QPR SOFTWARE IN BRIEF

Software and solution provider specialized in process mining, process and enterprise architecture modeling and performance management.

Own R&D, located in Helsinki and Oulu, Finland. Several patents in the United States.

Software product portfolio renewed in recent years, funded from cashflow from operations.

- New process mining software and new User Interface for all software products.
- Extension of process modeling product to enterprise architecture product.

Customers in over 50 countries.

- 54% of net sales from Finland, 46% from international markets.
- Software accounts for 70% of net sales, implementation and consulting 30% of net sales

Strong financial position, negative net debt.
JANUARY - DECEMBER

- Net sales increased by 12% to EUR 10.047 million
- Recurring revenue 54% of net sales
- 27% increase in international net sales
- Operating profit improved to EUR 521 thousand
- Cash flow from operating activities EUR 1.335 million (+36%)

OCTOBER - DECEMBER

- Net sales increased 27% to EUR 2,671 thousand
- Recurring revenue 48% of net sales
- 44% increase in international net sales
- Operating profit improved EUR 130 thousand
## CONSOLIDATED INCOME STATEMENT

<table>
<thead>
<tr>
<th>(EUR 1,000)</th>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>3</td>
<td>10,047</td>
<td>8,942</td>
</tr>
<tr>
<td>Other operating income</td>
<td>4</td>
<td>-10</td>
<td>18</td>
</tr>
<tr>
<td>Materials and services</td>
<td>6</td>
<td>1,196</td>
<td>1,154</td>
</tr>
<tr>
<td>Employee benefit expenses</td>
<td>7</td>
<td>6,142</td>
<td>5,682</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>8</td>
<td>949</td>
<td>913</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>9</td>
<td>1,229</td>
<td>1,320</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td></td>
<td>9,516</td>
<td>9,070</td>
</tr>
<tr>
<td><strong>Operating result</strong></td>
<td></td>
<td>521</td>
<td>-110</td>
</tr>
<tr>
<td>Financial income</td>
<td>10</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Financial expenses</td>
<td>10</td>
<td>-196</td>
<td>-48</td>
</tr>
<tr>
<td>Financial items, net</td>
<td></td>
<td>-187</td>
<td>-38</td>
</tr>
<tr>
<td><strong>Result before tax</strong></td>
<td></td>
<td>335</td>
<td>-148</td>
</tr>
<tr>
<td>Income taxes</td>
<td>12</td>
<td>-15</td>
<td>-146</td>
</tr>
<tr>
<td><strong>Result for the year</strong></td>
<td></td>
<td>320</td>
<td>-294</td>
</tr>
</tbody>
</table>

**Other items in comprehensive income that may be reclassified subsequently to profit or loss:**

|                                 |      | 179     | -7      |
|                                 | 179  | 179     | -7      |

**Total comprehensive income**

|                               |      | 499     | -302    |

Earnings per share, EUR

<p>| | | | |</p>
<table>
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</tr>
</thead>
<tbody>
<tr>
<td>Undiluted, euros</td>
<td>13</td>
<td>0.027</td>
<td>-0.025</td>
</tr>
<tr>
<td>Diluted, euros</td>
<td>13</td>
<td>0.027</td>
<td>-0.025</td>
</tr>
</tbody>
</table>
BUSINESS AND STRATEGY
BUSINESS MODELS

SOFTWARE PRODUCT BUSINESS

Process Mining – QPR ProcessAnalyzer

SOFTWARE APPLICATION BUSINESS

Performance Management
- QPR Metrics

Business Management System
- QPR ProcessDesigner
- QPR EnterpriseArchitect

CONSULTING BUSINESS

Business Optimization
STRATEGY IN BRIEF

Product development is focused on process mining and analytics.

We continue to speed up our product development by increasing resources in a controlled manner.

We pay great attention to excellent user experience in product development.

We aim to gain a significant share of the rapidly growing process mining market. We actively seek strategic partnerships to strengthen our product development and international software sales.

Profitable growth and cash flow from process and EA modeling business in Finland.
Our target is to reach in average 15 – 20% annual growth in the next three years.

- The target is mainly based on **growth in international software sales and consulting services in our home market, Finland.**

We foresee significant growth potential especially in the **process mining business**, where we aim for an annual growth of more than 50%.

Due to required growth investments, the Board of Directors does not intend to propose distribution of dividends to the Annual General Meeting.

- The Board proposes to re-invest cash flow from operating activities into growth.
Europe is leading in process mining adaptation, especially German speaking region

Market size in 2018 over EUR 100 million. In 2023, the market size is estimated to exceed EUR 1 billion.

The market started rapid growth in North America in 2018

In 2019, Asian markets are entering growth phase

The most mature ecosystem is SAP

Advanced verticals

• Telecom operators and telecom network vendors are currently making their process mining platform selections
• Banking & finance is exploring process mining opportunities in combination with robotic process automation.
PROGRESS IN IMPLEMENTING OUR STRATEGY

2018

➢ We focused on strengthening our product competitiveness.
➢ We increased the size of our customer accounts.
➢ We published 17 significant new contracts, including:
  • Process Mining Software to Fennovoima
  • Saudi Railway Company chooses QPR Software
  • Process Mining Software to Terumo, a global medical device company
  • Process Mining Software to Piraeus Bank
  • Finnish Ministry of Interior chooses QPR as provider of enterprise architecture consulting services
  • Finnish Ministry of Finance chose QPR to analyze government productivity and digitalization
  • QPR delivers Process Mining software and professional services to a global high-tech company
  • QPR delivers Process Mining Software to a Leading European Telecommunications Operator
Demand for process mining and analytics software and related services will continue to grow rapidly in 2019.

Competition in software business for process and enterprise architecture modeling and performance management is expected to remain tight in developed markets.

- However, growth potential for these products is available in developing markets.

We estimate our net sales to grow in 2019.

The most significant sources for growth are

- International process mining software sales of QPR ProcessAnalyzer
- Consulting services supporting QPR’s software business in Finland.

Due to increasing investments in growing business segments we estimate that

- Operating result will be lower than in the previous year, while still remaining positive (2018: 5.2% of net sales).
The Company has a short term incentive system for all personnel

- Annual Bonus Plan
- Rewards for sales and net sales growth
- Cost of the system in 2018 was slightly over EUR 170 thousand (less than 3% of all personnel costs)

For long term incentives, the Company launched in 2019 a new key employee stock option plan.

The purpose of the stock options is to encourage the key employees to work on a long-term basis to increase the shareholder value and to retain the key employees.

- The number of shares subscribed by exercising stock options issued corresponds to a maximum total of 6.81% of all shares and votes of the shares in the Company.
- Maximum number of shares for subscription is 910,000. QPR holds 457,009 own shares.
- Two series, share subscription prices are EUR 1.70 EUR/share and 2.55 EUR/share. The share subscription periods in 2022 - 2024.
- Annual IFRS 2 cost in P&L is slightly over EUR 50 thousand
Dare to improve.