QPR SOFTWARE

ANNUAL REPORT

2021

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OUR PURPOSE, STRATEGY AND MARKETS

OUR PURPOSE IS TO HELP ORGANIZATIONS REACH THEIR FULL OPERATIONAL POTENTIAL

QPR's purpose is to help customers achieve more with less. We help our customers drive process and business transparency, ensure that their operations are run as required and designed, and create actionable intelligence where modern AI meets thought leadership.

We do so by innovating, developing, and delivering software for analyzing, monitoring, and modeling organizations' operations. To ensure maximum customer value, we also offer a wide range of complementary consulting services. By providing organizations with the technologies and methods to transform the invisible into visible and the unknown into manageable, they are empowered to reach long-lasting, continuous results.

OUR STRATEGY AND STRATEGIC TARGETS

According to our renewed strategy for 2022 – 2026, we will strongly invest in the international growth of the process mining SaaS (Software as a Service) business. We seek growth through a focused strategy where spearhead offerings in selected process mining solution areas are to be defined and packaged. Moreover, we are building new strategic partnerships and alliances to achieve a scalable go-to-market model, extend our own offering, and enhance customer value through technology and implementation partners. We will also increase our marketing and sales investments, especially in Northern and Central Europe as well as the UK.

Our comprehensive offering in process mining will be further developed based on customer and market insights, especially with increased AI, Machine Learning, and task mining capabilities. Our offering will drive intelligent automation in our customers' processes and operations and secure their delivery of sustainable value and desired business outcomes.

Our position in the Middle East is strong and we aim to use this stronghold to expand our regional offering to process mining. We focus on fostering the continued success in license sales and the steadily growing recurring software maintenance revenue, while simultaneously using our process mining solution as a growth engine to boost recurring SaaS revenue.

Consulting will continue to be a key element of QPR's offering, and our aim is to move towards tool-agnostic services. The consulting business is expected to grow steadily throughout the strategy period thanks to our data-to-value concept. This service integrates process modeling capabilities with our excellence in process mining and insight discovery, which together secure customer value realization through capabilities, such as intelligent automation.

With our new strategy, we move from generic strategies for individual products and services towards a holistic offering that is harmonized from beginning to end: from scalable SaaS products to value delivery and continuous services. Our data-to-value concept is unique and supported by a scalable go-to-market strategy and value realization model, which are implemented through a mix of in-house capabilities and an extended partner ecosystem. Our own newly structured functional organization enables us to rapidly turn growth investments into focused actions.

Our key strategic target for the strategy period is to increase investments into our SaaS business in order to gradually accelerate growth and achieve a CAGR of over 30% in our SaaS business. Compared to 2021, the target for the next two years is to more than double the annual recurring SaaS revenue from process mining. The high growth ambition for our SaaS business means that at the end of the strategy period, the clear majority of the Company's revenue is recurring SaaS revenue.

Our secondary target is to grow the Company's annual net sales at a high single-digit percentage throughout the strategy period. After the initial growth investment, we aim to remain EBITDA-positive throughout the strategy period and reach positive operating profit by the end of 2024.

THE CURRENT STATE OF OUR MARKETS

The process mining market has continued its rapid growth. According to several market research companies and industry analysts, the size of the global process mining market in 2021 was around EUR 500 – 550 million. The market size is expected to keep growing at 40 – 50% in the upcoming years. Additionally, a large complementary market exists for process mining related consulting and services.

The process and enterprise architecture modeling market has continued to grow steadily, with an estimated CAGR of 4 – 5%.

The software market for strategic corporate performance management is mature and continues to grow steadily.

REVIEW BY THE CEO

In 2021, QPR Software celebrated its 30th anniversary as a pioneer and leader in its industry. For more than three decades, QPR has been leading in the innovation of software solutions and services that have generated tangible process insights for customers around the world. As companies continue their digital transformation and automation journeys, we are here to help them create actionable intelligence to reach their full operational potential.

Although the negative effects of the COVID-19 pandemic were still felt during 2021, our SaaS businesses exhibited clear growth (+19%) and consulting net sales developed positively throughout the year (+7%). Our SaaS deals include major process mining software agreements with an international pharmaceutical company and a European chemical company. Among others, the Finnish service integrator for health and social services organizations and municipalities, Istekki Oy, chose QPR as their service provider for the management, modeling, and planning of enterprise architecture and information management.

We continued to invest in process mining software development, as well as sales resources and sales channels. By enhancing task mining functionalities and focusing on scalable SaaS solutions, we help our customers to take an activity-based approach to improve and automate their business processes, even in organizations with substantial amounts of data. Investing in machine learning capabilities and developing solutions for predicting process flows opens new business opportunities to generate continuous and sustainable customer value.

Moreover, Information Services Group's (ISG) acknowledgment of QPR as a Leader in Process Discovery and Mining is a strong indicator that our process mining technology and tool, QPR ProcessAnalyzer, is well aligned with the market's needs. The "ISG Provider Lens™ Intelligent Automation – Solutions and Services 2021 in the Nordics" report highlights that QPR is a force to be reckoned with. Despite the growing process mining market being highly competitive, QPR catches praise for its comprehensive solution and machine learning capabilities.

In order to change our organizational structure to enable effective investments in growth and operational scalability, we underwent company-wide co-operation negotiations at the turn of the year. We aim to strengthen our position in the eyes of our customers as a software company that combines scalable SaaS solutions with skilled consulting in process modeling and mining. The new organization began operating in its new functional structure as of February 1st, 2022.

In the future, QPR is aiming for stronger growth and has updated its strategy to reflect new growth targets. A key component of the renewed strategy is our process mining SaaS offering, in which we will strongly invest to achieving high international growth. Growth is made possible by strategically focusing on building scalable solutions in carefully selected process mining solution areas where customer needs meet high customer value. This scalability is enabled through active collaboration with strategic go-to-market partners, technology alliances, and further investment into marketing, sales, and product development capabilities. The new strategy for 2022 – 2026 was communicated to the market on March 10th, 2022.

The exceptional circumstances caused by the pandemic and other uncertainty in the European business climate continue to affect our new customer acquisition in early 2022. However, there are signs of customer decision-making in software procurement returning to normal. Digital transformation in both public and private sectors, as well as the internationally growing demand for process mining, provide QPR with a favorable environment for growth.

I would like to thank all our customers, partners, personnel, and shareholders for your valuable contribution and collaboration in 2021. We look forward to exploring new growth and value creation opportunities with you in 2022 and beyond.

Jussi Vasama
CEO

BOARD OF DIRECTORS

QPR Software elected all new board members at the Annual General Meeting held on March 25, 2021. It was decided at the Annual General Meeting that the Board of Directors consists of four members. Elected board members are Pertti Ervi, Matti Heikkonen, Antti Koskela, and Jukka Tapaninen. The Board elected Pertti Ervi as the Chairman of the Board.

With the new composition of the Board, QPR Software's Board holds extensive, in-depth strategic expertise. Furthermore, the new Board is experienced in the technology sector as well as software development, growth, and internationalization.

In the financial year 2021, QPR Software Plc's Board of Directors convened 21 times. The average attendance rate of board members was 100%.

MEMBERS OF THE BOARD OF DIRECTORS

PERTTI ERVI
b. 1957,
engineer

About
- Chairman of the Board since March 2021.
- Independent of the Company and its significant shareholders.

Key experience
- Independent management consultant and professional board member.
- Computer 2000 AG, Co-CEO 1995 – 2000.
- Computer 2000 Finland Oy, Founding Member and Managing Director 1983 – 1995.
- Extensive experience in serving on the Board of several Finnish publicly listed technology and growth companies.

Key positions of trust
- Member and Chairman of the Board, Chairman of the Audit Committee, F-Secure Oyj, 2003 – present
- Member and Chairman of the Board, Efecte Oyj, 2008 – present
- Chairman of the Board, Mintly Oy, 2017 – 2022
- Member of the Board, Pointsharp Holding AB, 2021 – present
- Member and Chairman of the Board, Teleste Oyj, 2009 – 2020
- Member and Chairman of the Board, Comptel Oyj, 2011 – 2017

Pertti Ervi did not hold shares of QPR Software Plc on December 31, 2021.

ANTTI KOSKELA
b. 1971,
Master of Science in Technology

About
- Member of the Board since March 2021.
- Independent of the Company and its significant shareholders.

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

Antti Koskela did not hold shares of QPR Software Plc on December 31, 2021.

MATTI HEIKKONEN
b. 1976,
Master of Science
in Technology

About
- Member of the Board since March 2021.
- Independent of the Company and its significant shareholders.

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

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

Matti Heikkonen did not hold shares of QPR Software Plc on December 31, 2021.

JUKKA TAPANINEN
s. 1963,
Master of Science
in Economics

About
- Member of the Board since March 2021.
- Independent of the Company and its significant shareholders.

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

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

Jukka Tapaninen did not hold shares of QPR Software Plc on December 31, 2021

EXECUTIVE MANAGEMENT TEAM

JUSSI VASAMA
b. 1974

Information
- Chief Executive Officer since Oct. 2021
- Member of the Executive Management Team since Oct. 2021
- Master's degree in Industrial Engineering and Management

Responsibilities
As CEO of QPR Software, Jussi Vasama is responsible for managing the operations of the Company in accordance with the instructions and decisions issued by the Board of Directors. Furthermore, he provides the Board and its members with the information necessary to carry out the functions of the Board of Directors. As the CEO, he is responsible for leading the Company's operations, managing sales and partnerships, human resources, as well as preparing issues for decision by the Board.

Experience
Jussi Vasama has over 20 years of experience in global consulting and the software industry. Since 2007, Vasama served Basware Corporation in various roles within sales, professional services, and customer support i.e., Country Manager of Finland. His latest position at Basware was Chief Customer Officer. Furthermore, he was a member of the Executive Management Team, overseeing Professional Services and Customer Success, as well as global customer support, leading an international organization of nearly 600 people. Prior to Basware, Vasama worked as a management consultant at Vectia Ltd for 7 years.

In addition to international growth businesses, Vasama is experienced in operating in cloud and SaaS environments, and developing, innovating, and leading a variety of global transformation projects, such as building a partner ecosystem.

MATTI ERKHEIKKI
b. 1978

Information
- Director of Strategy, Partnerships, and Alliances
- Member of the Executive Management Team since Jul. 2007
- Master's degree in Industrial Engineering and Management

Area of responsibility
Matti Erkheikki is in charge of Process Mining and Channel Business.

Experience
Matti Erkheikki has worked for QPR Software since February 2002, starting out as a consultant, delivering software projects both domestically and internationally. In 2005, he started as the Business Development Manager, and in 2006, as the Regional Vice President of North America in QPR's U.S. subsidiary. From 2007 to 2014, he was responsible for QPR's business operations in Finland and between 2012 and 2014, also for the global OEM Business. Prior to his current position, Erkheikki worked as SVP for the process mining & strategy management business since January 2017. Erkheikki has also been responsible for selling and delivering SAP solutions in the Finnish market.

TERO ASPINEN
b. 1985

Information
- VP Middle East Business
- Member of the Executive Management Team since Jan. 2017
- Master's degree in Industrial Engineering and Management

Area of responsibility
Tero Aspinen is responsible for the development and sales of performance management solutions globally, as well as for QPR's business in the Middle East market.

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

PÄIVI VAHVELAINEN
b. 1959

Information
- Chief Financial Officer
- Member of the Executive Management Team since Nov. 2020.
- Graduate from Commercial Institute and has a degree from the Institute of Marketing.

Area of responsibility
Päivi Vahvelainen is responsible for finance and administration at QPR Software. Additionally, she is responsible for holding QPR's insider register and monitoring compliance with insider guidelines, as well as coordinating and reporting on the Company's internal controls and risk management.

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

PEKKA KESKIIVARI

b. 1964

Information

- Chief Technology Officer
- Member of the Executive Management Team since Mar. 2019
- Master of Science in Engineering

Area of responsibility

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

Experience

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

SANNA SALO

b. 1977

Information

- Chief Marketing Officer
- Member of the Executive Management Team since Feb. 2022
- Master of Science in Economics

Area of responsibility

Sanna Salo is responsible for marketing, communications, and brand management at QPR Software.

Experience

Sanna Salo has previously worked as Director of Marketing and Communications for the B2B digital marketing solutions provider, Fonecta Oy. Prior to that, she worked for IBM Finland for almost ten years in various marketing management positions both in Finland as well as in Nordic countries.

SAMUEL RINNETMÄKI

b. 1976

Information

- Director of Consulting
- Member of the Executive Management Team since Feb. 2022
- Master's Degree in Engineering

Area of responsibility

Samuel Rinnetmäki is in charge of QPR Software's consulting business.

Experience

Samuel Rinnetmäki has previously worked for the Company's consulting business as a consultant and manager for several years. Prior to that, he worked for more than 14 years at the Finnish Centre for Pensions, where he held various expert and managerial positions.

Furthermore, Rinnemäki has held multiple roles – from a developer to a board member – in various software and consulting companies.

REPORT OF THE BOARD OF DIRECTORS

SUMMARY OF THE FULL YEAR 2021

- SaaS business grew by **19 %**.
- Net sales amounted to **EUR 9,140** thousand (2020: 8,971).
- EBITDA was **EUR 241** thousand (248).
- Operating result (EBIT) was **EUR -1,248** thousand (-936).
- Result before taxes was **EUR -1,356** thousand (-952).
- Result for the period was **EUR -1,356** thousand (-812).
- Earnings per share was **EUR -0.113** (-0.068).
- Operating result was weakened by write-downs worth **EUR 373** thousand made in connection with preparing financial statements.

BUSINESS OPERATIONS

QPR's purpose is to help customers achieve more with less – to drive process and business transparency, ensure their compliance, and create actionable intelligence for sustainable outcomes. We innovate, develop, and sell software for analyzing, monitoring, and modeling organizations' operations while adding value to customers' existing knowledge capital. In addition, we offer our customers a wide range of consulting services.

QPR Software reports one business segment, Organizational Development of organizations. In addition to this, the Company reports revenue from products and services as follows: Software licenses, Renewable software licenses, Software maintenance services, Cloud services, and Consulting.

Recurring revenue reported by the Company consists of Software maintenance services and SaaS net sales. In addition to these, recurring revenue also includes Renewable software licenses. The Company aims to increasingly focus on continuous services, particularly in developing its Software-as-a-Service (SaaS) business.

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

The geographical areas reported are Finland, the rest of Europe (including Russia and Turkey), and the rest of the world. Net sales are reported according to the location of the customer's headquarters.

NET SALES

Net sales between January and December amounted to EUR 9,140 thousand (8,971) and increased by 2%. Recurring revenue represented 44% of net sales (47).

The development of net sales was twofold. Consulting net sales, including expert services related to software deliveries, increased by 7% compared to 2020. The consulting business grew both in Finland and the Middle East. SaaS services, which are key to developing our software business, clearly increased, while net sales deriving from one-time license fees decreased. Although the SaaS business developed favorably, the transition reduced the net sales of the entire software business. The acquisition of new customers in the software business was affected by the exceptional operating environment. This led customers to postpone their software purchase decisions due to both the uncertainty of their own outlook as well as the exceptional circumstances.

The lengthening of the sales cycle with an increase in customers' requests for quotation in the second half of the year led to an increase in the number of outstanding offers towards the end of the year. In particular, the number of outstanding offers for SaaS increased at the turn of the year when contrasted with to the comparison period. The demand for consulting services is strong, and so is the number of outstanding offers.

Currency exchange rates had a negative impact on software maintenance net sales, as a significant part of them are invoiced in U.S. dollars. Some maintenance customers also switched to our SaaS services. From January to December, our SaaS net sales increased by 19%, despite the temporary service breaks and discounts that were granted to customers that were hit hard by the COVID-19 pandemic.

Net sales in Finland decreased by 2% and increased 6% internationally, which resulted in a 2% increase in the Group's net sales. 50% (52) of the Group's net sales derived from Finland, 29% (28) from the rest of Europe (including Russia and Turkey), and 21% (20) from the rest of the world.

Net sales by product group

The Group's net sales are generated by software and consulting businesses and are divided as follows:

	Group, IFRS		Change
EUR in thousands	**2021**	2020	%
Software licenses	**1,317**	1,344	-2
Renewable software licences	**797**	900	-11
Software maintenance services	**2,034**	2,195	-7
SaaS	**1,283**	1,081	19
Consulting	**3,709**	3,452	7
Total	**9,140**	8,971	**2**

Net sales by geographic area

Geographical areas reported are Finland, the rest of Europe (including Russia and Turkey), and the rest of the world.

Net sales are reported according to the customer's location.

	Group, IFRS		Change
EUR in thousands	**2021**	2020	%
Finland	**4,614**	4,718	-2
Europe, including Russia and Turkey	**2,689**	2,474	9
Rest of the world	**1,837**	1,780	3
Total	**9,140**	**8,971**	**2**

FINANCIAL PERFORMANCE

The Group's EBITDA amounted to EUR 241 thousand (248) and operating result (EBIT) to EUR -1,248 thousand (-936). Financial performance was affected by the decline in one-time software licenses sold and the investments in growing business areas. Strategic investments in growing business areas were continued, which increased personnel and sales costs. To ensure long-term growth, QPR continued to invest in marketing and sales in European key markets, United Kingdom and France. Operating result was weakened by the write-downs of goodwill and the balance sheet value of capitalized product development expenses. The Group's expenses were higher than in the previous year (8%).

The Group´s fixed costs for the reporting period were EUR 9,281 thousand (8,585). Employee expenses accounted for 74% (77), or EUR 6,824 thousand (6,649), of fixed costs. Credit losses and credit loss reserves, included in fixed costs, increased slightly and were EUR 129 thousand (100).

The result before taxes was EUR -1,356 thousand (-952) and the result for the period was EUR -1,356 thousand (-812). No tax assets were recognized in the income statement for the financial year. Earnings per share (fully diluted) were EUR -0.113 (-0.068).

FINANCE AND INVESTMENTS

Cash flow from operating activities in the reporting period from January to December totaled EUR 692 thousand (334). When compared to 2020, the change in the cash flow from operating activities was caused by changes in working capital.

Net financial expenses were EUR 108 thousand (16) and included currency exchange rate losses of EUR 12 thousand (0). Expenses included a one-time guarantee payment related to a closed project. The payment was made in January 2021.

Investments totaled EUR 942 thousand (1,210). Investments were mainly related to product development.

The Group's financial position is fair. Cash and cash equivalents at the end of the reporting period were EUR 441 thousand (185), in addition to which, the Group has access to other short-term financial instruments worth EUR 0.5 million. At the end of the period, the Group had a short-term bank loan of EUR 1,500 thousand and no long-term interest-bearing bank loans.

The gearing ratio was 288.5% (38). At the end of the reporting period, the equity ratio was 8.3% (35). The Group's key figures are shown in enclosure 33 of the financial statement.

PRODUCT DEVELOPMENT

QPR innovates and develops software products that analyze, measure, and model organization's operations. The Company develops the following software products: QPR ProcessAnalyzer, QPR BusinessPortal, QPR EnterpriseArchitect, QPR ProcessDesigner, and QPR Metrics. Product development expenses were directed to ensure further development and competitiveness of the Company's spearhead product, QPR ProcessAnalyzer.

In the financial year 2021, product development expenses were EUR 2,115 thousand (2,050), and equal 23% (23) of net sales. Product development expenses worth EUR 856 thousand (825) were capitalized, and EUR 731 thousand (733) worth of capitalized product development expenses were amortized. Capitalized product development expenses are amortized over a period of four years.

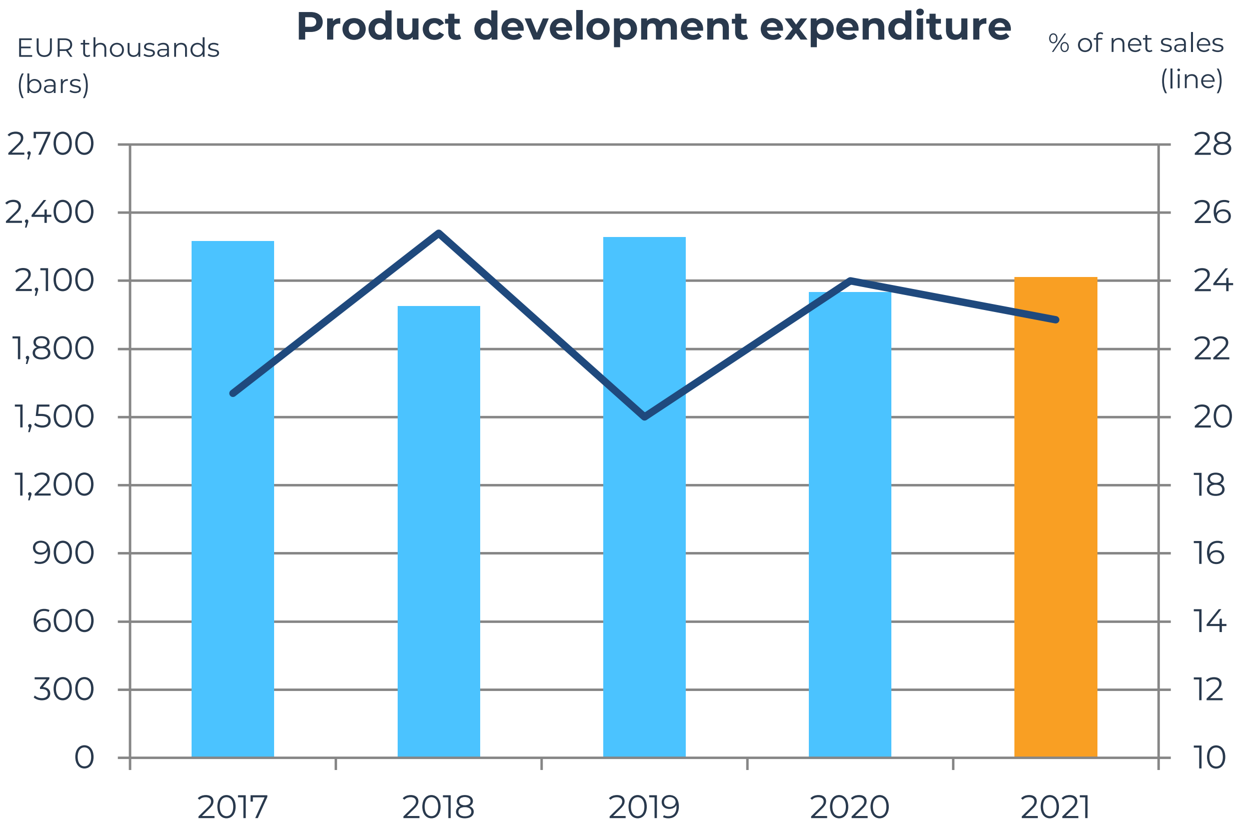
PERSONNEL

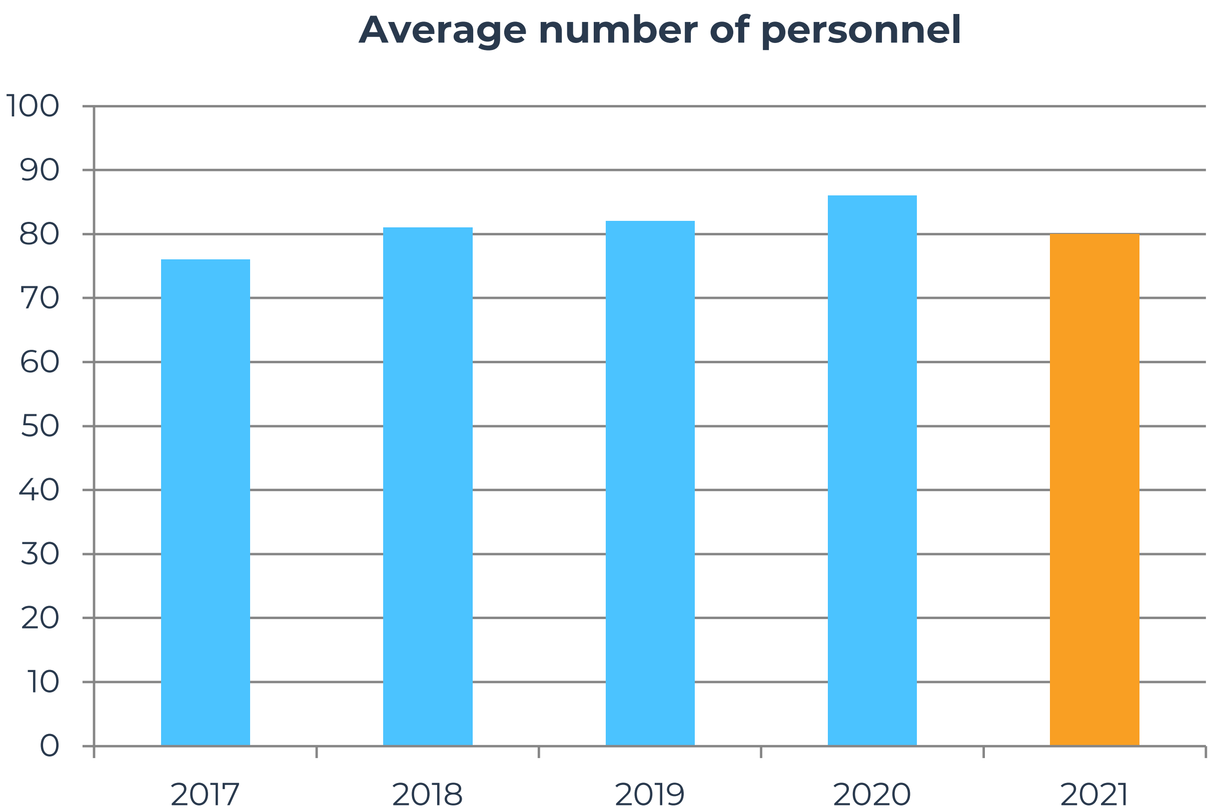
At the end of the financial year, the Group employed a total of 82 persons (88). The average number of personnel during the year 2021 was 80 (86).

The average age of employees was 42.7 (42.3) years. Women account for 25% (20) of employees, and men for 75% (80). Of all personnel, 19% (18) work in sales and marketing, 42% (44) in consulting and customer care, 31% (29) in product development, and 8% (8) in administration.

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

In 2021, the maximum annual bonus for members of the Executive Management Team, including the CEO, was 40% of the annual base salary. A bonus totaling EUR 53 thousand (13) will be paid to the Executive Management Team for 2021.


Product development expenditure
EUR thousands
(bars)
% of net sales
(line)
2,700
2,400
2,100
1,800
1,500
1,200
900
600
300
0
28
26
24
22
20
18
16
14
12
10
2017
2018
2019
2020
2021


Average number of personnel
100
90
80
70
60
50
40
30
20
10
0
2017
2018
2019
2020
2021

STOCK OPTION PLAN

The Board of Directors of QPR Software Plc decided in a meeting held on January 29, 2019, to launch a new key employee stock option plan, based on the authorization granted at the Annual General Meeting. The purpose of the stock options is to encourage key employees to work for increasing the shareholder value in the long-term and to retain the key employees at the Company.

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

The number of shares subscribed by exercising stock options corresponds to a maximum of 6.81% of the Company's shares and votes after possible share subscriptions, if new shares are issued in the share subscription. As a result of the share subscriptions with stock options, the number of the Company's shares may increase by a maximum of 910,000 shares, if new shares are issued in the share subscription. The share subscription price for stock options marked 2019A is EUR 1.70 per share, which corresponded to the market price of the Company's share at the time of launching the option plan. The share subscription price for stock options marked 2019B is EUR 2.55 per share, which is 50% higher than the market price of the Company's share. The P&L costs of this stock option plan are estimated to be approximately EUR 144 thousand in total.

STRATEGY

We innovate, develop, and sell software and related services for analyzing, monitoring, and modeling organizations' operations. In addition, we offer customers consulting services for operational improvement and for managing digital transformation and change.

We will further accelerate product development by increasing the number of resources in a controlled manner and by using external partners to enhance the flexibility of our product development capacity. In software development, we place special focus on excellent user experience and the scalability of our product portfolio as part of our SaaS offering. In our product development, we focus on meeting customer challenges, especially in streamlining, improving, and automating key business processes and operations in digitalizing environments. We especially focus on process mining and the related process reporting and automation.

We aim for strong international growth in the next few years, especially in software products offered as SaaS. To achieve this goal, we are investing in international marketing, sales, a scalable product portfolio, and continuous services in selected focus areas of the process mining business.

We are also actively seeking strategic partnerships to strengthen our international software sales as well as product and service development.

The company has prepared a new strategy, which will be announced in a separate release in March 2022. In the same release, the company will present its long-term financial targets.

SHARE CAPITAL, SHAREHOLDERS, AND SHARES

The Company's share capital at the end of the year 2021 was EUR 1,359,090 divided into 12,444,863 shares.

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

At the end of the year, the Company had a total of 1,509 shareholders (1,240). During the year, trading in the Company's shares amounted to EUR 6,255 thousand (2,825), which is an average of EUR 24,823 per trading day (11,212).

Trading in shares totaled 3,323,915 shares (1,403,426). Turnover in shares corresponds to 27.7% (11.7) of the total shares outstanding and the average price was EUR 1.88 per share (2.01). The highest closing price of the year was EUR 2.38 (2.50) and the lowest EUR 1.48 (1.60).

At the end of the year, the total market value of the Company's outstanding shares was EUR 22,178 thousand at the closing price of EUR 1.85. In November 2021, QPR Software received a notification from Umo Capital Oy pursuant to Chapter 9, Section 5 of the Finnish Securities Markets Act (SMA), stating that its direct holding of the shares and votes in QPR Software has decreased to less than ten (10) percent.

Major shareholders of QPR Software Plc, December 31, 2021 *

Registered shareholders	No. of shares	% of shares and votes
Oy Fincorp Ab	1,802,994	14.49
Leskinen, Vesa-Pekka:	1,326,570	10.66
Leskinen, Vesa-Pekka	*851,400*	*6.84*
Kauppamainos Oy	*475,170*	*3.82*
Umo Capital Oy	971,900	7.81
AC Invest Oy	904,242	7.27
Pelkonen, Jouko Antero:	774,400	6.22
Pohjolan Rahoitus Oy	*774,000*	*6.22*
Pelkonen, Jouko Antero	*400*	*0.00*
Siilasmaa Risto Kalevi	604,000	4.85
Lamy Oy	553,249	4.45
Junkkonen, Kari Juhani	512,016	4.11
QPR Software Oyj	457,009	3.67
Laakso, Janne Juhani	408,232	3.28
Piekkola, Asko	310,438	2.49
Leskinen, Veli-Mikko	232,530	1.87
Kempe, Anna Carita	120,000	0.96
Kempe, Pia Pauliina	70,000	0.56
Puranen, Tommi Petteri	60,225	0.48
Becker, Kai-Erik Wilhelm	52,494	0.42
Hirvilammi, Hannu Esa	50,000	0.40
Kauppilan Turki Oy	38,112	0.31
Kaski Marko Petter	37,975	0.31
Investment Fund Nordea Nordic Small Cap	37,334	0.30
20 largest, total	**9,323,320**	**74.92**
Other shareholders	3,121,543	25.08
TOTAL	**12,444,863**	**100.00**

** excluding nominee registered shareholders*

Distribution of shareholding by size, December 31, 2021

	Shareholders:		Shares and votes:	
Number of shares	Number	%	Number	%
1 – 500	993	65.8	135,241	1.1
501 – 1,000	204	13.5	167,498	1.3
1,001 – 5,000	222	14.7	541,910	4.4
5,001 – 10,000	33	2.2	253,024	2.0
10,001 – 50,000	39	2.6	854,028	6.9
50,001 – 100,000	3	0.2	182,719	1.5
100,001 – 1,700,000	15,0	1.0	10,310,443	82.8
Total	**1,509**	**100**	**12,444,863**	**100**
of which nominee-registered	7		1,389,164	11.2

Distribution of shareholding by sector, December 31, 2021

	Shareholders:		Shares and votes:	
Sector	Number	%	Number	%
Private companies	46	3.0	3,760,770	30.2
Financial and insurance institutions	7	0.5	3,737,116	30.0
Households	1,445	95.8	4,863,312	39.1
Non-profit organizations	2	0.1	30,001	0.2
European Union	4	0.3	46,625	0.4
Other countries	5	0.3	7,039	0.1
Total	**1,509**	**100**	**12,444,863**	**100**
of which nominee-registered	7		1,389,164	11.2

QPR Software shareholding by insiders and closely related persons, December 31, 2021

Name and position	Number of shares	By controlled entities	By closely related persons *)	Stock options 2019 A	2019 B
Pertti Ervi, Chairman of the Board	0	0	0	0	0
Matti Heikkonen, Member of the Board	0	0	0	0	0
Antti Koskela, Member of the Board	0	0	0	0	0
Juka Tapaninen, Member of the Board	0	0	0	0	0
Miika Karkulahti, Principal Auditor	0	0	0	0	0
Jussi Vasama, Chief Executive Officer	0	0	0	130,000	135,000
Insiders by definition					
Tero Aspinen, VP, Executive Management Team	0	0	0	30,000	33,000
Matti Erkheikki, SVP, Executive Management Team	0	0	2,000	65,000	65,000
Päivi Vahvelainen, CFO, Executive Management Team	0	0	0	50,000	50,000
Harri Ruuska, SVP, Executive Management Team	0	0	0	50,000	50,000
Pekka Keskiivari, SVP, Executive Management Team	1,450	0	0	50,000	50,000
Insider ownership in total	**1,450**	**0**	**2,000**	**375,000**	**383,000**

** Shares held by spouses and persons under guardianship*

OWN SHARES

In 2021, the Company did not repurchase any of its own shares publicly traded on Nasdaq Helsinki (0).

At the end of the year, the Company held 457,009 of its own shares with a total nominal value of EUR 50,271 and a total purchase price of EUR 439,307. The shares held by the Company (treasury shares) represent 3.7% of the Company's share capital and votes.

At the Annual General Meeting held on March 25, 2021, the Board of Directors were authorized to decide on the conveyance of the Company's own shares (share issue) either in one or several occasions. The share issue can be carried out as a share issue against payment or without, as determined by the Board of Directors.

GOVERNANCE

QPR Software Plc's (QPR's) management practices reflect sound corporate governance and high ethical principles. They comply with the regulatory rules related to the management of public companies, such as the Finnish Companies Act, the Market Abuse Regulation, and the Securities Markets Act. Also, QPR's Articles of Association, as well as the Finnish Corporate Governance Code (effective as of January 1, 2020) and the Guidelines for Insiders (effective as of January 1, 2021) maintained by the Finnish Securities Market Association, are incorporated, as described on the Company's investor pages.

QPR Software has issued a separate Corporate Governance Statement for 2021.

The corporate governance statement is issued separately from the report of the Board of Directors. QPR's Board has addressed the corporate governance statement in the Board meeting held on February 15, 2022.

The Company's management practices as well as the Corporate Governance Statement are available on the investor section of the Company's website (www.qpr.com/investors).

The investor pages also contain information on the management of the insider register, major shareholders, the Articles of Association, the Charter of the Board, internal control and internal audit procedures, presentations of Board members and the Executive Management Team, a summary of the Company's Disclosure Policy, and all press and stock exchange releases issued during the financial year.

ANNUAL GENERAL MEETING

In March 2021, QPR's Board of Directors issued a notice to convene the Annual General Meeting on Thursday March 25, 2021. The Board resolved to organize the meeting with exceptional practices based on the temporary legislation approved by the Finnish Parliament. To prevent the spreading of the COVID-19 pandemic, the Annual General Meeting was held without the shareholders being present. Shareholders were given the possibility to participate and exercise their rights in the meeting by way of proxy representation, and by submitting counterproposals and questions in advance.

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

It was decided at the Annual General Meeting that the Board of Directors will consist of four (4) members and the elected members are Pertti Ervi, Matti Heikkonen, Antti Koskela, and Jukka Tapaninen. The term of office ends at the close of the next Annual General Meeting. At its organizing meeting, the Board of Directors elected Pertti Ervi as the Chairman of the Board.

Once again, the Authorized Public Accountants, KPMG Oy Ab, were elected at the Annual General Meeting as QPR Software's auditor with Miika Karkulahti, Authorized Public Accountant, as principal auditor. The auditor's term of office ends at the close of the next Annual General Meeting.

The Board of Directors were authorized at the Annual General Meeting to decide on the conveyance of the Company's own shares (share issue) either in one or several occasions. The share issue can be carried out as a share issue against payment or without, as determined by the Board of Directors.

A stock exchange release was issued on March 25, 2021, detailing all authorizations given to the Board of Directors as well as all decisions made at QPR Software Plc's Annual General Meeting. The release can be found in the investor section of the Company's website (https://www.qpr.com/company/investors#stock-exchange).

MANAGEMENT AND AUDITORS

The Executive Management Team (EMT) of QPR Software Plc consisted of Chief Executive Officer Jari Jaakkola (Chairman until September 30, 2021), Chief Executive Officer Jussi Vasama (Chairman as of October 1, 2021), VP Middle East business and performance management solutions Tero Aspinen, SVP Process Mining and Strategy Management Matti Erkheikki, SVP Products and Technology Pekka Keskiivari, Chief Financial Officer Päivi Vahvelainen, and SVP Operational Development Business Harri Ruuska.

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

SHARES HELD BY THE BOARD AND CEO

On December 31, 2021, QPR Software Plc's board members, the Chief Executive Officer, and persons and entities closely related to them did not hold any shares in QPR Software Pc (December 31, 2020: 12.66%). The amounts include own holdings, holdings of spouses, persons under guardianship, and controlled entities.

AUTHORIZATION OF THE BOARD OF DIRECTORS

At QPR Software Plc's Annual General Meeting held on March 25, 2021, the Board of Directors were authorized to decide on the conveyance of the Company's own shares (share issue) either in one or several occasions. The share issue can be carried out as a share issue against payment or without, as determined by the Board of Directors.

The authorization also includes the right to issue special rights, as defined in Chapter 10 Section 1 of the Companies Act, which entitle the holder to receive the company's own shares in return for payment.

The stock exchange release issued on March 25, 2021, details all authorizations given to QPR Software Plc's Board of Directors at the Annual General Meeting. The release can be found in the investor section of the Company's website (https://www.qpr.com/company/investors#annual-general-meeting).

INTERNAL CONTROL

The Group's internal control and risk management aim to ensure that the Group operates efficiently and effectively, distributes reliable information, complies with regulations and operational principles, reaches its strategic goals, reacts to changes in the market and operational environment, and ensures continuity of its business.

It is the duty of the Board of Directors to monitor the appropriateness, effectiveness and efficiency of risk management and internal control within the Group. A risk management report covering the risks described in the Risk Management section is presented to the Board every quarter with quarterly results.

The Board assesses the risks based on the threat they pose to shareholders. The Board also oversees that the Company has defined operating principles for internal control and that the Company monitors the effectiveness of controls.

RISK MANAGEMENT

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

QPR's risk management aims to systematically and comprehensively identify the risks related to its operations and to ensure that risks are managed and considered in decision making. Risk management responsibilities are integrated throughout the organization. Risk management is developed by continuously improving the Company's operational processes.

The principle of materiality is used as the basis for identifying risks: the realization of monitored risks must have a material effect on the Company's business operations.

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

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

RISKS RELATED TO BUSINESS OPERATIONS

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

Country risk
Risk is measured by assessing the potential loss of country-specific revenue. Risk is managed by continuously gathering market information and diversifying business across geographical markets and industries.

Customer risk
Risk is measured in terms of software maintenance customer churn and the share of overdue accounts receivable in total receivables (%). Risk is managed by taking good care of every customer and reseller, as well as by actively following up on accounts receivable.

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

Legal risk
Risk is measured by comparing the cumulative euro-value of all open legal disputes with annual net sales (%). Risk is managed with good knowledge of contract law and standard terms, and by conducting business activities that are both ethical and in line with Company values. QPR's country and customer risks are mitigated by conducting business in more than 50 countries, in both public and private sectors, as well as in several different industries.

Reasonable credit risk concerning individual business partners is characteristic to any international business. QPR seeks to limit this risk by continuously monitoring standard payment terms, receivables, and credit limits.

The value of trade receivables over 60 days past due was 17% (22) of total trade receivables at the end of the quarter.

RISKS RELATED TO INFORMATION AND PRODUCTS

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

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

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

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

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

Information and security risks
QPR Software regularly monitors and mitigates information security risks in its operations and reports to the Board of Directors. We use both governance practices as well as technology to improve the security of our systems. To mitigate information security risks, we have adopted data and vendor governance models, conducted annual audits of our partners, and organized relevant in-house training to improve security awareness. There have not been any significant changes in QPR's information and product related risks in 2021.

In November, QPR Software was awarded with the ISO 27001 Information Security Certification for the design, marketing, and delivery of software services and solutions.

The international ISO 27001 standard contains requirements for establishing, implementing, maintaining, and continually improving an information security management system. The information security management system preserves the confidentiality, integrity, and availability of information by applying a risk management process and gives confidence to interested parties that risks are adequately managed. QPR Software's ISO 27001 certificate was issued after the completion of a formal audit performed by Bureau Veritas, an independent and accredited certification body active in 140 countries with more than 78,000 employees.

RISKS RELATED TO FINANCING

QPR Software has identified the following two financing risks:

Currencies
Foreign currency risk is measured by calculating the share of all non-euro receivables in total receivables, or the share of an individual non-euro currency in total receivables (%). The risk is managed by using the euro as the primary invoicing currency and by currency hedging in accordance with the Company's hedging policy. The company constantly monitors how the open positions of the biggest invoicing currencies develop. At the end of the financial year, the Company had not hedged its foreign currency (non-euro) trade receivables. Approximately 75% of the Group's trade receivables were in euro at the end of the financial year (68).

Short-term cash flow
The risk is measured based on the forecasted

cash flow. The risk is managed by actively monitoring the forecast and effectively collecting overdue receivables.

The risks related to the Company's financial position are mitigated by recurring revenue representing a relatively large share of net sales. The management of financial risks in 2021 is described in more detail in Note 30.

LEGAL DISPUTES

In 2021 and 2020, the Company did not have any legal disputes.

OUTLOOK FOR 2022

The exceptional circumstances caused by the COVID-19 pandemic continue to affect new customer acquisition in early 2022. However, there are signs of customer decision making normalizing in the procurement of Process Mining software. Based on the growing number of outstanding offers, recurring customer revenue, and consulting booking levels, QPR expects its net sales to grow in 2022 (2021: EUR 9,140 thousand) supported by growth in SaaS revenue. However, due to a single software license deal of about EUR 0.5 million recognized in the first quarter of 2021, we expect the first quarter net sales and results of 2022 to fall short when compared year on year.

THE BOARD OF DIRECTORS' PROPOSAL ON DIVIDEND

At the end of the financial year 2021, the distributable funds of the parent company were EUR -177,736 thousand. The Board of Directors will propose at the Annual General Meeting that no dividend is to be paid for the financial year 2021.

There have not been any material changes in the Company's financial position after the end of the financial year.

EVENTS AFTER THE REPORTING PERIOD

At the end of the financial year on December 28, 2021, the Company announced that it would start company-wide co-operation negotiations in Finland in accordance with the Finnish Co-operation Act. The goal was to change the Company's organizational structure to enable effectively executing investment aiming at the Company's growth and operational scalability.

The Company announced the end of the negotiations on January 20, 2022. As a result of the negotiations, the organization will start operating based on its new functional structure as of February 1, 2022. The negotiations concerned 81 people and resulted in a decision to terminate the employment of a total of three (3) people and to create eight (8) new positions. The company estimates that the non-recurring costs related to the restructuring of operations may amount to a maximum of EUR 100,000. Non-recurring costs will be recognized in first quarter results.

In the beginning of the year, the Company renegotiated a revolving credit facility (EUR 1.5 million) with Nordea. The agreement was signed in February 2022.

On February 14, 2022, the Company announced a profit warning due to the reassessment of a major project's revenue recognition made in connection with preparing financial statements, as well as write-downs related to the goodwill of Nobultec Oy, acquired in 2011, and the balance sheet value of capitalized product development expenses.

QPR SOFTWARE

FINANCIAL STATEMENTS

2021

Consolidated Comprehensive Income Statement, IFRS

(EUR 1,000)	Note	**2021**	2020
Net sales	3	**9,140**	**8,971**
Other operating income	4	0	100
Materials and services	6	1,106	1,422
Employee benefit expenses	7	6,824	6,649
Depreciation and amortization	9	1,489	1,183
Other operating expenses	10	968	753
Total expenses		10,388	10,007
Operating Result		**-1,248**	**-936**
Financial income	11	3	27
Financial expenses	11	-111	-43
Financial items, net		-108	-16
Result before tax		-1,356	-952
Income taxes	12	0	140
Result for the financial year		**-1,356**	**-812**
Other items in comprehensive income that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		0	-2
Other items in comprehensive income, net of tax		**0**	**-2**
Total comprehensive income for the financial year		**-1,356**	**-814**
Earnings per share, EUR			
Undiluted, EUR	13	-0.113	-0.068
Diluted, EUR	13	-0.113	-0.068

Consolidated Balance Sheet, IFRS

(EUR 1,000)	Note	**2021**	2020
ASSETS			
Non-current assets			
Capitalized product development expenses	14	1,704	1,801
Other intangible assets	14	8	9
Goodwill	15	358	513
Tangible assets	16	319	387
Other investments	17	5	5
Deferred tax assets	19	273	273
Total non-current assets		**2,666**	**2,986**
Current assets			
Trade and other receivables	20	2,694	2,901
Cash and cash equivalents	21	441	185
Total current assets		**3,135**	**3,086**
Total assets		**5,800**	**6,072**
EQUITY AND LIABILITIES			
Equity			
Share capital	23	1,359	1,359
Other funds		21	21
Treasury shares		-439	-439
Translation difference		-68	-69
Invested non-restricted equity fund		5	5
Retained earnings		-448	881
Equity attributable to shareholders of the parent company		**430**	**1,759**
Current liabilities			
Trade and other payables	25	3,689	3,366
Interest-bearing liabilities	24	1,682	947
Total current liabilities		**5,370**	**4,313**
Total liabilities		**5,370**	**4,313**
Total equity and liabilities		**5,800**	**6,072**

Consolidated Cash Flow Statement, IFRS

(EUR 1,000)	Note	**2021**	2020
Cash flow from operating activities			
Result for the period		-1,356	-812
Adjustments for the result			
Depreciation		1,489	1,183
Other adjustments	27	29	-49
Changes in working capital:			
Increase (-)/decrease (+) in short-term non-interest bearing receivables		390	165
Increase (+)/decrease (-) in short-term non-interest bearing liabilities		323	-120
Interest expense and other financial expenses paid		-164	-40
Interest income and other financial income received		3	27
Taxes paid		-22	-21
Net cash flow from operating activities		**692**	**334**
Cash flow from investing activities			
Acquisition of tangible assets		-83	-158
Capitalized development expenses		-856	-825
Acquisition of other intangible assets		-3	-115
Net cash flow from in investing activities		**-942**	**-1,098**
Cash flow from financing activities			
Proceeds from borrowings	24	1,500	700
Repayments of borrowings	24	-991	-761
Net cash used in financing activities		**509**	**-61**
Change in cash and cash equivalents		**258**	**-825**
Cash and cash equivalents at the beginning of year		**185**	**1,035**
Effect of exchange rate differences		-2	-25
Cash and cash equivalents at the end of year	21	**441**	**185**

Parent Company Income Statement, FAS

(EUR)	Note	**2021**	2020
Net sales	3	**8,705,482**	**8,417,451**
Other operating income	4	607,195	660,179
Material and services	6	2,743,535	2,934,511
Personnel expenses	7	4,933,338	4,780,583
Depreciation and amortization	9	156,563	168,718
Other operating expenses	10	1,915,889	1,716,654
Total expenses		9,749,326	9,600,466
Operating result		**-436,649**	**-522,836**
Financial income and expenses	11	-146,387	49,010
Result before appropriations and taxes		**-583,036**	**-473,826**
Result before taxes		**-583,036**	**-473,826**
Income taxes	12	0	79,314
Result for the financial year		**-583,036**	**-394,512**

Parent Company Balance Sheet, FAS

(EUR)	Note	**2021**	2020
ASSETS			
Non-current assets			
Intangible assets	14	190,526	259,085
Tangible assets	16	171,030	175,580
Investments in group companies	17	3,581,263	3,581,263
Other investments	17	4,562	4,562
Total non-current assets		3,947,381	4,020,490
Current assets			
Non-current receivables	18,19	225,000	391,817
Current receivables	20	2,700,517	2,770,827
Cash and cash equivalents	21	384,421	65,640
Total current assets		3,309,938	3,228,284
TOTAL ASSETS		**7,257,319**	**7,248,774**
EQUITY AND LIABILITIES			
Equity			
Share capital	23	1,359,090	1,359,090
Invested unrestricted equity fund		5,347	5,347
Retained earnings		839,261	1,400,518
Treasury shares		-439,307	-439,307
Result for the financial year		-583,036	-394,512
Total equity		**1,181,355**	**1,931,136**
Liabilities			
Current liabilities	24,25	6,075,964	5,317,638
Total liabilities		**6,075,964**	**5,317,638**
TOTAL EQUITY AND LIABILITIES		**7,257,319**	**7,248,774**

Parent Company Cash Flow Statement, FAS

(EUR)	**2021**	2020
Cash flow from operations		
Operating result	-436,649	-522,836
Adjustment for the period:		
Depreciation and amortization	156,563	168,718
Financial items, net	-146,387	-14,402
Taxes paid	-	-
Cash flows before change in working capital	-426,473	-368,520
Change in working capital		
Increase (-) / decrease (+) in current receivables	445,577	-173,998
Increase (-) / decrease (+) in current liabilities	408,589	-174,598
Change in long-term receivables, non-interest bearing	-	120,686
Change in net working capital	854,166	-227,910
Net cash from operating activities	**427,694**	**-596,430**
Cash flows from investing activities		
Investments in intangible assets	-	-2,505
Purchases of tangible assets	-83,454	-157,571
Investments in subsidiary shares	-	-111
Investments in subsidiary loans granted	-825,530	-303,329
Net cash used in investing activities	**-908,983**	**-463,516**
Cash flows from financing activities		
Proceeds from current loans and borrowings	1,500,000	700,000
Repayments of short-term borrowings	-700,000	-500,000
Dividends paid	71	70
Cash flows from financing activities	**800,071**	**200,070**
Change in cash and cash equivalents	**318,781**	**-859,876**
Cash and cash equivalents at the beginning of the year	**65,639**	**925,515**
Cash and cash equivalents at the end of the year	**384,421**	**65,639**

Statements of Changes in Equity

Consolidated statement of changes in equity, IFRS

(EUR 1,000)	Share capital	Other funds	Translation differences	Treasury shares	Invested unre-stricted equity fund	Retained earnings	Equity attributable to share-holders of the parent company
Equity Dec 31, 2019	**1,359**	**21**	**-66**	**-439**	**5**	**1,882**	**2,762**
New IFRS standards, cloud service investments						-245	-245
Adjusted equity Dec 31, 2019	**1,359**	**21**	**-66**	**-439**	**5**	**1,637**	**2,517**
Dividends paid						0	0
Stock option scheme						56	56
Comprehensive income			-3			-812	-814
Equity Dec 31, 2020	**1,359**	**21**	**-69**	**-439**	**5**	**881**	**1,759**
Dividends paid						0	0
Stock option scheme						26	26
Comprehensive income			0			-1,356	-1,356
Equity Dec 31, 2021	**1,359**	**21**	**-68**	**-439**	**5**	**-449**	**430**

Parent company statement of changes in shareholders' equity, FAS

(EUR)	Restricted equity: Number of shares	Restricted equity: Share capital	Unrestricted equity: Treasury shares	Unrestricted equity: Invested unrestricted equity fund	Unrestricted equity: Retained earnings	Unrestricted equity: Total unrestricted equity	Total equity
Equity Jan 1, 2020	12,444,863	1,359,090	-439,307	5,347	1,400,447	966,487	2,325,577
Dividends paid					70	70	70
Result for the year					-394,512	-394,512	-394,512
Equity Dec 31, 2020	12,444,863	1,359,090	-439,307	5,347	1,006,005	572,046	1,931,136
Dividends paid					0	71	71
Deferred taxes for previous financial years*						-166,817	-166,817
Result for the year					0	-583,036	-583,036
Equity Dec 31, 2021	12,444,863	1,359,090	-439,307	5,347	1,006,005	-177,735	1,181,355

**deffered tax, change of the accounting principle.*

NOTES TO FINANCIAL STATEMENTS

COMPANY INFORMATION

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

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

QPR Software Plc's Board of Directors have approved the financial statements for publication on February 15, 2022. Shareholders have the right to approve or reject financial statements in the Annual General Meeting, or decide to revise them.

1. ACCOUNTING PRINCIPLES FOR CONSOLIDATED FINANCIAL STATEMENT

Basis of preparation
QPR Software Plc's Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and take into account the IAS and IFRS standards, as well as SIC and IFRIC interpretations, valid as of December 31, 2021. In the Finnish accounting legislation, International Financial Reporting Standards refer to standards and interpretations accepted to be followed in the European Union in accordance with Regulation (EC) No 1606/2002.

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

New accounting principles, which have been applied in the financial year ending on December 31, 2021.

Configuration or Customization Costs in a Cloud Computing Arrangement – IAS 38 Intangible Assets (effective immediately)

The agenda decision issued by the IFRS Interpretations Committee in April 2021 clarifies how a customer accounts for costs of configuring or customizing the supplier's application software in a Software as a Service (SaaS) arrangement. The agenda decision addresses whether the company that purchased the service can recognize an intangible asset in its balance sheet and, if not, how the configuration or customization costs are accounted for. Agenda decisions are expected to be applied as soon as possible after their publication.

QPR adopted the standard, and retrospectively changed its accounting practices for cloud computing arrangements in 2019 so that EUR 309,664.81 was transferred to equity in the beginning of 2020 and depreciation for 2020 was adjusted by EUR 65,075.97 (see Note 14).

New and amended standards and interpretations adopted in 2021
From the beginning of 2021, the Group has applied the following new and revised standards and interpretations.

The following new and revised standards and interpretations did not have a significant impact on the consolidated financial statements.

COVID-19 Related Rent Concessions beyond June 30, 2021 – Amendments to IFRS 16 Leases (effective starting from April 1, 2021 on financial years beginning on or after January 1, 2021).

Lessees can elect to account for rent concessions as if they were not lease modifications, provided that rent concessions occur as a direct consequence of the COVID-19 pandemic and the defined criteria are met.

Consolidation principles
The Consolidated Financial Statements include the parent company, QPR Software Plc, and the subsidiaries it controls. Regarding subsidiaries, parent company control is based on full ownership of the share capital or a majority holding. The Company did not own shares in

joint ventures or associated companies in 2021 and 2020.

Subsidiaries acquired during the financial period are consolidated from the date on which control is obtained, and divestments are included until the date on which control ceases. Intragroup shareholdings are eliminated using the acquisition cost method. Intercompany business transactions, receivables, liabilities, unrealized profits, as well as intragroup profit distribution, are eliminated in the Consolidated Financial Statements. The profit for the financial year applicable to non-controlling interests is presented separately in the consolidated comprehensive income statement, and the share of the non-controlling interest in shareholders' equity is presented separately in the consolidated balance sheet. The Group's subsidiaries did not have any non-controlling interests in 2021 and 2020.

Continuity of operations
The Consolidated Financial Statements have been prepared in accordance with the principle of continuity, considering the renewed EUR 1.5 million revolving credit facility until 2023 from Nordea, which was presented in the events after the reporting period.

Foreign currency translation
The functional currency of foreign subsidiaries' is the local bookkeeping currency.

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

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

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

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

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

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

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

Software license revenue arising under a contract of indefinite duration and invoiced upfront for the invoicing period is recognized in accordance with its performance obligations which are license, maintenance, and cloud (SaaS) services. License part of the revenue is recognized at a point in time, in the beginning of each invoicing period, however not earlier than delivery is performed. Maintenance part as well as cloud services in total are recognized over time, evenly during the contract period.

Software maintenance services covering software updates and customer support is recognized over time, evenly during the agreement period. Cloud services (SaaS) in totality are recognized over time, as the performance obligation is the service rendered over time.

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

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

Other operating income
Other operating income includes income that

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

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

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

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

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

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

Goodwill is not amortized but its recoverable amount is estimated annually or more frequently if circumstances indicate that the value may be impaired. Such estimate is prepared at least at each annual closing. For such purposes, goodwill is allocated to cash-generating units. An impairment loss is recognized in the consolidated comprehensive income statement, if the impairment test shows that the carrying amount of goodwill exceeds its recoverable amount. In this case the goodwill is recorded at its recoverable amount. After the initial recognition, goodwill is valued at original acquisition cost, less impairment losses recognized. Impairment losses on goodwill cannot be reversed.

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

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

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

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

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

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

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

The Group didn't capitalize any borrowing costs in 2021 and 2020.

Useful lifetimes of tangible assets:

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

Lease agreements
As of January 1, 2019, the Group has adopted the IFRS 16 standard on leases. According to the standard, a contract is or contains a lease if the Group has a right to control the use of an identified asset for a certain period of time in exchange for consideration. When determining the non-cancellable period, the Group assesses the probability of exercising extension and termination options by considering all relevant facts and circumstances.

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

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

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

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

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

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

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

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

Derivative contracts
Derivative contracts are initially recognized at fair value on the date on which the Group becomes party to the contract and are subsequently measured at fair value. The Group has no derivative contracts in 2021 and 2020.

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

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

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

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

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

Accounting principles that require management consideration, and essential factors of uncertainty related to management estimates
The preparation of financial statements according to IFRS requires management to make estimates and assumptions that affect the reported assets and liabilities on the balance sheet, as well as the financial year's income and expenses. In addition, professional judgment is required in applying accounting principles. Since the estimates and assumptions are based on the business outlook at the close of the financial year, they include risks and uncertainties. Estimates and assumptions may not be realized.

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

Learn more about the key areas that required management consideration:
- Share-based payments and option schemes (Note 8)
- Product development expenditure (Note 14)
- Goodwill (Note 15)
- Deferred tax (Note 19)
- Trade receivables (Note 20)
- Leases (Note 29)
- Financial risk management (Note 31)

Adoption of new or revised IFRS standards
The Group has not yet adopted the following already published new or amended standards and interpretations. The Group will adopt them immediately after the standard or interpretation is effective or, when applicable, at the beginning of the next financial year. (*= On December 31, 2021, the standard in question was not yet approved for adoption in EU)

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

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

The amendments clarify that when a provision is made for an onerous contract based on inevitable expenses, the cost of fulfilling the contract shall include direct incremental costs, as well as an allocation of other direct costs incurred Annual Improvements to IFRS Standards 2018–2020 cycle* (effective for financial years beginning on or after January 1, 2022)

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

- IFRS 9 Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities: The amendment clarifies that – for the purpose of performing the '10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
- IFRS 16 Leases, example 13: The amendment removes from example the Lessor's reimbursement for payments related to leasehold improvements, as the example was unclear as to whether the reimbursement would meet the definition of a lease incentive.

Reference to the Conceptual Framework – Amendments to IFRS 3 Business Combinations (effective for financial years beginning on or after January 1, 2022)

The amendment updates the reference in IFRS 3 and contains a reference to the clarifications provided in the amendments.

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

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

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

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

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

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

Deferred Tax related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes * (effective for financial years beginning on or after January 1, 2023)

Amendments narrowed the scope of the recognition exemption and clarify that it no longer applies to transactions, such as leases for the lessee and decommissioning obligations, that give rise to equal taxable and deductible temporary differences.

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

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

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

ACCOUNTING PRINCIPLES OF PARENT COMPANY FINANCIAL STATEMENTS

Financial statements of the parent company, QPR Software Plc, have been prepared in accordance with Finnish Accounting Standards (FAS), which differ in certain respects from the international standards (IFRS) used in the Consolidated Financial Statements.

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

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

Revenue recognition
The parent company applies the same principles of revenue recognition as the Group. The Group's principles of revenue recognition are introduced in Note 1, page 36.

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

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

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

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

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

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

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

Leasing
Lease payments are treated as expenses during rental period.

2. SEGMENT INFORMATION

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

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

Group (EUR 1,000)	**2021**	2020
Net sales by operating segment		
Operational development of organizations	9,140	8,971
Total net sales	**9,140**	**8,971**

3. NET SALES

Net sales by product group

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

	Group, IFRS (EUR 1,000)		**Parent company, FAS** (EUR)	
	2021	2020	**2021**	2020
Software licenses	1,317	1,344	1,232,970	1,303,706
Renewable software licenses	797	900	461,473	576,922
Software maintenance services	2,034	2,195	1,790,424	2,028,270
Cloud services	1,283	1,081	1,511,399	1,057,022
Consulting services	3,710	3,452	3,709,216	3,451,532
Total net sales	**9,140**	**8,971**	**8,705,482**	**8,417,451**

Net sales by geographic area

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

Finland	4,614	4,718	4,620,337	4,717,542
Europe incl. Russia and Turkey	2,689	2,474	2,352,278	2,001,304
Rest of the world	1,837	1,780	1,732,867	1,698,605
Total net sales	**9,140**	**8,971**	**8,705,482**	**8,417,451**

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

4. OTHER OPERATING INCOME

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2021	2020	**2021**	2020
Grants and subsidies	-	100	-	99,962
Other items	-	-	607,195	560,217
Total	**0**	**100**	**607,195**	**660,179**

In 2020, grants include a EUR 100 thousand public grand from Business Finland.
The other items include intra-group service charges from the parent company.

5. ACQUIRED BUSINESS OPERATIONS, PARENT COMPANY

A subsidiary, QPR Software Limited, was established in the UK in 2020. In 2021, no business acquisitions were made.

6. MATERIALS AND SERVICES

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2021	2020	**2021**	2020
Materials and services	1,106	1,422	2,743,535	2,934,511

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

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

7. EMPLOYEES AND RELATED PARTIES

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2021	2020	**2021**	2020
Wages and salaries	5,691	5,648	4,107,826	4,055,644
Pension expenses - defined contribution plans	947	818	687,897	582,632
Other personnel expenses	185	183	137,615	142,308
Total	**6,824**	**6,649**	**4,933,338**	**4,780,583**
Average number of employees during the year	80	86	54	57

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

The Group does not have any loans, commitments or guarantees granted to or received from related parties. The Group has not had business transactions with related parties in 2021 and 2020.

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

Salaries, bonuses, fringe benefits and change in vacation bonus and bonus accruals for management
The Group has determined management to include members of the Board of Directors and the Executive Management Team, including the Chief Executive Officer.

	Group, IFRS (EUR 1,000)		**Parent company, FAS** (EUR)	
	2021	2020	**2021**	2020
Salaries and other short-term benefits:				
Members of the Board of Directors	89	76	88,759	75,704
Chief Executive Officer Jari Jaakkola	159	192	158,694	192,136
Chief Executive Officer Jussi Vasama	76	0	75,939	0
Executive Management Team	600	589	599,629	588,681
Total	**923**	**857**	**923,021**	**856,521**

	Parent company, FAS (EUR)	
	2021	2020
Board fees by member:		
Ervi Pertti, Chairman of the Board	28,482	0
Heikkonen Matti	14,241	0
Koskela Antti	14,241	0
Tapaninen Jukka	14,241	0
Leskinen Vesa-Pekka, Chairman of the Board, until March 25, 2021	5,851	25,232
Piela Topi, until March 25, 2021	3,901	16,824
Rajala Jarmo, until March 25, 2021	3,901	16,824
Vainio Salla, until March 25, 2021	3,901	16,824
Total	**88,759**	**75,704**

It was decided at the Annual General Meeting of QPR Software Plc held on March 25, 2021, that the Chairman of the Board is paid a monthly remuneration of EUR 3,090 (2020: 2,102) and other members of the Board are paid EUR 1,545 each (2020: 1,402). No separate meeting fees are paid.

The Company does not have any exceptional pension arrangements for the CEO. Pension expenses, based on the CEO's salary and bonuses and the Finnish pension legislation, amounted to EUR 38 thousand in 2021 (2020: EUR 26 thousand).

The notice period for the CEO is four (4) months. Compensation upon termination is equivalent to six (6) months' salary during the first year and eight (8) months' salary after the first year. Other members of the Group's Executive Management Team do not enjoy special benefits related to the termination of their contracts.

In 2021, the maximum annual bonus for members of the Executive Management Team, including the CEO, was 40% of the annual base salary. The CEO, who started in October 2021, was paid a fixed target salary. The bonus scheme for members of the Executive Management Team was based on the development of the Group's net sales and the net sales and new sales of the business units in 2021. For the financial year 2021, about EUR 53 thousand (2020: EUR 13 thousand) will be paid to the Executive Management Team, including the CEO.

8 . SHARE BASED PAYMENTS

Option scheme
In the beginning of 2019, the Group adopted a new option plan for key employees. The stock options are intended to form part of the Group's incentive and commitment program for key employees. The purpose of the stock options is to encourage key employees to work for increasing the shareholder value in the long term, and to retain key employees at the Company.

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

The number of shares subscribed by exercising stock options corresponds to a maximum of 6.81% of the Company's shares and votes after possible share subscriptions, if new shares are issued in the share subscription. As a result of the share subscriptions with stock options, the number of the Company's shares may increase by a maximum of 910,000 shares, if new shares are issued in the share subscription.

The share subscription price for stock options marked 2019A is EUR 1.70 per share, which corresponded to the market price of the Company's share at the time of launching the option plan. The share subscription price for stock options marked 2019B is EUR 2.55 per share, which is 50% higher than the market price of the Company's share. The share subscription price will be credited to the reserve for the company's invested unrestricted equity. The share subscription price will be deducted by the amount of dividends and distribution of assets paid.

The subscription period for stock options marked 2019A will be January 1, 2022 – January 31, 2023; and for stock options marked 2019B January 1, 2023 – January 31, 2024.

The theoretical market value of one stock option 2019A is approximately EUR 0.31 per stock option and of one stock option 2019B, approximately EUR 0.11 per stock option. The theoretical market value of stock options 2019 is approximately EUR 187,500 in total. The theoretical market value of one stock option has been calculated using the Black & Scholes stock option pricing model by taking into account the share subscription price of a stock option and the following input factors: share price EUR 1.70, risk free interest rate 0%, the time to maturity of stock options approximately 4 years and 5 years, and volatility approximately 22%.

A member of the Executive Management Team participating in the stock option plan must increase their share ownership in the company with the net profit received through the stock options. They must invest half of the net profit received through the stock options in the Company's shares until their share ownership in the company corresponds to the value of their annual gross salary. The share ownership must be maintained at such level for the duration of their employment or service.

The target group of the stock option plan includes in total less than 15 key employees and managerial persons. The 2019 terms and conditions of the stock options are available on the Company's website: www.qpr.com/investors.

Stock option schemes and subscription period	Stock options granted/ outstanding at end of the year	Returned/ exercised/ expired	Un-distributed	One option entitles to purchases shares	Share subscription price
2019A 1.1.2022 – 31.1.2023	437,000	2,000	0	1	1.70
2019B 1.1.2023 – 31.1.2024	473,000	30,000	0	1	2.55
Total	**910,000**	**32,000**	**0**		

9. DEPRECIATION AND AMORTIZATION

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2021	2020	**2021**	2020
Intangible assets	1,112	817	68,559	96,731
Tangible assets				
Machinery and equipment	88	72	88,004	71,987
Right-of-use assets, buildings	289	294	-	-
Total	**1,489**	**1,183**	**156,563**	**168,718**

Write-downs on assets worth EUR 372 thousand were booked in 2021. No write-downs on assets were booked in 2020.

10. OTHER OPERATING EXPENSES

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2021	2020	**2021**	2020
Non-statutory indirect employee costs	137	138	98,474	96,702
Premises	57	53	346,155	313,138
Travel expenses	32	28	28,412	23,107
Marketing and other sales promotion	153	136	153,190	136,018
Computers and software	435	427	427,037	410,440
External services	616	492	591,037	458,004
Doubtful receivables and bad debts	129	100	129,165	94,061
Capitalized product development expenses	-750	-825	-	-
Other expenses	158	204	142,419	185,185
Total	**968**	**753**	**1,915,889**	**1,716,654**

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

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
(EUR 1,000)	**2021**	2020	**2021**	2020
Auditing	32	44	27,045	40,771
Tax consulting	-	-	-	-
Other services	3	-	3,151	-
Total	**35**	**44**	**30,197**	**40,771**

The non-audit services performed by the statutory auditor KPMG Oy Ab during 2021 amounted to EUR 3,151 (2020: EUR 0).

The management and administrative service fees charged by the parent company are reported in other operating income, not as deductions in the other services.

Product development expenses incurred during the year

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
(EUR 1,000)	**2021**	2020	**2021**	2020
Expenses recognized in profit or loss	1,365	1,225	237,393	252,164
Capitalized expenses	750	825	0	0
Total	**2,115**	**2,050**	**237,393**	**252,164**

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

11. FINANCIAL INCOME AND EXPENSES

Recognized in profit or loss

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2021	2020	**2021**	2020
Interest income from loans and other receivables	0	2	130	5,997
Interest expenses from loans	-14	-7	-14,333	-6,181
Other financial income and expenses	-81	-12	-69,562	-10,192
Exchange rate differences	-12	-0	-62,622	59,386
Total	**-108**	**-16**	**-146,387**	**49,010**

Exchange rate differences in profit and loss

Exchange rate differences included in net sales	-23	-95	-25,373	-90,457
Exchange rate gains in financial income	3	24	1,454	65,160
Exchange rate losses in financial expenses	-15	-25	-64,076	-5,774
Total	**-36**	**-95**	**-87,995**	**-31,070**

12. INCOME TAXES

Recognized in profit or loss

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2021	2020	**2021**	2020
Current tax expense	1	-169	0	-107,384
Tax expense from previous years	-1	29	0	28,070
Withholding tax	-	-	-	-
Total	**0**	**-140**	**0**	**-79,314**

Reconciliation between the income tax expense in the comprehensive income statement and the tax expense calculated at the applicable corporate tax rate in Finland (20% in 2021 and 2020):

	Group, IFRS	
(EUR 1,000)	**2021**	2020
Result before tax	-1,356	-952
Income tax calculated at the Finnish corporate tax rate	271	190
Effect of different tax rates in foreign subsidiaries	-5	-4
Effect of IFRS 16	19	-31
Other items	-1	-16
Impact of change in Finnish witholding tax	0	0
Unrecognized deffered tax	-284	-
Tax expense in the comprehensive income statement	**-0**	**140**

13. EARNINGS PER SHARE

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

	Group, IFRS	
(EUR 1,000)	**2021**	2020
Result for the period attributable to shareholders of the parent company (EUR thousand)	-1,356	-813
Number of shares outstanding (1,000 pcs)	11,988	11,988
Earnings per share (EUR/share) Undiluted and diluted	-0.113	-0.068

In the beginning of 2019, the Company adopted a new key employee share option scheme. In 2021 and 2020, the stock option scheme did not have a dilutive effect.

14. INTANGIBLE ASSETS

Group (EUR 1,000), IFRS	Computer software*)	Other intangible assets	Capitalized product development	Total
Book value Jan 1, 2020*	**6**	**132**	**1,709**	**1,846**
Increases and decreases	0	-113	825	712
Amortization for the period	-2	-17	-734	-753
Acquisition cost Dec 31, 2020	1,061	2,596	7,507	11,164
Accum. amortization and write-downs Dec 31, 2020	-1,054	-2,594	-5,706	-9,355
Book value Jan 1, 2021	**7**	**2**	**1,801**	**1,809**
Increases and decreases	3	0	856	859
Write-downs in 2021	0	0	-218	-218
Amortization for the period	-3	-1	-735	-739
Acquisition cost Dec 31, 2021	1,064	2,596	8,363	12,023
Accum. amortization and write-downs Dec 31, 2021	-1,057	-2,595	-6,659	-10,312
Book value Dec 31, 2021	**7**	**1**	**1,704**	**1,711**

*Impact of new IFRS amendments, an adjustment of EUR 245 thousand made to equity for SaaS investments.

Parent company (EUR), FAS				
Book value Jan 1, 2020	**197,819**	**131,644**	**23,848**	**353,312**
Increases	114,825	-	-	114,825
Decreases	-	-112,320	-	-112,320
Amortization for the period	-64,546	-17,036	-15,149	-96,731
Acquisition cost Dec 31, 2020	1,331,427	1,552,592	365,293	3,249,312
Accum. amortization and write-downs Dec 31, 2020	-1,083,330	-1,550,304	-356,594	-2,990,226
Book value Jan 1, 2021	**248,098**	**2,288**	**8,699**	**259,087**
Increases	0	0	0	0
Decreases	0	0	0	0
Amortization for the period	-63,799	-1,281	-3,479	-68,559
Acquisition cost Dec 31, 2021	1,331,427	1,552,592	365,293	3,249,312
Accum. amortization and write-downs Dec 31, 2021	-1,147,128	-1,551,585	-360,073	-3,058,785
Book value Dec 31, 2021	**184,299**	**1,007**	**5,219**	**190,526**

15. GOODWILL

Group (EUR 1,000)	**2021**	2020
Acquisition cost Jan 1	513	513
Write-downs	-155	-
Acquisition cost Dec 31	358	513
Book value Dec 31	358	513

Goodwill arises from the acquisition of Nobultec Ltd in 2011 and it has been allocated to the Process Mining (formerly known as Process Intelligence) business unit.

Goodwill has been tested for impairment in the last quarter of 2021 and the discount rate used was 11.14% (2020: 11.1) before taxes. A EUR 155 thousand write-down was booked on goodwill.

The recoverable amount evaluated in the impairment test is based on the 2022 forecast and on subsequent development assessed in line with strategy. Key variables used in the calculations are the growth rates of net sales, expenses, and EBITDA. The growth of net sales has been determined by taking into account the company's actual performance, market position, and growth potential in market.

The net sales growth of the Process Mining business unit is planned to be roughly in line with the Company's strategic target for the planned period. The recoverable amount based on cash flows for the next five years is about EUR 1.4 million.

16. TANGIBLE AND RIGHT-OF-USE ASSETS

Group (EUR 1,000), IFRS	Machinery and equipment	Right-of-use assets: buildings
Book value Jan 1, 2020	**90**	**281**
Increases	158	224
Depreciation for the period	-72	-294
Acquisition cost Dec 31, 2020	2,083	786
Accum. depreciation and write-downs Dec 31, 2020	-1,906	-575
Book value Jan 1, 2021	**176**	**211**
Increases	83	226
Depreciation for the period	-88	-289
Acquisition cost Dec 31, 2021	2,166	1,012
Accum. depreciation and write-downs Dec 31, 2021	-1,994	-864
Book value Dec 31, 2021	**171**	**148***

Parent company (EUR), FAS	
Book value Jan 1, 2020	**89,995**
Increases	157,571
Depreciation for the period	-71,987
Acquisition cost Dec 31, 2020	2,042,609
Accum. depreciation and write-downs Dec 31, 2020	-1,867,029
Book value Jan 1, 2021	**175,580**
Increases	83,454
Depreciation for the period	-88,004
Acquisition cost Dec 31, 2020	2,126,063
Accum. depreciation and write-downs Dec 31, 2020	-1,955,033
Book value Dec 31, 2021	**171,030**

**) Right-of-use assets Note 28 Leases*

17. SHARES IN SUBSIDIARIES AND OTHER ENTITIES

The parent company of the Group is QPR Software Plc.

		Parent company	
Subsidiaries	Domicile	**2021**	2020
Owned directly by the parent company:			
QPR CIS Oy	Helsinki, Finland	100%	100%
QPR Software AB	Stockholm, Sweden	100%	100%
QPR Services Oy	Helsinki, Finland	100%	100%
QPR Software Inc.	San Jose, CA, USA	100%	100%
QPR Software Limited*	London, UK	100%	100%

**established June 2, 2020*

	Parent company (EUR)	
Shares in subsidiaries	**2021**	2020
Acquisition cost Jan 1	3,581,263	3,581,152
Increases	0	111
Acquisition cost Dec 31	3,581,263	3,581,263
Book value Dec 31	**3,581,263**	**3,581,263**
Other shares		
Acquisition cost Jan 1	4,562	4,562
Acquisition cost Dec 31	4,562	4,562
Book value Dec 31	**4,562**	**4,562**
Total book value of shares Dec 31	**3,585,825**	**3,585,825**

18. LONG-TERM RECEIVABLES

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2021	2020	**2021**	2020
Receivables from the Group companies	-	-	225,000	225,000
Breakdown of the parent company's receivables from Group companies:				
QPR CIS Oy	-	-	225,000	225,000
Total	-	-	**225,000**	**225,000**

19. DEFERRED TAX ASSETS AND LIABILITIES

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

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2021	2020	**2021**	2020
Jan 1	273	136	166,817	87,503
Recorded in comprehensive income	-	137	-	-
Recorded in income statement	-	-	-	79,314
Recorded in equity	-	-	-166,817	-
Dec 31	**273**	**273**	**0**	**166,817**

A deferred tax asset of EUR 273 thousand has been recognized in the balance sheet for confirmed and probable unused losses of the Group's Finnish Companies. Management estimates that deferred tax losses will be available by 2027. The profit forecasts used in the evaluation come from the 2022 budget and 2023 – 2026 strategy figures.

In 2021, no tax receivables have been booked due to the principle of precaution.

20. TRADE AND OTHER RECEIVABLES

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2021	2020	**2021**	2020
Trade receivables	2,006	2,564	1,828,467	2,522,485
Credit loss provision	-45	-53	-44,715	-53,170
Accrued income and prepaid expenses	163	40	137,939	37,083
Other receivables	570	350	393,274	254,146
Current receivables from Group companies	-	-	385,551	10,284
Total	**2,694**	**2,901**	**2,700,517**	**2,770,827**

Geographical breakdown of trade receivables:

Finland	828	1,151	828,213	1,151,055
Other European countries	667	604	543,725	591,117
Countries outside Europe	511	809	456,529	780,313
Total	**2,006**	**2,564**	**1,828,467**	**2,522,485**

Currency breakdown of trade receivables:

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR 1,000)	
(EUR 1,000)	**2021**	%	**2020**	%
EUR (Euro)	1,505	75.0	1,749	68.2
USD (U.S. Dollar)	290	14.5	677	26.4
SEK (Swedish Krona)	45	2.2	33	1.3
ZAR (South African Rand)	13	0.7	88	3.4
JPY (Japanese Yen)	13	0.6	13	0.5
GBP (Pound Sterling)	42	2.1	2	0.1
RUB (Russian Ruble)	2	0.1	1	0.0
AED (United Arab Emirates Dirham)	96	4.8	0	0.0
Total	**2,006**	**100**	**2,564**	**100.0**

Age analysis of trade receivables:

Not due	1,605	80.0	1,822	71.1
0 - 90 days overdue	291	14.5	299	11.7
90 - 180 days overdue	14	0.7	6	0.2
More than 180 days overdue	96	4.8	436	17.0
Total	**2,006**	**100**	**2,564**	**100**

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

Credit losses and provision of credit losses:
The Group recognizes expected credit loss provision based on the age of the trade receivable as well as experience.

	Group, IFRS	
	Credit loss expectation based on trade receivables 2021, EUR 1,000	Credit loss expectation based on age of trade receivables, %
Not due	0	0.0
0 - 60 days overdue	1	0.5
60 - 120 days overdue	0	1.0
120 - 180 days overdue	0	2.0
>180 days overdue	10	10.0
Total	**12**	

In addition to the maturity-based matrix for trade receivables, in 2021, the Company has recognized a provision for credit losses worth EUR 33 thousand (2020: 53) based on experience.

Credit losses of EUR 129 thousand (2020: 100) on trade receivables have been recognized in the Group's result.

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

	Parent company, FAS (EUR)	
	2021	2020
Accrued income	34,925	33,310
Prepaid expenses	103,014	3,772
Total	**137,939**	**37,083**

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

	Parent company, FAS (EUR)	
	2021	2020
QPR Services Oy	385,551	-
QPR CIS Oy	-	10,284
Total	385,551	10,284

21. CASH AND CASH EQUIVALENTS

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2021	2020	**2021**	2020
Bank accounts	441	185	384,421	65,640
Total	**441**	**185**	**384,421**	**65,640**

The parent company has a revolving credit facility of EUR 1.5 million with Nordea for short-term financing needs. The funds were used at the end of 2021: EUR 1.5 million (at the end of 2020: EUR 0.7 million). The agreement for the revolving credit facility was renewed in February 2022.

The Group has a revolving credit facility of EUR 0.5 million, out of which EUR 0 was used at the end of 2021 (2020: 0).

22. BALANCE SHEET ITEMS RELATED TO CUSTOMER CONTRACTS

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2021	2020	**2021**	2020
Trade receivables	1,961	2,510	1,783,752	2,469,315
Contract assets	303	295	302,796	294,685
Contract liabilities	-627	-527	-540,538	-492,535

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

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

23. SHAREHOLDERS' EQUITY

The Company has one series of shares and the maximum value of share capital is EUR 1,359 thousand. All issued shares have been paid in full. In 2021 and 2020, the total amount of shares issued was 12,444,863.

Other funds
Includes the reserve fund of the subsidiary QPR Software AB.

Treasury shares
Treasury shares include the purchase price of shares repurchased by the Group.

Capitalized product development expenses
Capitalized product development expenses include those product development expenses activated in the parent company balance sheet. In according with the Finnish accounting legislation, these must be deducted when calculating distributable funds.

Calculation of distributable funds

	Parent company, FAS EUR	
	2021	2020
Retained earnings	1,006,006	1,400,447
Result for the period	-583,036	-394,512
Deferred taxes for previous financial years	-166,817	-
Dividends paid	71	70
Treasury shares	-439,307	-439,307
Invested unrestricted equity fund	5,347	5,347
Activated product development expenses	-	-
Distributable funds	**-177,736**	**572,046**

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

Current interest-bearing loans

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2021	2020	**2021**	2020
Loans from banks, next year repayment	1,500	700	1,500,000	700,000
Lease liabilities	182	247	-	-
Total	**1,682**	**947**	**1,500,000**	**700,000**

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

The Group has a EUR 0.5 million revolving credit facility at its disposal, of which EUR 0 was in use at the end of 2021 (2020: 0).

The parent company has a EUR 1.5 million revolving credit facility agreement at its disposal, of which EUR 1.5 million was in use at the end of 2020. The agreement for the revolving credit facility was renewed in February 2022.

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

Repayment schedule of right-of-use liabilities

Group, IFRS

(EUR 1,000)

			2021		2020	
	Nominal interest rate	Maturity	Nominal value	Book value	Nominal value	Book value
Lease liabilities	2.00%	2020-2021	182	182	247	247
Interest-bearing right-of-use liabilities			**182**	**182**	**247**	**247**

25. TRADE PAYABLES AND OTHER LIABILITIES

	Group, IFRS (EUR 1,000)		**Parent company, FAS** (EUR)	
	2021	2020	**2021**	2020
Trade payables	196	216	180,449	196,801
Accrued expenses and prepaid income	2,293	2,305	1,977,046	1,999,903
Advances received	627	527	540,538	492,535
Other liabilities	572	318	463,163	63,368
Current liabilities to Group companies	-	-	1,414,769	1,865,032
Total	**3,689**	**3,366**	**4,575,964**	**4,617,638**

The amount of trade payables in foreign currencies was low in 2021 and 2020.

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

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

	Parent company, FAS (EUR)	
	2021	2020
Holiday pay, including social costs	607,495	705,839
Bonuses, including social costs	164,472	138,818
Prepaid income	1,151,259	1,128,926
Other accrued expenses	53,820	26,320
Total	**1,977,046**	**1,999,903**

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

	Parent company, FAS	
	(EUR)	
	2021	2020
QPR Services Oy	0	523,190
QPR CIS Oy	16,313	0
QPR Software AB	664,531	661,915
QPR Software Inc	730,268	678,108
QPR Software Limited	3,656	1,818
Total	**1,414,769**	**1,865,032**

26. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

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

December 31, 2021		**Book value**		
	Note	At fair value through profit or loss	Recognised at amortised cost	Total
FINANCIAL ASSETS				
Financial assets measured at fair value				
Equity investments	17	5		5
Total		5		5
Financial assets not measured at fair value				
Trade and other receivables	20		1,961	1,961
Cash and cash equivalents	21		441	441
Total			2,402	2,402
FINANCIAL LIABILITIES				
Financial liabilities not measured at fair value				
Bank borrowings	24		1,500	1,500
Right-of-use liabilities	24		182	182
Trade payables	25		196	196
Total			1,878	1,878

27. ADJUSTMENTS TO THE CASH FLOW FROM OPERATING ACTIVITIES

	Group, IFRS (EUR 1,000)	
	2021	2020
Corporate taxes	0	-140
Other items	29	92
Total	**29**	**-49**

28. COMMITMENTS AND CONTINGENT LIABILITIES

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2021	2020	**2021**	**2020**
Business mortgage (held by the company)	2,386	2,387	2,337,288	2,337,288
Lease liabilities and rental commitments				
Maturing within one year	23	7	181,020	236,946
Maturing during in 1-5 years	23	7	22,974	14,688
Total	**2,432**	**2,401**	**2,541,282**	**2,588,922**

Rental commitments include office rental agreements:
- Rental agreement (January 1, 2017), valid for the time being. The notice period is 6 months.
- Rental agreement (December 1, 2018), valid for the time being. The notice period is 6 months.

Security deposits totaling EUR 13 thousand are included in other current receivables in the balance sheet.

The Group and the parent company had no derivative contracts in the end of the financial years 2021 and 2020.

29. LEASE AGREEMENTS

Leases in the Balance Sheet

	Group, IFRS (EUR 1,000) Dec 31, 2021	Group, IFRS (EUR 1,000) Dec 31, 2020
Assets		
Non-current assets		
Right-of use assets, buildings	148	212
Total	**148**	**212**
Equity and liabilities		
Lease liabilities, current	182	247
Total	**182**	**247**

Leases in the Income Statement

	1 – 12 2021	1 – 12 2020
Expenses related to short term leases and low value asset leases	0	-10
Depreciation of right-of-use assets	-289	-294
Interest expenses	-5	-4
Total	**-295**	**-308**

The total cash outflow for leases in 2021 was EUR 295 thousand (2020: 262).

30. FINANCIAL RISK MANAGEMENT

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

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

The majority of trade receivables is in Euros (EUR). During the financial year, the most significant invoicing currencies after EUR were the U.S. Dollar (USD), the United Arab Emirates Dirham (AED), and the Swedish Krona (SEK). If the value of USD, AED, and SEK against EUR were to decrease by 10%, and the share of currencies were to remain on the same level, the value of trade receivables would decrease by EUR 43 thousand, equaling 2.1% of the total value of all trade receivables. Correspondingly, if the value of all non-EUR invoicing currencies were to decrease by 10%, the value of trade receivables would decrease by EUR 50 thousand. A breakdown of trade receivables by currency is presented in Note 20

In accordance with the foreign exchange risk policy approved by the Board of Directors, the Company may engage in foreign currency hedging. The purpose of currency hedging is to reduce the uncertainty brought by exchange rates and to minimize the adverse impact of exchange rate changes to the Group's cash flow, financial results, and equity. Management regularly reviews the Company's foreign exchange risks, taking into account the hedging costs. At the end of 2021 and 2020, the Company did not have any hedging instruments

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

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

The purpose of liquidity risk management is to maintain sufficient liquidity and to ensure that funds are continuously available to finance business operations quickly enough. QPR maintains sufficient liquidity through efficient cash management and deposits. The Group's interest-bearing loans do not include any covenants.

In the beginning of the year, the Company renegotiated a revolving credit facility (EUR 1.5 million) with Nordea. The agreement was signed in February 2022.

Maturity schedule of liabilities (amounts are undiscounted):

Group, IFRS

(EUR 1,000)	Book value	0 – 6 months	7 – 12 months
Trade and other payables	196	196	0
Bank borrowings, revolving credit facility	1,500	1,500	0
Lease liabilities (IFRS16)	182	182	0
Total	**1,878**	**1,878**	**0**

Operative credit risk
The Group's international business operations are by their nature exposed to reasonable credit risk related to individual partners. However, the Group's customer base and reseller network is broad and spread over several market areas. Thus, the Group's trade receivables are collected from a large number of resellers and customers in several market areas, and according to management's estimate there are no concentrations of reseller, customer, or geographical risks. In addition, the continuous and active monitoring of receivables and credit limits aim to mitigate the Group's credit risks. The Group's maximum credit risk corresponds to the book value of trade receivables. The impact of COVID-19 on credit losses in 2021 has been minor. Additional information on the Group's trade receivables is presented in Note 20.

31. CAPITAL MANAGEMENT

Group, IFRS (EUR 1,000)	**2021**	2020
Cash and cash equivalents	441	185
Net liabilities	1,241	762
Shareholders' equity	430	1,759
Gearing, %	288.5	38.0
Equity ratio, %	8.3	34.6
Total balance sheet	5,800	6,317

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

32. EVENTS AFTER THE REPORTING PERIOD

At the end of the financial year on December 28, 2021, the Company announced that it would start company-wide co-operation negotiations in Finland in accordance with the Finnish Co-operation Act. The goal was to change the Company's organizational structure to enable effectively executing investment aiming at the Company's growth and operational scalability.

The Company announced the end of the negotiations on January 20, 2022. As a result of the negotiations, the organization will start operating based on its new functional structure as of February 1, 2022. The negotiations concerned 81 people and resulted in a decision to terminate the employment of a total of three (3) people and to create eight (8) new positions. The company estimates that the non-recurring costs related to the restructuring of operations may amount to a maximum of EUR 100,000. Non-recurring costs will be recognized in first quarter results.

In the beginning of the year, the Company renegotiated a revolving credit facility (EUR 1.5 million) with Nordea. The agreement was signed in February 2022.

On February 14, 2022, the Company announced a profit warning due to the reassessment of a major project's revenue recognition made in connection with preparing financial statements, as well as write-downs related to the goodwill of Nobultec Oy, acquired in 2011, and the balance sheet value of capitalized product development expenses.

33. KEY FIGURES OF THE GROUP 2019–2021

Group, IFRS

(EUR 1,000)	**2021**	2020*	2019
Net sales	9,140	8,971	9,513
Growth of net sales, %	1.9	-5.7	-5.3
Operating result	-1,248	-936	-213
% of net sales	-13.7	-10.4	-2.2
Profit or loss before tax	-1,356	-952	-240
% of net sales	-14.8	-10.6	-2.5
Result for the period	-1,356	-812	-161
% of net sales	-14.8	-9.0	-1.7
Return on equity, %	-111.4	-34.1	-5.7
Return on investments, %	-49.3	-28.0	-5.9
Cash and cash equivalents	441	185	1,035
Net liabilities	1,241	762	-251
Equity	430	1,759	2,762
Gearing, %	288.5	38.0	-9.1
Equity ratio, %	8.3	34.6	44.5
Total balance sheet	5,800	6,317	7,007
Investment in intangible and tangible assets	924	1,210	1,156
% of net sales	10.1	13.5	12.2
Research and development expenses	2,115	2,050	2,293
% of net sales	23.1	22.9	24.1
Personnel average for period	80	86	82
Personnel at the beginning of period	88	83	84
Personnel at the end of period	80	88	83

**Adjusted key figures*

34. PER-SHARE KEY FIGURES 2019–2021

Group, IFRS

	2021	2020	2019
Earnings per share, EUR	-0.113	-0.068	-0.013
Equity per share, EUR	0.035	0.161	0.222
Dividend per share *, EUR	0.000	0.000	0.000
Dividend as % of result	0.0	0.0	0.0
Effective dividend yield, %	0.0	0.0	0.0
Price/earnings ratio (P/E)	-16.4	-33.1	-173.7
Development of share price			
Average price, EUR	1.97	2.01	2.04
Lowest closing price, EUR	1.48	1.70	1.65
Highest closing price, EUR	2.38	2.50	2.48
Closing price on Dec 31, EUR	1.85	2.24	2.34
Market capitalization on Dec 31, EUR 1,000	22,178	26,853	28,052
Development of trading volume			
Number of shares traded, 1,000 pcs	3,324	1,403	1,091
% of all shares	27.7	11.7	9.1
Number of shares on Dec 31, 1,000 pcs	12,445	12,445	12,445
Average number of shares outstanding	11,988	11,988	11,988

**) 2021: The Board of Director's proposal in the Annual General Meeting.*

35. RECONCILIATION OF ALTERNATIVE KEY FIGURES

		2021	2020
Equity ratio, %			
	Total Equity	430	1,759
	balance sheet total	5,800	6,317
	Advances received	627	527
	$\frac{\text{Total equity x 100}}{\text{Balance sheet total - advances received}}$	8.3 %	34.6 %

SIGNATURES OF BOARD OF DIRECTORS' AND FINANCIAL STATEMENTS

Helsinki, Finland, March 16, 2022

QPR Software Plc
Board of Directors

Pertti Ervi
Chairman of the Board

Matti Heikkonen
Board member

Antti Koskela
Board member

Jukka Tapaninen
Board member

Jussi Vasama
Chief Executive Officer

AUDITOR'S NOTE

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

Helsinki, Finland, February 28, 2022

KPMG Oy Ab
Authorized Public Accountants

Miika Karkulahti
Authorized Public Accountant

Definition of Key Indicators

Return on equity (ROE), %:

Result for the period x 100

Shareholders' equity (average)

Return on investment (ROI), %:

Result before taxes + interest and other financial expenses x 100

Balance sheet total – non-interest bearing liabilities (average)

Equity ratio, %:

Total equity x 100

Balance sheet total – advances received

Gearing:

Interest-bearing liabilities – cash and cash equivalents

Gearing, %:

(Interest-bearing liabilities - cash and cash equivalents) x 100

Total equity

Earnings per share, euro:

Result for period

Weighted average number of shares outstanding during the year

Equity per share, euro:

Equity attributable to shareholders of the parent company

Number of shares outstanding at the end of the year

Dividend per share, euro:

Total dividend paid

Number of shares outstanding at the end of the year

Dividend per result, %:

Dividend per share x 100

Earnings per share

Effective dividend yield, %:

Dividend per share x 100

Share price at the end of the year

Price/earnings ratio (P/E):

Share price at the end of the year

Earnings per share

Market capitalization:

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

Turnover of shares, % of all shares:

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

Alternative performance measures

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

AUDITOR’S REPORT

TO THE ANNUAL GENERAL MEETING OF QPR SOFTWARE PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of QPR Software Plc (business identity code 0832693-7) for the year ended December 31, 2021. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company’s balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group’s financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company’s financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

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

Basis for Opinion

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

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

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

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

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

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

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT

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

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

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

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

Trade receivables were in total EUR 2.0 million as at December 31, 2021 representing a significant part of the balance sheet. Regardless the fact that there are no significant credit losses incurred in the past, there may be valuation risk associated with trade receivables. Due to the significance of the carrying amount and over 180 days past due receivables amounting to EUR 0.1 million at the balance sheet date December 31, 2021, the valuation and monitoring of trade receivables is one of the key areas that our audit is focused on.

Our audit procedures included, among others:

- We evaluated the revenue recognition principles by reference to applicable financial reporting standards and contract terms.
- Our audit procedures included testing of key controls designed to ensure the completeness and accuracy of net sales.
- We completed detailed testing procedures over revenue contracts that we selected based on size, timing and complexity. In respect of selected contracts, we assessed the identification of performance obligations, tested the accuracy of invoicing and compared revenue transactions recorded with contractual terms and traced them to supporting evidence of delivery.
- We evaluated the monitoring routines for trade receivables and tested the effectiveness of the key internal controls. We also analyzed the trade receivables and compared the receivables to the confirmation letters received from the selected third parties. We also followed up the payments received after year-end 2021 in respect of selected trade receivables.
- In addition, we assessed the adequacy and accuracy of disclosures related to revenue recognition and trade receivables in the consolidated financial statements.

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

Group companies develop software and consulting service products to be used by their customers. The total product development costs capitalized amounted to EUR 0.8 million in the financial year. The capitalized product development costs are amortized over four years on a straight-line basis. After the impairment loss of EUR 0.2 million recorded at the year-end 2021 the carrying amount of the capitalized product development costs, EUR 1.7 million, represents 396 percent of the consolidated equity.

Goodwill amounts to EUR 0.4 million after the EUR 0.2 million impairment loss recorded on December 31, 2021 and represents 83 percent of the consolidated equity.

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

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

Our audit procedures included, among others:

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

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

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

Auditor's Responsibilities for the Audit of Financial Statements
Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

OTHER REPORTING REQUIREMENTS

Information on our audit engagement
We have been the auditors appointed by the Annual General Meeting since 2006, and our appointment represents a total period of uninterrupted engagement of 16 years.

Other Information
The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date. Our opinion on the financial statements

does not cover the other information.

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

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

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

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

Helsinki, February 28, 2022

KPMG OY AB

MIIKA KARKULAHTI
Authorized Public Accountant, KHT

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

INFORMATION FOR SHAREHOLDERS

QPR SOFTWARE OYJ:N OSAKE

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

- Trading code: QPR1V
- ISIN code: FI0009008668

Annual General Meeting
The Annual General Meeting will be held on Wednesday April 6, 2022, starting at 1:00 p.m. at the Company's headquarters Huopalahdentie 24, 00350 Helsinki, Finland.

In order to prevent the spread of the Covid-19 pandemic, the Annual General Meeting will be organized so that the shareholders or their proxy representatives cannot be present at the meeting venue. Shareholders can participate in the meeting and use their shareholder rights in connection with the General Meeting by voting in advance (either personally or through a proxy representative), by submitting counterproposals in advance and by asking questions in advance in the manner described below. Proxy representatives must also vote in advance in the manner described below.

Each shareholder who is registered on the record date of the General Meeting, on March 25, 2022, in the Company's shareholders' register held by Euroclear Finland Oy, has the right to participate in the General Meeting. A shareholder, whose shares are registered on the shareholder's personal Finnish book-entry account, is registered in the Company's shareholders' register.

Instructions for holders of nominee-registered shares are set out below under Section "Holders of nominee-registered shares".

Registration for the General Meeting and advance voting will begin on March 22, 2022 at 9.00 a.m. (EET). A shareholder who is registered in the Company's shareholders' register and who wishes to participate in the General Meeting, must register for the General Meeting and vote in advance no later than by March 30, 2022 at 4.00 p.m. (EEST), by which time the votes must have been received.

A shareholder whose shares are registered on the shareholder's Finnish book-entry account can register and vote in advance on certain matters on the agenda of the General Meeting from March 22, 2022 at 9.00 a.m. (EET) until March 30, 2022 at 4.00 p.m. (EEST) by the following means:

a. through The Company's website at www.qpr.com

Online registration and voting in advance require that the shareholders or their statutory representatives or proxy representatives use strong electronic authentication either by Finnish or Swedish bank ID or mobile certificate.

b. by mail or email

A shareholder may send the advance voting form available on the Company's website to Innovatics Oy by email at agm@innovatics.fi or by regular mail to Innovatics Oy, Yhtiökokous/QPR Software Oyj, Ratamestarinkatu 13 A, FI-00520 Helsinki.

If the shareholder participates in the General Meeting by sending the votes in advance to Innovatics Oy, the submission of the advance votes before the end of the registration and advance voting period, i.e. before March 30, 2022 at 4.00 p.m. (EET) constitutes registration for the General Meeting, provided that the shareholder's message includes the information requested on the advance voting form required for registration.

The advance voting form and instructions relating to the advance voting will be available on the Company's website at www.qpr.com no later than on March 22, 2022 at 9.00 a.m. (EET). Additional information on the registration and advance voting is available during the registration period by telephone at +358 10 2818 909 on business days during 9:00 a.m. until 12:00 noon and from 1:00 p.m. until 4:00 p.m.

If a shareholder participates in the General Meeting by voting in advance in accordance with the applicable instructions before the expiry of the registration and advance voting period, this constitutes due registration for the General Meeting, provided that all information required for registration and advance voting is duly provided. No other notification of participation is required for the General Meeting.

In connection with the registration, a shareholder or a proxy representative is required to provide the requested personal information, such as the name, date of birth, business ID and contact details of the shareholder. The personal data given to QPR Software or to Innovatics Oy by shareholders and proxy representatives is only used in connection with the Annual General Meeting and with the processing of related necessary registrations.

Proxy representative and powers of attorney
A shareholder may participate and make use of his or her rights as a shareholder at the General Meeting by proxy.

Also, the proxy representative must vote in advance in the manner set out in this notice.

Proxy representatives must use strong electronic authentication when registering for the meeting and voting in advance online, after which they can register and vote in advance on behalf of the shareholder they represent.

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

Templates for a Power of Attorney as well as for instructions to vote are available on the website of the Company www.qpr.com no later than as from March 22, 2022 onwards. Possible proxy documents shall be delivered primarily as an attachment in connection with the electronic registration and advance voting or alternatively by email to agm@innovatics.fi or as originals by regular mail to the address Ratamestarinkatu 13 A FI-00520 Helsinki before the end of the registration and advance voting period, i.e. before March 30, 2022 at 4.00 p.m. (EET), by which time the proxy documents must have been received.

If a shareholder delivers a proxy to the Company in accordance with the applicable instructions before the expiry of the registration and advance voting period, this constitutes due registration for the General Meeting, provided that all required information is included in the proxy documents.

Further information will also be available on the Company's website at www.qpr.com.

Holders of nominee registered shares
A holder of nominee registered shares has the right to participate in the 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 25, 2022, would be entitled to be registered in the shareholders' register of the Company held by Euroclear Finland Oy. The right to participate in the 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 Oy at the latest by April 1, 2022, at 10:00 a.m. (EEST). With regard to nominee-registered shares, this constitutes due registration for the General Meeting.

A holder of nominee registered shares is advised to request without delay all necessary instructions regarding the temporary registration in the shareholder's register of the Company, the issuing of proxy documents and registration for the General Meeting from his/her custodian bank. The account management organization of the custodian bank has to register a holder of nominee registered shares, who wants to participate in the General Meeting, into the temporary shareholders' register of the Company within the registration period applicable to nominee-registere d shares. The account management organization of the custodian bank shall also take care of the voting in advance on behalf of the holders of nominee-registered shares within the registration period applicable to nominee-registered shares, i.e. by April 1, 2022 at 10.00 a.m. (EEST) at the latest.

Further information is available on the website of the Company www.qpr.com.

Dividend
The Board proposes to the Annual General Meeting that no dividend be paid for the financial year ended on December 31, 2021.

Financial information in 2022
In 2022, QPR Software Plc will publish its financial information as follows:

- Interim Report Jan-Mar/2021: Friday, April 22, 2022
- Half-year Financial Report Jan-Jun/2021: August 3, 2022
- Interim Report Jan-Sep/2021: Friday, October 21, 2022

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

CONTACT INFORMATION

QPR Software Plc

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