

Registered shareholders	Number of shares	% of shares and votes
Pelkonen, Jouko Antero:	1,714,000	13.77
Pohjolan Rahoitus Oy	1,700,000	13.66
Pelkonen, Jouko Antero	8,000	0.06
Future 2012 Oy	6,000	0.05
Ulkomarkkinat Oy	1,657,986	13.32
Leskinen, Vesa-Pekka:	1,326,570	10.66
Leskinen, Vesa-Pekka	851,400	6.84
Kauppamainos Oy	475,170	3.82
Ac Invest Oy	1,245,817	10.01
Lamy Oy	553,249	4.45
Junkkonen, Kari Juhani	512,016	4.11
QPR Software Oyj	457,009	3.67
Piekkola, Asko	316,438	2.54
Jaakkola, Jari Vesa:	248,000	1.99
Jaakkola, Jari Vesa	239,000	1.92
Value Fm Oy	9,000	0.07
Laakso, Janne Juhani	233,021	1.87
Leskinen, Veli-Mikko	232,530	1.87
Sijoitusrahasto Nordea Suomi Small Cap	195,957	1.57
Becker, Kai-Erik Wilhelm	130,000	1.04
Lehto, Teemu Samuli	92,500	0.74
Parviainen, Panu Ollinpoika	51,684	0.42
Hirvilammi, Hannu Esa	50,000	0.40
Kanninen, Matti Juhani	49,839	0.40
Knuutila, Eero Matias Samuli	46,641	0.37
Hinkka, Markku Juhani	38,270	0.31
Koistinen, Timo Sakari	33,738	0.27
<b>20 largest, total</b>	<b>9,185,265</b>	<b>73.81</b>
Other shareholders	3,259,598	26.19
<b>Total</b>	<b>12,444,863</b>	<b>100.00</b>

The Company's Corporate Governance Statement is available on the Investor section of the Company's website ([www.qpr.com](http://www.qpr.com) → company → investors).

Further information such as administration of the insider register, the public 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.

### DECISIONS MADE BY THE ANNUAL GENERAL MEETING

Following decisions were made by the Annual General Meeting (AGM) on March 12, 2015:

The AGM confirmed the Parent Company's and the Group's financial statements for the financial year

2014, and discharged the Board of Directors and the Managing Director from liability.

The Annual General Meeting approved the Board's proposal that a per-share dividend of EUR 0.05, a total of EUR 599 thousand, be paid for the financial year 2014. The dividend was paid to shareholders entered in the Company's shareholder register, maintained by Euroclear Finland Oy, on the record date of March 16, 2015. The dividend payment date was April 8, 2015.

The Annual General Meeting resolved that the Board of Directors consists of four (4) ordinary members.

The AGM re-elected the following members to the Board of Directors: Kirsi Eräkangas, Vesa-Pekka Leskinen and Topi Piela. The AGM selected Juho Malmberg, as a new member, to join the Board of Directors. Juho Malmberg has previously held leadership positions, among others, in Accenture, KONE Corporation and ZenRobotics Ltd. In its meeting following the Annual General Meeting, the Board of Directors elected Vesa-Pekka Leskinen as Chairman of the Board.

**Shareholding by insiders, December 31, 2015**

Name and position	Number of shares	By controlled entities	By closely related persons <sup>*)</sup>	Stock options
Vesa-Pekka Leskinen, Chairman of the Board	851,400	475,170	0	0
Kirsi Eräkangas, Member of the Board	7,000	0	0	0
Juho Malmberg, Member of the Board	10,000	0	0	0
Topi Piela, Member of the Board	1,052	0	0	0
Kirsi Jantunen, Principal Auditor	0	0	0	0
Jari Jaakkola, Chief Executive Officer	239,000	9,000	0	0

**Insiders by definition:**

Maija Erkheikki, SVP, Executive Management Team	2,000	0	0	0
Matti Erkheikki, SVP, Executive Management Team	0	0	2,000	0
Jaana Mattila, SVP, Executive Management Team	0	0	0	0
Miika Nurminen, SVP, Executive Management Team	0	0	0	0
Jaakko Riihinen, SVP, Executive Management Team	30,000	0	0	0

<sup>\*)</sup> Shares held by spouses and persons under guardianship.

The AGM elected KPMG Oy Ab, Authorized Public Accountants, to continue as QPR Software Plc's auditors, with Kirsi Jantunen, Authorized Public Accountant, acting as principal auditor.

The AGM decided to keep the Board members' emoluments unchanged. The Chairman of the Board receives an annual emolument in total of EUR 25,230 and other members of the Board receive an annual emolument in total of EUR 16,820 each.

The Annual General Meeting approved the Board's proposal for amending the Articles of the Association so that the notice of a General Meeting is published solely on the website of the company.

All authorizations of the Board and other decisions made by the Annual General Meeting are available in their entirety on the stock exchange release published by the Company on March 12, 2015 and available on the investors section of the Company's web site ([www.qpr.com](http://www.qpr.com) → investors → annual general meetings).

**MANAGEMENT AND AUDITORS**

As of January 1, 2015, the Executive Management Team (EMT) of QPR Software Plc consisted of Chief Executive Officer Jari Jaakkola (chairman), SVP Maija Erkheikki, SVP Matti Erkheikki, Chief Financial Officer Päivi Martti, SVP Miika Nurminen, and SVP, Products and Technology Jaakko Riihinen.

Sari Törmälä was appointed Senior Vice President, Operational Development Software, and member of the Executive Management Team as of February 23, 2015. Sari Törmälä's employment at QPR ended in

June 2015. The business units Operational Development Consulting and Operational Development Software were combined as of July 1, 2015, and Miika Nurminen was appointed to lead the unit.

QPR Software's Chief Financial Officer Päivi Martti's employment ended at QPR in June 2015. Jaana Mattila, who worked in the Company as Business Controller since March 2015, was selected as the new Chief Financial Officer. Mattila has previously worked, among others, as Finance Director in Fazer Amica and as CFO in Biohit Oyj.

As of July 1, 2015, the Executive Management Team (EMT) of QPR Software Plc consisted of Chief Executive Officer Jari Jaakkola (chairman); SVP, Channel business Maija Erkheikki; SVP Process intelligence business Matti Erkheikki; Chief Financial Officer Jaana Mattila; SVP, Operational development Business Miika Nurminen, and SVP, Products and Technology Jaakko Riihinen.

KPMG Oy Ab, Authorized Public Accountants, acted as QPR Software Plc's auditors, with Authorized Public Accountant Kirsi Jantunen 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 1,592,622 Company shares on December 31, 2015, representing 12.8% of the total number of shares and votes (December 31, 2014: 12.7). The amounts include own holdings, holdings of spouses, persons under guardianship, and controlled entities.

**Distribution of shareholding by size, December 31, 2015**

Number of shares	Shareholders:		Shares and votes, total:	
	Number	%	Number	%
1 – 500	571	47.1	110,314	0.9
501 – 1 000	238	19.6	198,149	1.6
1 001 – 5 000	296	24.4	698,916	5.6
5 001 – 10 000	56	4.6	434,604	3.5
10 001 – 50 000	33	2.7	693,374	5.6
50 001 – 100 000	3	0.3	205,627	1.7
100 001 – 1 700 000	15	1.2	10,103,879	81.2
<b>Total</b>	<b>1,212</b>	<b>100.0</b>	<b>12,444,863</b>	<b>100.0</b>
, of which nominee-registered			1,391,617	11.8

**Distribution of shareholding by sector, December 31, 2015**

Sector	Number	%	Number	%
Private companies	45	3.7	5,687,214	45,6
Financial and insurance institutions	6	0.5	2,118,635	17,0
Households	1,142	94.2	4,597,789	36,9
Non-profit organizations	1	0.1	1	0,0
Foreign	1	0.1	150	0,0
European Union	16	1.3	37,074	0,3
Other countries	1	0.1	4,000	0,0
<b>Total</b>	<b>1,212</b>	<b>100.0</b>	<b>12,444,863</b>	<b>100,0</b>
, of which nominee-registered			1,391,617	11.8

**AUTHORIZATIONS OF THE BOARD OF DIRECTORS**

The Annual General Meeting on March 12, 2015 decided to authorize the Board of Directors to decide on an issue of new shares and conveyance of treasury 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 treasury shares 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 treasury shares 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 March 12, 2015, which is available on the investors section of the company's web site ([www.qpr.com](http://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 and 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 9001:2008 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.

In 2015, the tightening global economy raised risk levels to some extent, especially regarding country risks and customer risks.

### 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 securing the competitiveness of the Company's offering at all times through content and the product strengths. The Company seeks to ensure the security of its products by 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 new process mining business, the Company has adopted a more active IPR strategy than previously. 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.

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.

**Data security.** Data security risks are related to the confidentiality of corporate, insider and customer information. Risk is managed by ongoing internal training, keeping instructions up-to-date at all times, and by

good technical protection of the Company's data network.

No significant changes have taken place in QPR's information and product related risks during 2015.

### 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.

**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.

In the beginning of 2016, the financial position of the Company is to some extent tighter than in the previous year, due to investments made in 2015 and lower cash flow from operating activities. 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 2015 is described in more detail in Note 27.

### LEGAL DISPUTES

During 2015 and 2014, QPR had no legal disputes.

### SIGNIFICANT EVENTS DURING THE YEAR

In the beginning of 2015, QPR Software's sales and deliveries were organized into four units: Operational Development Software, Operational Development Consulting, Process Intelligence, and Channel Business.

In February, QPR announced that it expands co-operation with a European public sector health care organization and delivers a project for the organization's operational development purposes. The total value of the software and consulting services, delivered by QPR and thus recognizable during the first half of 2015, was around EUR 140 thousand. Target of the agreed project is to improve the customer's operations, development and performance as well as project management. In addition, the project aims for better alignment between business and IT by linking the business area service layer with IT services.

In March, QPR announced that QPR Software is recognized in international research company Gartner Inc.'s Market Guide for Enterprise Business Process Analysis (EBPA) report. The Gartner EBPA Market Guide evaluated the Enterprise business process analysis marketplace and depicts Gartner's analysis of how certain vendors measure against criteria for that marketplace. Gartner evaluated the EBPA vendors on the focus and importance of different use cases, as well as about the focus and importance of the different EBPA capabilities.

In April, QPR announced that the U.S. Patent and Trademark Office has granted a patent to a technology for analyzing and improving business processes with event instance date, developed by QPR Software. The patented technology utilizes event instance data obtained from information management systems, and helps organizations to analyze and develop their business processes. The patent supports the sale of QPR ProcessAnalyzer software and QPR process intelligence consulting as well as opens up new opportunities for OEM business.

In April, the Company also announced that the City of Helsinki, the capital of Finland, had decided to approve QPR Software's offer for delivering process and enterprise architecture tool as a service. The value of the entire four year agreement period is EUR 1.5 million, out of which the share of revenue booked as software rentals is over 75%. QPR's competitor appealed to the technical board of the City of Helsinki and to the Market Court and delivered a claim for correction against this purchase decision. The City decided to return the case for further preparation into its sourcing unit and made a new decision to approve QPR's offer in July 2015. The terms and conditions of the new decision are the same to QPR as in the first decision in April.

QPR's competitor again appealed both to the technical board of the City of Helsinki and to the Market Court, and provided a claim for correction also against this new purchase decision. The technical board of the City of Helsinki rejected the claim in September, but decision regarding the claim in the Market Court is still pending.

In November, QPR and Swedish IT Company Advania signed a partnership where Advania will sell and promote QPR ProcessAnalyzer software product. Advania is a leading Nordic IT company that offers diverse services and solutions, hosting and data center services.

In December, QPR announced that it had agreed to deliver QPR ProcessAnalyzer process mining software and process analysis consultancy to a leading European industrial corporation. The Customer will develop both its purchase to pay and order to cash processes with QPR process mining software and consulting. The value of the delivery agreed at this stage is approximately MEUR 0.1. The customer operates globally and has operations in 40 countries.

The Group structure was altered by merging subsidiary Nobultec Ltd into the Parent Company on December 31, 2015.

### **OTHER EVENTS AFTER THE REPORTING PERIOD**

QPR and Swedish business and IT services company iStone announced in January 2016 that they had signed a reseller agreement for QPR ProcessAnalyzer software sales and delivery. The partnership creates new opportunities for mapping processes, identifying bottlenecks and optimizing process flows especially to customers using Infor M3 ERP.

In February, QPR Software announced that it would start planning a streamlining of its operations. Targeted annual expense reduction was set to be approximately EUR 0.7 million. The stock exchange release published on February 11, 2016 is available on the company web site ([www.qpr.com](http://www.qpr.com) → company → news).

### **OUTLOOK**

#### **Operating environment and market outlook**

QPR estimates that process mining software market demand grows in its home market Finland, as well as in broader European market. This software product category is relatively new and, for the time being, its market size is still small. The market maturity varies strongly in different countries, but already last year market growth was strong in several European countries. This growth is expected to continue this year, and the Company believes its QPR ProcessAnalyzer product has a strong position in the market.

In developed markets, competition in process and enterprise architecture and modeling and performance management software is expected to continue to increase. In developing markets, especially in the Middle East and Africa, there is still growth potential for these software products.

#### **Outlook for 2016**

In process mining software and process analysis services, QPR continues its outlays in direct sales in Finland and international channel sales, and estimates that this business will continue to grow this year.

In process and enterprise architecture modeling and performance management software, the tightened competition is expected to continue to have a negative impact on sales in part of QPR's reseller channel, especially in developed markets. To offset this impact, QPR seeks growth from new reseller partnerships initiated in 2015, especially from Middle East and Africa.

The Company believes that it will in its home market Finland maintain its leading position in process modeling and analysis software aimed at operational development in organizations, as well as its in recent years strengthened position in operational development consulting.

The Company estimates that its operating profit excluding special items will grow in 2016 compared to 2015.

### **THE BOARD OF DIRECTORS' PROPOSAL ON DIVIDEND**

The distributable funds of the Parent Company were EUR 704 thousand at December 31, 2015. The Board of Directors proposes to the Annual General Meeting on March 22, 2016 that a dividend of EUR 0.02 per share be paid to shareholders for the financial year 2015, totaling EUR 240 thousand. The dividend shall be paid to a shareholder that has been entered into the Company's shareholder register on the record date of the dividend payment on March 24, 2016. The Board of Directors proposes to the AGM that the dividend be paid on April 5, 2016.

Furthermore, the Board of Directors proposes to the AGM that Board of Directors be authorized to decide, subject to its discretion, on payment of an extra dividend of EUR 0.01 during 2016. In its assessment on potential extra dividend payment, the Board of Directors intends to evaluate especially the development of the Company's operative environment, implementation of the Company's strategy and economic situation.

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

The Board of Directors' proposals to the Annual General Meeting are available in their entirety in the February 11, 2016 published Notice for the Annual General Meeting, available on the Company's web site ([www.qpr.com](http://www.qpr.com) → investors → Annual General Meetings).

# Financial Statements

## Consolidated Comprehensive Income Statement, IFRS

(EUR 1,000)	Note	2015	2014
<b>Net sales</b>	3	9,436	9,541
Other operating income	4	1	26
Materials and services	6	558	337
Employee benefit expenses	7	6,477	6,092
Depreciation and amortization	8	822	761
Other operating expenses	9	1,211	1,281
Total expenses		9,069	8,471
<b>Operating profit</b>		<b>368</b>	<b>1,095</b>
Financial income	10	26	23
Financial expenses	10	-47	-53
Financial items, net		-21	-30
<b>Profit before tax</b>		<b>347</b>	<b>1,065</b>
Income taxes	12	-9	-175
<b>Profit for the year</b>		<b>338</b>	<b>890</b>
<b>Other items in comprehensive income that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign operations		-21	-40
Income tax relating to components of other comprehensive income		-	-
<b>Other items in comprehensive income, net of tax</b>		<b>-21</b>	<b>-40</b>
<b>Total comprehensive income</b>		<b>317</b>	<b>850</b>
Earnings per share, EUR	13	0,028	0,074

## Consolidated Balance Sheet, IFRS

(EUR 1,000)	Note	2015	2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Capitalized product development expenses	14	1,695	1,374
Other intangible assets	14	347	440
Goodwill	15	513	513
Tangible assets	16	274	175
Other investments		5	5
Long-term receivables	18	0	0
Deferred tax assets	19	23	22
<b>Total non-current assets</b>		<b>2,856</b>	<b>2,529</b>
<b>Current assets</b>			
Trade and other receivables	20	4,592	4,572
Cash and cash equivalents	21	585	1,426
<b>Total current assets</b>		<b>5,177</b>	<b>5,998</b>
<b>Total assets</b>		<b>8,033</b>	<b>8,527</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	22	1,359	1,359
Other funds		21	21
Treasury shares		-439	-439
Translation difference		-242	-221
Invested non-restricted equity fund		5	5
Retained earnings		2,210	2,471
<b>Equity attributable to shareholders of the parent company</b>		<b>2,914</b>	<b>3,196</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	19	9	25
<b>Total non-current liabilities</b>		<b>9</b>	<b>25</b>
<b>Current liabilities</b>			
Trade and other payables	24	4,609	5,306
Interest-bearing liabilities	23	500	0
<b>Total current liabilities</b>		<b>5,109</b>	<b>5,306</b>
<b>Total liabilities</b>		<b>5,119</b>	<b>5,331</b>
<b>Total equity and liabilities</b>		<b>8,033</b>	<b>8,527</b>

## Consolidated Cash Flow Statement, IFRS

(EUR 1,000)	Note	2015	2014
<b>Cash flow from operating activities</b>			
Profit for the period		338	890
Adjustments for the profit			
Depreciation		822	761
Other adjustments	25	28	-37
Changes in working capital:			
Increase (-)/decrease (+) in short-term non-interest bearing receivables		-16	-137
Increase (+)/decrease (-) in short-term non-interest bearing liabilities		-629	160
Interest expense and other financial expenses paid		-38	-13
Interest income and other financial income received		12	3
Income taxes paid		-111	-10
<b>Net cash from operating activities</b>		<b>406</b>	<b>1,617</b>
<b>Cash flows from investing activities</b>			
Purchases of tangible assets		-302	-74
Capitalized development expenses		-813	-812
Other investments in intangible assets		-34	-29
<b>Net cash used in investing activities</b>		<b>-1,148</b>	<b>-915</b>
<b>Cash flows from financial activities</b>			
Proceeds from short-term borrowings	23	500	-
Repayments of long-term borrowings	23	-	-113
Purchase of treasury shares	22	-	-44
Dividends paid	22	-599	-480
<b>Net cash used in financing activities</b>		<b>-99</b>	<b>-637</b>
<b>Net change in cash and cash equivalents</b>		<b>-841</b>	<b>65</b>
<b>Cash and cash equivalents at the beginning of year</b>		<b>1,426</b>	<b>1,365</b>
<b>Effect of exchange rate differences</b>		<b>1</b>	<b>-4</b>
<b>Cash and cash equivalents at the end of year</b>	21	<b>585</b>	<b>1,426</b>

## Parent Company Income Statement, FAS

(EUR)	Note	2015	2014
<b>Net sales</b>	3	<b>8,691,936</b>	<b>8,537,403</b>
Other operating income	4	705	26,051
Material and services	6	573,891	271,114
Employee benefits expenses	7	6,175,673	5,650,497
Depreciation and amortization	8	742,047	680,960
Other operating expenses	9	1,101,123	1,176,467
Total expenses		8,592,734	7,779,038
<b>Operating profit</b>		<b>99,907</b>	<b>784,416</b>
Financial income and expense	10	-97,103	-71,892
<b>Profit before appropriations and taxes</b>		<b>2,804</b>	<b>712,524</b>
Extraordinary items	11	29,000	-88,100
<b>Profit before taxes</b>		<b>31,804</b>	<b>624,424</b>
Income taxes	12	-10,279	-67,404
<b>Profit for the year</b>		<b>21,525</b>	<b>557,020</b>

## Parent Company Balance Sheet, FAS

(EUR )	Note	2015	2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	14	2,332,086	1,687,729
Tangible assets	16	274,294	174,668
Investments in group companies	17	268,610	1,186,813
Other investments	17	4,562	4,562
		2,879,552	3,053,772
<b>Current assets</b>			
Short-term receivables	20	4,935,290	4,788,956
Cash and cash equivalents	21	539,789	1,391,317
		5,475,079	6,180,273
<b>Total assets</b>		<b>8,354,631</b>	<b>9,234,045</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital	22	1,359,090	1,359,090
Invested non-restricted equity fund		5,347	5,347
Retained earnings		1,116,350	1,158,536
Treasury shares		-439,307	-439,307
Profit for the year		21,525	557,020
<b>Total shareholders' equity</b>		<b>2,063,005</b>	<b>2,640,686</b>
<b>Liabilities</b>			
Current liabilities	24	6,291,626	6,593,359
<b>Total liabilities</b>		<b>6,291,626</b>	<b>6,593,359</b>
<b>Total shareholders' equity and liabilities</b>		<b>8,354,631</b>	<b>9,234,045</b>

## Parent Company Cash Flow Statement, FAS

(EUR)	2015	2014
<b>Cash flow from operating activities</b>		
Operating profit	99,907	784,416
Adjustment for the profit:		
Depreciation and amortization	742,047	680,960
Non-cash transactions	31,545	-73,024
Extraordinary items	29,000	-
Financial items, net	-26,485	-8,942
Income taxes paid	-41,824	-
Net cash before changes in working capital	834,189	1,383,410
Changes in working capital		
Change in short-term receivables, non-interest bearing	-17,224	-451,945
Change in short-term liabilities, non-interest bearing	-803,900	480,730
Change in long-term receivables, non-interest bearing	0	0
Change in working capital	-821,124	28,785
<b>Net cash from operating activities</b>	<b>13,066</b>	<b>1,412,195</b>
<b>Cash flows from investing activities</b>		
Purchases of intangible assets	-906,538	-841,226
Purchases of tangible assets	-241,735	-74,151
Investments in subsidiary loans receivable, net	351,601	87,022
<b>Net cash used in investing activities</b>	<b>-796,672</b>	<b>-828,355</b>
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings	500,000	-
Purchase of own shares	-	-44,173
Dividends paid	-594,686	-479,514
<b>Net cash used in financing activities</b>	<b>-94,686</b>	<b>-523,687</b>
<b>Net change in cash and cash equivalents</b>	<b>-878,292</b>	<b>60,153</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,391,317</b>	<b>1,331,164</b>
<b>Cash and cash equivalents received through merger</b>	<b>26,764</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>539,789</b>	<b>1,391,317</b>

## Statements of Changes in Equity

### Consolidated statement of changes in equity, IFRS

(EUR 1,000)	Share capital	Other funds	Translation differences	Treasury shares	Invested non-restr. equity fund	Retained earnings	Equity attributable to shareholders of the parent company
<b>Equity Jan 1, 2014</b>	1,359	21	-181	-395	5	2,061	2,871
Dividends paid						-480	-480
Repurchase of shares				-44			-44
Comprehensive income			-40			890	850
<b>Equity Dec 31, 2014</b>	1,359	21	-221	-439	5	2,471	3,196
Dividends paid						-599	-599
Comprehensive income			-21			338	317
<b>Equity Dec 31, 2015</b>	1,359	21	-242	-439	5	2,210	2,914

### Parent company statement of changes in shareholders' equity, FAS

(EUR)	Restricted equity		Non-restricted equity				Shareholders' equity, total
	Number of shares	Share capital	Treasury shares	Invested non-restr. equity fund	Retained earnings	Total	
<b>Equity Jan 1, 2014</b>	12,444,863	1,359,090	-395,134	5,347	1,638,050	1,248,263	2,607,353
Dividends paid					-479,514	-479,514	-479,514
Repurchase of shares			-44,173			-44,173	-44,173
Profit for the year					557,020	557,020	557,020
<b>Equity Dec 31, 2014</b>	12,444,863	1,359,090	-439,307	5,347	1,715,556	1,281,596	2,640,686
Dividends paid					-599,206	-599,206	-599,206
Profit for the year					21,525	21,525	21,525
<b>Equity Dec 31, 2015</b>	12,444,863	1,359,090	-439,307	5,347	1,137,875	703,915	2,063,005

Additional information on shareholders' equity is presented on Note 22.

## Notes to Financial Statements

### Company information

QPR provides organizations software and professional services for operational development. The parent company QPR Software Plc (company ID 0832693-7) is a public limited liability company incorporated in Finland. The Company domicile is in Helsinki and its registered address is Huopalahdentie 24, 00350 Helsinki, Finland. The shares of the parent company QPR Software Plc have been listed on the Nasdaq Helsinki since 2002.

A copy of the Financial Statements is available on the Internet at [www.qpr.com](http://www.qpr.com) or at the Company's headquarters, address Huopalahdentie 24, Helsinki, Finland. The Board of Directors of QPR Software Plc has approved on February 10, 2016 the Financial Statements for publication. Shareholders have the right to approve or reject the Financial Statements in the Annual General Meeting. The Financial Statements may also be revised by the Annual General Meeting.

### ACCOUNTING PRINCIPLES

#### Basis of preparation

QPR Software Plc's Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IRFS), taking into account IAS and IFRS standards, as well as SIC and IFRIC interpretations, valid as of December 31, 2015. 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 the EU Regulation number 1606/2002.

Starting from January 1, 2015, the Group has applied the following new and revised standards and interpretations. These changes have not materially influenced the consolidated financial statements.

- Amendments to IAS 19 Employee Benefits - Defined Benefit Plans: Employee Contributions** (effective for financial years beginning on or after 1 July 2014): The amendments clarify the accounting treatment under IAS 19 in respect of defined benefit plans that involve contributions from employees or third parties towards the cost of benefits.
- Annual Improvements to IFRSs** (2011 – 2013 cycle and 2010 – 2012 cycle) (effective for financial years beginning on or after 1 July 2014): The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The amendments cover in total
  - four (2011 – 2013 cycle) and seven (2010 – 2012 cycle) standards.
  - IFRIC 21 Levies** (effective for financial years beginning on or after 1 January 2014; in the EU to be applied for financial year beginning on or after 17 June 2014): The interpretation clarifies the accounting treatment of levies. A liability for a levy is recognized on occurrence of an event when the activity that triggers payment, as identified by the relevant legislation. The interpretation is applicable to all levies other than income taxes, fines, penalties and outflows that are in scope of other standards.

Other new or revised standards or interpretations did not have any impact on the consolidated financial statements.

Financial statements for the parent company QPR Software Plc have been prepared in accordance with Finnish Accounting Standards (FAS) that differ in certain respects from the IFRS standards used in the consolidated financial statements.

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

#### Principles of consolidation

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 shares capital or a majority holding. The Company did not own shares in joint ventures or associated companies in 2015 and 2014.

Subsidiaries acquired during the financial period are consolidated from the date which the Group has acquired control and are no longer consolidated from the date that control ceases. Intra-Group shareholdings are eliminated using the acquisition cost method. Intra-Group business transactions, internal receivables and liabilities, unrealized profits, and the Group's internal 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 didn't have any non-controlling interests in subsidiaries in 2015 and 2014.

### Continuity of operations

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

### Foreign currency translation

The Consolidated Financial Statements have been presented in Euro, which is the operating and presentation currency of the parent company. The operating currency of subsidiaries is the local bookkeeping currency.

Transactions denominated in foreign currency have been translated into the operating currency using the exchange rate valid on the transaction date. Monetary items have been converted into the operating currency using the exchange rate at 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 the corresponding items above operating profit. The exchange gains and losses from financial assets or liabilities denominated in foreign currency 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 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 normal sales income from business operations deducted by taxes related to sales and discounts granted. When net sales are calculated, they are adjusted for exchange rate differences of foreign currency.

Revenue recognition of product sales requires that there is a binding agreement of the sale, the product has been delivered, proceeds from the transaction can be reliably specified, economic benefit will arise to the Group with sufficient probability, and significant risks and rewards related to ownership or rights of the use of the product have been transferred to the buyer.

The consolidated net sales consist of software license sales, software maintenance fees, software rentals, and consulting services sales.

Software license net sales are recognized in connection with the delivery, when significant risks and rewards related to the ownership or rights of the use of the product have been transferred to the buyer.

Maintenance fee covering software updates and customer support is recognized on an accrual basis during the agreement period.

Software rentals, right to use software for the time being, are recognized on an accrual basis during the agreement period.

Net sales of fixed-term licenses are recognized partly in license net sales and partly in maintenance fees.

Net sales of consulting services are recognized during the period when the service has been performed.

Income from consulting services is recognized when it is probable that economic benefit will arise to the Group and when the income and costs associated with the transaction can be reliably determined.

### Other operating income

Other operating income includes income outside the Group's ordinary business operations. 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

In 2014 – 2015, the Group did not have share-based incentive plans.

### 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.

In the parent company financial statements, income taxes are recorded in accordance with FAS.

## 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 consist of patents, IT systems and other long-term expenses. They are amortized straight-line 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.

Borrowing costs for assets taking a long time to complete are capitalized. Other borrowing costs are recognized as an expense for the period during which they arise. The Group didn't capitalize any borrowing costs in 2015 and 2014.

Useful lifetimes of tangible assets:

Machinery and equipment; 3 – 7 years

IT machinery and equipment; 2 – 5 years.

## Lease agreements

Lease agreements of tangible assets where the Group has a substantial part of the risks and rewards of ownership are classified as finance leases. Finance lease agreements are recorded in the balance sheet as tangible fixed assets at the start of the lease term at the lower of the fair value of the leased property and the present value of the minimum lease payments. The asset acquired under a finance lease is depreciated over the shorter of the asset's useful life and the lease term. The corresponding rental obligations are included in interest-bearing financial liabilities. The Group did not have finance lease agreements during 2015 and 2014.

Lease agreements where the lessor retains a significant portion of the risks and rewards of ownership are treated as other leases. Payments made under other leases are charged to the comprehensive income statement on a straight-line basis over the period of the lease.

In the parent company financial statements, lease payments are recognized as annual expense in accordance with FAS.

### Financial assets and liabilities

Financial assets and liabilities are initially recognized at the value of the purchased or sold asset on the transaction date.

After initial valuation, financial assets are classified into four groups: financial assets at fair value through comprehensive income, held-to-maturity investments, financial assets available for sale, and loans and other receivables. At the end of 2015 and 2014, the Group did not have financial assets at fair value through comprehensive income, held-to-maturity investments, or financial assets available for sale. Transaction costs are included in the original carrying amount of the financial assets other than those measured at fair value through comprehensive income.

Financial liabilities are classified into financial liabilities at fair value through comprehensive income, and other financial liabilities (measured at amortized cost). At the end of 2015 and 2014, the Group did not have financial liabilities at fair value through comprehensive income. Transactions costs directly related to acquisition of other financial liabilities are included in the original carrying amount of the liability and are charged to interest expense using the effective interest method.

At each closing, management assesses whether the value of a financial instrument has been impaired and recognizes any impairment loss in financial items in the comprehensive income statement. De-recognition of financial assets from the balance sheet takes place when the Group has lost a contractual right to receive the cash flows or when it has transferred substantially all of the risks and rewards outside the Group. Financial liability (or part of it) is de-recognized only when the liability ceases to exist, meaning that the contractual obligation has been fulfilled or removed, or when the contract is no longer valid.

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.

### Derivative contracts

Derivative contracts are classified as financial assets or liabilities available for sale. The Group does not apply hedge accounting under IAS 39. Changes in the fair

value of derivative contracts are recognized in financial income and expenses in the comprehensive income statement.

### 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 present legal or constructive obligation as the result of a past event, it is probable that an outflow of resources will be required to settle the obligation, 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 management's best estimate of actual 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

When preparing the financial statements, management is required to make estimates and assumptions regarding the future and to consider the appropriate application of accounting principles, which means that actual results may differ from those estimated. The most significant situations requiring management to use consideration and estimates are related to the following decisions:

- estimated useful lives of intangible and tangible assets,
- impairment testing of goodwill,
- the point in time when development projects qualify for the capitalization of development expenses,
- probability of future taxable profit against which the tax-deductible temporary differences can be utilized,
- tax-deductibility of expenses,
- fair value of trade receivables, and
- amount of provisions.

### Adoption of new or revised IFRS standards

The Group has not yet adopted following 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. (\* = The standard or interpretation has not yet been approved for adoption by the European Union.)

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

- **Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization\*** (effective for financial years beginning on or after January 1, 2016): The amendments clarify IAS 16 and IAS 38 that revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in limited circumstances to amortize intangible assets.
- **Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures: Investment Entities: Applying the Consolidation Exception\*** (the amendments can be applied immediately; mandatory for financial years beginning on or after January 1, 2016): The narrow-scope amendments to IFRS 10, IFRS 12 and IAS 28 clarify the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the Standards.
- **Amendments to IAS 27 Separate Financial Statements – Equity Method in Separate Financial Statements\*** (effective for financial years beginning on or after January 1, 2016): The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- **Annual Improvements to IFRSs (2012 – 2014 cycle)\*** (effective for financial years beginning on or after January 1, 2016): The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The amendments cover in four standards. Their impacts vary standard by standard but are not significant.

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

- **New IFRS 15 Revenue from Contracts with Customers\*** (effective for financial years beginning on or after January 1, 2018): IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. Under IFRS 15 an entity shall recognize revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.
- **New IFRS 9 Financial Instruments\*** (effective for financial years beginning on or after January 1, 2018): IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39.

Other new and revised standards and interpretations are not expected to have an effect on the Consolidated Financial Statements when they become effective.

## 2. Segment information

### Operating segments

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, Software maintenance services, Software rentals, and Consulting. Software rentals and Software maintenance services together form the recurring revenue reported by the Company. Recurring revenue is based on long-term contracts continuing for the time being or for a fixed period of several years. Typically the rental and maintenance fees are invoiced annually in advance.

	<b>Group, IFRS</b> (EUR 1,000)	
	<b>2015</b>	2014
<b>Net sales by operating segment</b>		
Operational development of organizations	9,436	9,541
<b>Total net sales</b>	<b>9,436</b>	<b>9,541</b>

## 3. Net sales

### Net Sales by Product Group

Group net sales are accrued from software and consulting business, with the following breakdown in the financial year:

	<b>Group, IFRS</b> (EUR 1,000)		<b>Parent company, FAS</b> (EUR)	
	<b>2015</b>	2014	<b>2015</b>	2014
Software licenses	1,427	1,470	1,348,691	1,383,949
Software maintenance services	2,737	3,093	2,610,185	2,756,095
Software rentals	1,774	1,901	1,730,961	1,864,082
Consulting services	3,498	3,077	3,002,098	2,533,277
<b>Total net sales</b>	<b>9,436</b>	<b>9,541</b>	<b>8,691,936</b>	<b>8,537,403</b>

### Net Sales by Geographic Area

As geographic information QPR Software reports the following geographical areas Finland, other European countries including Russia and Turkey, and rest of the world. Net sales are reported by the customer's location.

Finland	6,499	6,193	6,006,054	5,431,352
Other European countries, including Russia and Turkey	1,740	2,035	1,657,747	1,882,600
Rest of the world	1,197	1,313	991,687	1,169,356
Sales to Group companies	-	-	36,448	54,095
<b>Total net sales</b>	<b>9,436</b>	<b>9,541</b>	<b>8,691,936</b>	<b>8,537,403</b>

## 4. Other operating income

Governments grants	0	26	-268	25,854
Other items	1	-	973	197
<b>Total</b>	<b>1</b>	<b>26</b>	<b>705</b>	<b>26,051</b>

## 5. Acquired business operations

No acquisitions were made in 2015 and 2014. The subsidiary acquired in 2011, Nobultec Ltd, was merged into the Parent Company on December 31, 2015.

## 6. Materials and services

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2015	2014	2015	2014
Materials and services	558	337	573,891	271,114

Materials and services mainly include commissions and localization fees charged by the reseller network and subcontractor expenses for consulting services.

## 7. Employees and related parties

Salaries	5,290	4,952	5,045,050	4,585,081
Pension expenses - defined contribution plans	954	891	906,591	825,510
Other personnel expenses	233	249	224,031	239,906
<b>Total</b>	<b>6,477</b>	<b>6,092</b>	<b>6,175,672</b>	<b>5,650,497</b>
Average number of personnel during the year	86	81	82	73

### 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 did not have any related party transactions in 2015 and 2014.

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 pay 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.

Salaries and other short-term benefits:

Members of the Board of Directors	76	76	75,704	75,704
Chief Executive Officer Jari Jaakkola	196	174	196,229	174,429
Executive Management Team	567	443	567,145	443,446
<b>Total</b>	<b>839</b>	<b>694</b>	<b>839,078</b>	<b>693,579</b>

Board fees by member:

Leskinen Vesa-Pekka, Chairman of the Board			25,232	25,232
Eräkangas Kirsi			16,824	16,824
Kontio Jyrki			4,206	16,824
Malmberg Juho			12,618	0
Piela Topi			16,824	16,824
<b>Total</b>			<b>75,704</b>	<b>75,704</b>

QPR Software Plc's Annual General meeting held on March 12, 2015 decided that the Chairman of the Board receives an annual emolument of EUR 25,230 and that other members of the Board receive an annual emolument of EUR 16,820 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 35 thousand in 2015 (2014: 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.

The bonus system for the Executive Management Team was based on development of Group net sales, business unit net sales, business unit new sales and technology net sales in 2015. In 2015, the maximum annual bonus of Executive Management Team, including the CEO, was 30% of the annual base salary. For financial year 2015 EUR 8 thousand (2014: EUR 21 thousand) was paid to the executive management team, including the CEO.

The Company does not have any share based incentive schemes.

## 8. Depreciation and amortization

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2015	2014	2015	2014
Intangible assets	680	654	599,937	574,114
Tangible assets				
Machinery and equipment	142	107	142,110	106,846
<b>Total</b>	<b>822</b>	<b>761</b>	<b>742,047</b>	<b>680,960</b>

No write-downs of the assets have been made during 2014 and 2015.

## 9. Other operating expenses

Non-statutory indirect employee costs	248	227	243,688	219,857
Expenses of office premises	373	421	372,965	403,047
Travel expenses	208	235	200,481	221,044
Marketing and other sales promotion	227	158	227,425	158,248
Computers and software	264	198	258,942	190,367
External services	383	361	322,105	343,481
Doubtful receivables and bad debts	49	96	24,409	70,487
Capitalized product development expenses	-710	-607	-710,436	-607,487
Other expenses	168	192	161,544	177,423
<b>Total</b>	<b>1,210</b>	<b>1,281</b>	<b>1,101,123</b>	<b>1,176,467</b>

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

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2015	2014	2015	2014
Auditing	27	26	25,281	24,690
Tax consulting	-	-	0	-
Other services	0	4	-	3,555
<b>Total</b>	<b>27</b>	<b>30</b>	<b>25,281</b>	<b>28,245</b>

#### Product development expenses incurred during the year

Expenses charged to income	1,038	1,164	1,038,461	1,164,232
Capitalized expenses	783	683	782,751	683,093
<b>Total</b>	<b>1,821</b>	<b>1,847</b>	<b>1,821,212</b>	<b>1,847,325</b>

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

## 10. Financial income and expenses

Interest income from loans and other receivables	1	3	6,297	10,187
Interest expenses from loans	-2	-3	-5,711	-7,452
Other financial income and expenses	0	-1	216	-1,433
Exchange rate differences	-20	-29	-97,905	-73,194
<b>Total</b>	<b>-21</b>	<b>-30</b>	<b>-97,103</b>	<b>-71,892</b>

#### Exchange rate differences in the income statement

Exchange rate differences included in net sales	63	18	60,935	8,217
Exchange rate differences included in expenses	1	1	1,066	1,318
Exchange rate gains in financial income	24	19	756	994
Exchange rate losses in financial expenses	-44	-48	-98,661	-74,188
<b>Total</b>	<b>45</b>	<b>-10</b>	<b>-35,904</b>	<b>-63,659</b>

## 11. Extraordinary income and expenses

Group contributions received and granted.

	Group, IFRS (EUR 1,000)		Parent, FAS (EUR)	
	2015	2014	2015	2014
Group contributions received				
QPR CIS Oy	-	-	29,000	-
Group contributions granted				
QPR Services Oy	-	-	-	-2,000
QPR CIS Oy	-	-	-	-86,100
<b>Total</b>			<b>29,000</b>	<b>-88,100</b>

## 12. Income tax expense

Taxes for the financial year	35	112	-3,524	59,840
Taxes from previous years	-18	-11	12,697	893
Withholding tax	10	85	1,106	6,671
Deferred tax	-19	-11	-	-
<b>Total</b>	<b>9</b>	<b>175</b>	<b>10,279</b>	<b>67,404</b>

Reconciliation between the tax expense recorded in the comprehensive income statement and the tax expense calculated at the Finnish tax rate (20% in 2015 and 2014):

Profit before tax	347	1,065		
Tax expense calculated at the Finnish tax rate	69	213		
Additional tax deduction on R&D activities	0	-61		
Effect of different tax rates in foreign subsidiaries	-18	-21		
Other items	-53	-47		
New deferred tax benefit from earlier losses	0	6		
Withholding tax	10	85		
Non-deductible expenses	1	-		
<b>Tax expense in the comprehensive income statement</b>	<b>9</b>	<b>175</b>		

## 13. Earnings per share

Earnings per share are calculated by dividing the profit for the period attributable to shareholders of the parent company by the weighted average number of shares outstanding.

Profit for the period attributable to shareholders of the parent company (EUR thousand)	338	890
Number of shares outstanding (1,000 pcs)	11,988	11,991
<b>Earnings per share (EUR/share)</b>	<b>0.028</b>	<b>0.074</b>

The Group did not have any dilutive instruments in 2015 and 2014.

## 14. Intangible assets

Group (EUR 1,000), IFRS	Computer software	Other intangible assets	Capitalized product development	Total
Acquisition cost Jan 1, 2014	850	2,404	2,349	5,603
Accum. amortization and write-downs Jan 1, 2014	-710	-2,001	-1,262	-3,974
<b>Book value Jan 1, 2014</b>	<b>139</b>	<b>402</b>	<b>1,087</b>	<b>1,628</b>
Increases	173	29	638	840
Transfers		-45	45	0
Amortization for the period	-84	-171	-396	-654
Acquisition cost Dec 31, 2014	1,023	2,388	3,032	6,443
Accum. amortization and write-downs Dec 31, 2014	-794	-2,176	-1,658	-4,628
<b>Book value Dec 31, 2014</b>	<b>228</b>	<b>212</b>	<b>1,374</b>	<b>1,814</b>
Increases, Transfers	5	118	783	906
Amortization for the period	-74	-144	-462	-680
Acquisition cost Dec 31, 2015	1,028	2,506	3,815	7,349
Accum. amortization and write-downs Dec 31, 2015	-868	-2,320	-2,120	-5,308
<b>Book value Dec 31, 2015</b>	<b>160</b>	<b>187</b>	<b>1,695</b>	<b>2,041</b>

### Parent company (EUR), FAS

Acquisition cost Jan 1, 2014	825,089	1,022,816	2,349,401	4,197,305
Accum. amortization and write-downs Jan 1, 2014	-685,670	-828,673	-1,262,344	-2,776,688
<b>Book value Jan 1, 2014</b>	<b>139,418</b>	<b>194,143</b>	<b>1,087,056</b>	<b>1,420,617</b>
Increases	173,860	29,384	637,983	841,226
Transfers		-45,110	45,110	0
Amortization for the period	-84,787	-92,973	-396,355	-574,115
Acquisition cost Dec 31, 2014	998,949	1,007,089	3,032,494	5,038,531
Accum. amortization and write-downs Dec 31, 2014	-770,457	-921,646	-1,658,698	-3,350,802
<b>Book value Dec 31, 2014</b>	<b>228,491</b>	<b>85,443</b>	<b>1,373,795</b>	<b>1,687,729</b>
Increases	5,463	456,080	782,750	1,244,294
Amortization for the period	-74,604	-63,394	-461,939	-599,937
Acquisition cost Dec 31, 2015	1,004,412	1,463,169	3,815,244	6,282,825
Accum. amortization and write-downs Dec 31, 2015	-845,061	-985,040	-2,120,637	-3,950,738
<b>Book value Dec 31, 2015</b>	<b>159,350</b>	<b>478,129</b>	<b>1,694,607</b>	<b>2,332,086</b>

## 15. Goodwill

Group (EUR 1,000), IFRS	2015	2014
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 has previously been allocated entirely to the cash-generating unit Nobultec Ltd. Now, following the merger it has been allocated to the Process Intelligence business unit. Goodwill has been tested for impairment in the last quarter of 2015 and the discount rate used in impairment testing was 8.6% (8.5).

The recoverable amount evaluated in the impairment test is based on the 2016 budget and on subsequent development assessed on the basis of the budget. 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 unit'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 planned 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 866 thousand. If the unit's annual growth in the planning period were +2%, the sensitivity analyses show that the unit's recoverable amount would be about EUR 519 thousand, based on cash flows for the next five years, which would not lead to an impairment loss.

If the annual net sales growth of the Process Intelligence business unit in the planning period were approximately -2%, it would constitute a situation in which there are indications of goodwill impairment. If the unit's recoverable amount 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 assets

<b>Group (EUR 1,000), IFRS</b>	<b>Machinery and equipment</b>
<b>Book value Jan 1, 2014</b>	<b>207</b>
Increases	75
Depreciation for the period	-107
Acquisition cost Dec 31, 2014	1,465
Accum. depreciation and write-downs Dec 31, 2014	-1,290
<b>Book value Dec 31, 2014</b>	<b>175</b>
Increases	242
Depreciation for the period	-142
Acquisition cost Dec 31, 2015	1,707
Accum. depreciation and write-downs Dec 31, 2015	-1,432
<b>Book value Dec 31, 2015</b>	<b>274</b>
<b>Parent company (EUR), FAS</b>	
<b>Book value Jan 1, 2014</b>	<b>207,363</b>
Increases	74,150
Depreciation for the period	-106,845
Acquisition cost Dec 31, 2014	1,425,201
Accum. depreciation and write-downs Dec 31, 2014	-1,250,533
<b>Book value Dec 31, 2014</b>	<b>174,668</b>
Increases	241,735
Depreciation for the period	-142,110
Acquisition cost Dec 31, 2015	1,666,936
Accum. depreciation and write-downs Dec 31, 2015	-1,392,643
<b>Book value Dec 31, 2015</b>	<b>274,294</b>

## 17. Shares in subsidiaries and other entities

The parent company of the Group is QPR Software Plc.

Subsidiaries	Domicile	Parent company, FAS	
		2015	2014
Owned directly by the parent company:			
QPR CIS Oy, sales company	Helsinki, Finland	100%	100%
Nobultec Ltd, sales company, merged into the parent company on December 31, 2015	Helsinki, Finland	100%	100%
QPR Services Oy, dormant company	Helsinki, Finland	100%	100%
QPR Software Inc., sales company	San Jose, CA, USA	100%	100%
Owned indirectly by the parent company:			
QPR Software AB, sales company	Stockholm, Sweden	100%	100%
OOO QPR Software, sales company	Moscow, Russia	100%	100%

Shares in subsidiaries	Parent company, FAS (EUR)	
	2015	2014
Acquisition cost Jan 1	1,186,813	1,186,813
Increases	-	-
Decreases	-918,202	-
Acquisition cost Dec 31	268,610	1,186,813
<b>Book value Dec 31</b>	<b>268,610</b>	<b>1,186,813</b>
Other shares		
Acquisition cost Jan 1	4,562	4,562
Acquisition cost Dec 31	4,562	4,562
<b>Book value Dec 31</b>	<b>4,562</b>	<b>4,562</b>
<b>Total book value of shares Dec 31</b>	<b>273,172</b>	<b>1,191,375</b>

## 18. Long-term receivables

The Group and the Parent Company did not have any long-term receivables on December 31, 2015 and 2014.

## 19. Deferred tax assets and liabilities

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

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2015	2014	2015	2014
Jan 1	23	29	-	-
Recorded in comprehensive income	-	-6	-	-
<b>Dec 31</b>	<b>23</b>	<b>23</b>	<b>-</b>	<b>-</b>

The subsidiary in the United States, QPR Software Inc., has tax loss carryforwards after the official tax filings 2015 totaling approximately EUR 315 thousand, based on which EUR 23 thousand (23) has been recognized as a deferred tax asset.

Deferred tax liabilities arise from the allocation of Nobultec Ltd purchase price to customer relationships, and have changed as follows:

Jan 1	25	42
Recorded in comprehensive income	-16	-17
<b>Dec 31</b>	<b>9</b>	<b>25</b>

## 20. Trade and other receivables

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2015	2014	2015	2014
Trade receivables	3,625	3,915	3,515,582	3,696,842
Accrued income and prepaid expenses	668	473	606,526	402,543
Income tax receivables	-	-	-	-
Other receivables	299	184	264,129	183,150
Receivables from Group companies	-	-	549,053	506,421
<b>Total</b>	<b>4,592</b>	<b>4,572</b>	<b>4,935,290</b>	<b>4,788,956</b>

Geographical breakdown of trade receivables:

Finland	2,536	2,545	2,535,911	2,407,860
Other European countries	450	437	448,987	436,813
Countries outside Europe	639	933	530,683	852,169
<b>Total</b>	<b>3,625</b>	<b>3,915</b>	<b>3,515,582</b>	<b>3,696,842</b>

Currency breakdown of trade receivables:

(EUR 1,000)	Group, IFRS		Group, IFRS	
	2015	%	2014	%
EUR (Euro)	2,960	81.7	3,170	81.0
USD (U.S. Dollar)	334	9.2	369	9.4
SEK (Swedish Krona)	145	4.0	98	2.5
ZAR (South African Rand)	140	3.9	208	5.3
JPY (Japanese Yen)	13	0.3	35	0.9
GBP (Pund Sterling)	2	0.0	27	0.7
RUB (Russian Ruble)	32	0.9	8	0.2
<b>Total</b>	<b>3,625</b>	<b>100.0</b>	<b>3,915</b>	<b>100.0</b>

Age analysis of trade receivables:

Not due	3,177	87.6	3,537	90.3
0 – 90 days overdue	280	7.7	179	4.6
90 – 180 days overdue	105	2.9	90	2.3
More than 180 days overdue	63	1.7	109	2.8
<b>Total</b>	<b>3,625</b>	<b>100.0</b>	<b>3,915</b>	<b>100.0</b>

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:

Credit losses of EUR 49 thousand (96) on trade receivables have been recorded in comprehensive income.

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

	Parent company, FAS (EUR)	
	2015	2014
Accrued income	447,922	269,747
Prepaid expenses	158,604	132,797
<b>Total</b>	<b>606,526</b>	<b>402,544</b>

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

QPR CIS Oy	296,103	254,043
QPR Services Oy	252,950	252,378
<b>Total</b>	<b>549,053</b>	<b>506,421</b>

## 21. Cash and cash equivalents

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2015	2014	2015	2014
Bank accounts	585	1,426	539,789	1,391,317
<b>Total</b>	<b>585</b>	<b>1,426</b>	<b>539,789</b>	<b>1,391,317</b>

## 22. 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 2015 and 2014.

### 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.

### Calculation of the distributable funds

Retained earnings	1,715,556	1,638,050
Profit for the period	21,525	557,020
Dividends paid	-599,206	-479,514
Treasury shares	-439,307	-439,307
Invested non-restricted equity fund	5,347	5,347
<b>Distributable funds</b>	<b>703,915</b>	<b>1,281,596</b>

**23. Other non-current liabilities and interest-bearing loans**

Non-current liabilities	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2015	2014	2015	2014
Deferred tax liabilities	9	25	-	-
<b>Interest-bearing loans</b>				
Loans from banks, due during the following year	500	-	500,000	-

Interest-bearing loans consist of a 1.0% fixed-rate short term loan, whereby an interest rate sensitivity analysis is not meaningful.

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

**24. Trade payables and other liabilities**

Trade payables	135	141	135,328	129,412
Accrued expenses and prepaid income	2,932	3,223	2,879,823	3,058,275
Advances received	1,209	1,261	1,190,855	1,216,937
Other liabilities	333	681	332,572	640,760
Liabilities to Group companies			1,253,047	1,547,975
<b>Total</b>	<b>4,609</b>	<b>5,306</b>	<b>5,791,625</b>	<b>6,593,359</b>

The amount of trade payables in foreign currency was low in 2015 and 2014.

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

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

	Parent company, FAS (EUR)	
	2015	2014
Holiday pay, including social costs	745,437	663,262
Bonuses, including social costs	71,187	190,209
Prepaid income	1,998,738	2,067,244
Accrued interest expenses	-	-
Other accrued expenses	64,460	137,560
<b>Total</b>	<b>2,879,823</b>	<b>3,058,275</b>

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

QPR Software Inc.	691,706	569,562
QPR CIS Oy	26,843	
Nobultec Ltd		403,973
OOO QPR Software	3,719	
QPR Software AB	530,779	574,441
<b>Total</b>	<b>1,253,047</b>	<b>1,547,976</b>

## 25. Adjustments to the cash flow from operating activities

	Group, IFRS (EUR 1,000)	
	2015	2014
Deferred taxes	28	-66
Other items	0	29
<b>Total</b>	<b>28</b>	<b>-37</b>

## 26. Commitments and contingent liabilities

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2015	2014	2015	2014
Business mortgage (held by the company)	1,392	1,391	1,337,300	1,337,300
Lease liabilities and rent commitments				
Maturing in less than one year	357	304	356,911	303,683
Maturing during 1 – 5 years	89	436	88,576	436,341
<b>Total</b>	<b>1,838</b>	<b>2,131</b>	<b>1,782,787</b>	<b>2,077,324</b>

Rental commitments include office rental agreements:

- Rental agreement (October 25, 2011), valid for the time being. The notice period is 6 months.
- Rental agreement (October 16, 2014), valid for the time being. The notice period is 6 months. First notice day is September 30, 2016.

Rental guarantees totaling EUR 10 thousand are included in other current receivables in the balance sheet.

The Parent Company has a EUR 500 thousand credit line in Nordea for short-term financing needs. No amounts were withdrawn under the credit line at the end of 2015 and 2014.

On December 31, 2015 and 2014 the Group and the Parent Company had no derivative contracts.

## 27. 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), the Swedish Krona (SEK) and the South African Rand (ZAR) during the financial year. If the value of USD, SEK and ZAR 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 62 thousand, equaling 1.7% 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 66 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 2015 and 2014, the Company did not have any hedging instruments.

### Interest rate risk

At the end of 2015, the Company had interest-bearing liabilities totaling EUR 500 thousand. These liabilities bear a fixed interest rate. 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):

<b>Group</b> (EUR 1,000), IFRS	Book value	0–6 months
Trade and other payables	968	968
<b>Total</b>	<b>968</b>	<b>968</b>

### 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 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.

**28. Key figures of the group 2013 – 2015**

<b>Group (EUR 1,000), IFRS</b>	<b>2015</b>	2014	2013
Net sales	9,436	9,541	8,688
Growth of net sales, %	-1.1	9.8	-6.8
Operating profit	368	1,095	578
% of net sales	3.9	11.5	6.7
Profit or loss before tax	347	1,065	554
% of net sales	3.7	11.2	6.4
Profit for the period	338	890	521
% of net sales	3.6	9.3	6.0
Return on equity, %	11.1	29.3	17.8
Return of investments, %	10.9	35.4	18.3
Interest-bearing liabilities	-	-	113
Cash and cash equivalents	585	1,426	1,365
Net liabilities	-85	-1,426	-1,252
Equity	2,914	3,196	2,871
Gearing, %	-2.9	-44.6	-43.6
Equity ratio, %	42.7	44.0	42.5
Total balance sheet	8,033	8,527	8,161
Investment in intangible and tangible assets	1,148	915	846
% of net sales	12.2	9.6	9.7
Research and development expenses	1,821	1,847	1,683
% of net sales	19.3	19.4	19.4
Personnel average for period	86	81	82
Personnel at the beginning of period	78	79	81
Personnel at the end of period	83	78	79

**29. Key figures per share 2013 – 2015**

<b>Group, IFRS</b>	<b>2015</b>	2014	2013
Earnings per share, EUR	0.028	0.074	0.043
Equity per share, EUR	0.234	0.257	0.231
Dividend per share*, EUR	0.020	0.050	0.040
Dividend per profit, %	70.9	67.6	93.0
Effective dividend yield, %	1.67	4.95	4.30
Price/earnings ratio (P/E)	42.55	13.65	21.63
Development of share price			
Average price, EUR	1.39	0.97	0.94
Lowest closing price, EUR	1.02	0.89	0.90
Highest closing price, EUR	1.96	1.10	1.00
Closing price on Dec 31, EUR	1.2	1.01	0.93
Market capitalization on Dec 31, EUR 1,000	14,385	12,108	11,183
Development of trading volume			
Number of shares traded, 1,000 pcs	4,558	2,828	624
% of all shares	38.0	23.6	5.2
Number of shares on Dec 31, 1.000 pcs	12,445	12,445	12,445
Average number of shares outstanding	11,991	11,991	12,107

\* Year 2015: The Board of Director's proposal to the Annual General Meeting to be held on March 22, 2016.

### 30. Capital management

Group (EUR 1,000), IFRS	2015	2014
Interest-bearing loans	500	-
Cash and cash equivalents	585	1,426
Net liabilities	-85	-1,426
Shareholders' equity	2,914	3,196
Gearing, %	-2.9	-44.6
Equity ratio, %	42.7	44.0
Total balance sheet	8,033	8,527

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

#### Definition of Key Indicators

**Return on equity (ROE), %:**

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

**Return on investment (ROI), %**

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

**Equity ratio, %:**

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

**Gearing, %:**

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

**Earnings per share, euro:**

$\frac{\text{Profit for the period attributable to the shareholders of the parent company}}{\text{Weighted average number of shares outstanding during the year}}$

**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 profit, %:**

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

**Effective dividend yield, %:**

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

**Price/earnings ratio (P/E):**

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

**Market capitalization:**

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

**Turnover of shares, % of all shares:**

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

## Signatures of Board of Directors' Report and Financial Statements

Helsinki, Finland, February 10, 2016

QPR Software Plc  
Board of Directors

Vesa-Pekka Leskinen  
Chairman of the Board

Kirsi Eräkangas  
Board member

Juho Malmberg  
Board member

Topi Piela  
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 26, 2016

KPMG Oy Ab  
Authorized Public Accountants

Kirsi Jantunen  
Authorized Public Accountant

# Auditor's Report

## TO THE ANNUAL GENERAL MEETING OF QPR SOFTWARE PLC

*This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.*

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of QPR Software Plc for the year ended December 31, 2015. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

### Responsibility of the Board of Directors and the Managing Director

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, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial

statements and report of the Board of Directors that give a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

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

### Opinion on the consolidated financial statements

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

### Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

### Opinion on discharge from liability and distribution of profit

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 26, 2016

KPMG OY AB

Kirsi Jantunen  
Authorized Public Accountant

## 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 Tuesday March 22, 2016 starting at 1:00 p.m. at the Company's headquarters Huopalahdentie 24, 00350 Helsinki, Finland.

A shareholder of the Company that has been entered into the Company's shareholders' register maintained by Euroclear Finland Ltd on March 10, 2016 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 14, 2016, 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. The possible proxies are asked to be delivered in connection with the registration to the address set forth above.

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 10, 2016, 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 17, 2016 by 10:00 a.m. (Finnish time). As regards nominee registered shares this constitutes due registration for the Annual General Meeting.

A holder of nominee registered shares is advised to request without delay all necessary instructions regarding the temporary registration in the shareholders' register of the Company, the issuing of proxy documents and registration for the Annual General Meeting from his/her custodian bank.

### Dividend

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.02 per share be paid to shareholders for financial year 2015. The Board of Directors proposes to the Annual General Meeting that dividend will be paid on April 5, 2016.

Furthermore, the Board of Directors proposes to the Annual General Meeting that the Board of Directors be authorized to decide, subject to its discretion, on payment of an extra dividend of EUR 0.01 during 2016. In its assessment on potential special dividend payment, the Board of Directors intends to evaluate especially the development of the Company's operative environment, implementation of the Company's strategy and economic situation.

### Financial information in 2016

In 2016, QPR Software Plc will publish its financial information as follows:

- Interim Report 1 – 3/2016:  
Thursday, April 28, 2016
- Interim Report 1 – 6/2016:  
Tuesday, August 2, 2016
- Interim Report 1 – 9/2016:  
Thursday, October 27, 2016

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

### Changes of addresses

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

## Our customers and partners on QPR

Our customers and partners have given the following testimonials, among others, in 2015:

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"With the valuable help of QPR consulting and using QPR EnterpriseArchitect tool, St1 was able to complete the integration of the acquired service station chains in record time of six months."

*Marko Korhonen,  
CIO, St1,  
Finland*

"We have been using QPR since 2012 for Balanced Scorecard reporting. QPR is useful for collecting data from various sources. ensuring data integrity and producing useful management reports for successful Strategy Execution."

*Raju Vathsala,  
Senior Director, Performance Management, du  
United Arab Emirates*

"Eneco's QPR powered business management system played a crucial supporting role in several process optimizations contributing to a resource cost reduction of more than EUR 15 million."

*Xander Prooi,  
Lead Process Architect, Eneco Group  
The Netherlands*

"QPR Metrics allows for easy management of initiatives and provides a single source of information - one version of truth. Regional leadership now has an immediate view on how National Offices are delivering on their mandate."

*Cornelius Chirairo,  
Regional Strategy Management Advisor,  
World Vision Southern Africa,  
South Africa*

"QPR provides us with the perfect technological support for the improvement and reinforcement of our capabilities to carry out our mission to provide quality Chilean justice as efficiently as possible."

*Catalina Ruiz Sánchez,  
Management and Process Specialist,  
Judiciary of Chile*

## Recognitions in 2015 and 2014 industry analyst reports

QPR Software has been recognized or included in the following recent analyst reports or research reports:

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- *Gartner*: Hype Cycle for Business Process Management (July 2015).
- *Nucleus Research*: CPM Technology Value Matrix 2015 (June 2015).
- *Gartner*: Market Guide for Enterprise Business Process Analysis (March 2015).
- *Gartner*: Magic Quadrant for Enterprise Architecture tools (October 2014).
- *Gartner*: Hype Cycle for Business Process Management (July 2014).
- *Nucleus Research*: CPM Technology Value Matrix 2014 (April 2014).
- *Gartner*: MarketScope for Enterprise Business Process Analysis (February 2014).

## Contact information

### **QPR Software Plc**

Domicile: Helsinki (Finland)  
Business ID: 0832693-7

Official address:  
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Finland

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00350 HELSINKI,  
Finland  
Tel: + 358 290 001 150

### **Oulu office**

Teknologiantie 1,  
90590 OULU,  
Finland  
Tel: + 358 290 001 150

### **Customer Care:**

Tel: +358 290 001 156  
[customercare@qpr.com](mailto:customercare@qpr.com)

### **QPR-online community:**

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

### **Company web site:**

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

