



QPR SOFTWARE

**INTERIM REPORT
JANUARY–SEPTEMBER 2022**

QPR Software Plc Interim Report January-September 2022

QPR SOFTWARE PLC

STOCK EXCHANGE RELEASE

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QPR Software Plc's interim report January-September 2022: SaaS revenue grew in line with the strategy. Revenue and operating profit clearly fell short of the comparison period, weakened by the delivery difficulties of a few Middle East software projects signed in previous years. The partner ecosystem strengthened, and innovative process mining solutions were launched on the market.

FINANCIAL DEVELOPMENT BRIEFLY

In July-September 2022

- SaaS software business grew +43%
- Net sales amounted to EUR 1,468 thousand and decreased 28% (July-September 2021: 2,043)
- EBITDA amounted to EUR -853 thousand (103)
- Operating result (EBIT) amounted to EUR -1,102 thousand (-208)
- Result before taxes was EUR -1,111 thousand (-213)
- The quarter's result was EUR -1,111 thousand (-165)

January-September 2022 highlights

- SaaS software business grew +29%
- Net sales amounted to EUR 5,680 thousand, a decrease of 20% (January-September 2021: 7,085)
- EBITDA was EUR -1,324 thousand (671)
- Operating result (EBIT) amounted to EUR -2,090 thousand (-198)
- Result before taxes was EUR -2,119 thousand (-291)
- Result was EUR -2,119 thousand (-225)

OUTLOOK FOR 2022

The profit guidance for the year 2022 changed by the stock exchange release on 7 September 2022:

QPR Software Plc expects revenue and operating profit to be substantially below the reported figures for 2021 (turnover in 2021: 9,140 thousand euros, operating profit in 2021: -1,248 thousand euros) and SaaS revenue to grow by 25-35% compared to 2021 (2021: 1,283 thousand euros).

The previous financial guidance for 2022 (published on 22 April 2022):

Based on the increased sales offer base, continuous customer revenues, and consulting booking rate, QPR Software estimates that its turnover will increase in 2022 (2021: 9,140 thousand euros) supported by the growth of SaaS turnover.

CEO JUSSI VASAMA'S REVIEW:

"The third quarter of the fiscal year was challenging for QPR Software. During the quarter, the full scale of the challenges with Middle East software delivery projects sold in previous years came to light, which had a significant impact on the quarter's operations and financial results. On September 7, 2022, we issued a negative profit warning and communicated that we would immediately take action to improve profitability. On September 20, we announced the start of change negotiations, which will aim for significant annual savings compared to the size of the company. According to preliminary estimates, the plans that may be implemented after the change negotiations may lead to personnel temporary layoffs and the termination of at most 25 work tasks. The company anticipates the realization of significant savings from the beginning of 2023 onwards.

The company had to reassess the revenue, invoicing, and profitability of several contracts signed during 2020 and at the beginning of 2021 related to software delivery projects, which weakens the outlook of the consulting business and software maintenance for 2022. The projects in question are fixed-price implementations of software solutions in the application area of strategy and performance management for public administration customers in the Middle East. The subcontracting costs of the ongoing project deliveries in question clearly increased in the third quarter, while the company's Consulting revenue related to these deliveries was postponed. The impact on business operations is expected to decrease gradually at the beginning of 2023.

In line with the company's strategy, the strong focus on growing the SaaS (Software as a Service) business has changed the focus of new customer acquisition to SaaS contracts instead of software license deals. The focus on growing the SaaS business can be seen in a clear 43% increase compared to the comparison period. The revenue from new software one-time license deals was clearly below the comparison period. Regarding the acquisition of new customers, the general economic uncertainty has partly postponed customers' decisions and the launch of new tenders. This is despite the fact that at the core of the company's offering are solutions that enable operational efficiency and cost savings for customers.

As a whole, the recurring revenue items of the software business, SaaS and maintenance revenues, grew by 7% in the third quarter compared to the comparison period. In the third

quarter, the share of recurring profits in turnover rose to 61% from 41% in the comparison period. The increase in the relative share of continuing revenues is partially explained by the weak third quarter of the consulting business.

The increase in business expenses compared to the comparison period is partly related to the mentioned Middle East project, from investments to product development, marketing, and IT services, and on the other hand to changes supporting the company's transformation.

Despite the challenging situation, we have continued to implement QPR's new strategy to ensure continuous SaaS revenue growth. We have also continued investing especially in process mining product development, strengthening the partner ecosystem, and ensuring the effectiveness of marketing and sales.

I am very satisfied with our ability to launch a new generation of process mining technology solutions to the market. During the second and third quarters, we have offered our customers new innovative solutions that distinguish us from our competitors in the growing process mining market.

Earlier in the summer, we communicated about the new production version of QPR's process mining software QPR ProcessAnalyzer, which offers our customers the opportunity to improve operations and find cost savings by combining a deep understanding of business processes and real-time transparency of processes. The solution uses the market-leading Snowflake Data Cloud technology. QPR ProcessAnalyzer is the first and only process mining solution that works natively in the Snowflake data cloud. QPR also signed a partnership agreement and is globally the first and only Process Mining Powered by Snowflake software partner. QPR will present its unique solution and its customer benefits to an international audience in October at the Snowflake Data Cloud World Tour events in Paris, Stockholm, and Dubai.

At the end of the third quarter, together with our partner Tietoevry, we announced a new process mining solution, SAP S/4HANA Vectorial. SAP S/4HANA Vectorial is designed for customers and SAP and business analysts as a tool for S/4HANA transformation projects. The projects in question are currently highly relevant for organizations around the globe. The tool provides users with a fast and effective way of analyzing current processes as compared to SAP best practices. Furthermore, throughout a S/4HANA migration project the tool allows for an easy estimate of the magnitude of necessary changes and the associated risks.

In the solution, QPR and Tietoevry have combined modern technology with the SAP transformation experience of top experts to create a solution that gives organizations much-needed support in difficult digital transformation projects. I believe that this is a significant and potential solution that stands out from our competitors for the successful implementation of ERP and IT system projects both in Finland and on the international market.

The ongoing change negotiations in the company are aimed at adapting the operations in order to improve the profitability of the business and to make the implementation of the

company's strategy more efficient. The change negotiations deal with actions aimed at adapting the company's operation, structure, and related personnel costs to meet the requirements of a scalable business model. In addition, the company has already initiated actions to improve cost efficiency and minimize the effects of the general increase in cost levels in all areas of business.

Our goal is to be able to start the coming year with a significantly more cost-effective structure than the current one, which supports the implementation of our strategy as planned."

KEY FIGURES

EUR in thousands, unless otherwise indicated	July- Sept, 2022	July- Sept, 2021	<i>Change,</i> <i>%</i>	Jan- Sept, 2022	Jan- Sept, 2021	<i>Change,</i> <i>%</i>	Jan- Dec, 2021
Net sales	1,468	2,043	-28	5,680	7,085	-20	9,140
EBITDA	-853	103	-931	-1,324	671	-297	241
% of net sales	-58.1	5.0		-23.3	9.5		2.6
Operating result	-1,102	-208	-429	-2,090	-198	-956	-1,248
% of net sales	-75.1	-10.2		-36.8	-2.8		-13.7
Result before tax	-1,111	-213	-420	-2,119	-291	-628	-1,356
Result for the period	-1,111	-165	-575	-2,119	-225	-840	-1,356
% of net sales	-75.7	-8.1		-37.3	-3.2		-14.8
Earnings per share, EUR (basic and diluted)	-0.069	-0.014	-404	-0.147	-0.019	-683	-0.113
Equity per share, EUR	0.079	0.144	-45	0.144	0.159	-9	0.035
Cash flow from operating activities	-1,419	-642	-121	-2,042	569	-459	692
Cash and cash equivalents	36	251	-86	36	251	-86	441
Net borrowings	1,504	1,002	50	1,504	1,002	50	1,241
Gearing, %	115.8	55.8	107	115.8	55.8	107	288.5
Equity ratio, %	27.7	36.9	-25	27.7	36.9	-25	8.3
Return on equity, %	-326.9	-34.9	-837	-326.9	-15.8	-1,966	-111.4
Return on investment, %	-115.8	-14.2	-716	-115.8	-8.8	-1,216	-49.3

REPORTING

QPR Software innovates, develops, sells, and delivers software and services in international markets aimed at facilitating operational development in organizations. QPR Software reports one operating segment: Operational development of organizations.

In addition to this, the Company reports revenue from products and services as follows: Software licenses, Renewable software licenses, Software maintenance services, SaaS (Software-as-a-service,) and Consulting.

The ongoing revenues reported by the company consist of maintenance services and SaaS (Software-as-a-Service) revenue.

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 for an indefinite duration. These contracts are automatically renewed at the end of the agreed period, usually one year, unless the agreement is terminated within the notice period. Renewable license revenue is recognized at one point in time, at the beginning of the invoicing period.

Geographical areas reported are Finland, the rest of Europe (including Russia and Turkey), and the rest of the world. Net sales are reported according to the customer's headquarters location. The company has closed its business and partnerships in Russia for the time being.

BUSINESS OPERATIONS

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 modelling 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.

NET SALES DEVELOPMENT

NET SALES BY PRODUCT GROUP

EUR in thousands	July- Sept, 2022	July- Sept, 2021	Change, %	Jan- Sept, 2022	Jan- Sept, 2021	Change, %	Jan- Dec, 2021
Software licenses	56	289	-80	357	1,155	-69	1,317
Renewable software licenses	80	140	-43	631	664	-5	797
Software maintenance services	452	528	-14	1,265	1,527	-17	2,034
SaaS	441	308	43	1,227	949	29	1,283
Consulting	438	779	-44	2,200	2,790	-21	3,709
Total	1,468	2,043	-28	5,680	7,085	-20	9,140

NET SALES BY GEOGRAPHIC AREA

EUR in thousands	July- Sept, 2022	July- Sept, 2021	Change, %	Jan- Sept, 2022	Jan- Sept, 2021	Change, %	Jan- Dec, 2021
Finland	920	907	1	3,037	3,500	-13	4,614
Europe incl. Russia and Turkey	530	764	-31	1,868	1,996	-6	2,689
Rest of the world	18	372	-95	775	1,589	-51	1,837
Total	1,468	2,043	-28	5,680	7,085	-20	9,140

July-September 2022

Net sales in the third quarter amounted to EUR 1,468 thousand (2,043). Recurring revenue accounted for 61% (41) of net sales.

The revenue of new software licenses was EUR 56 thousand (289) and decreased by 80%, due to a few individual license deals in the comparison period, which were not realized in the reporting period. The net sales of renewable software licenses decreased to 80 thousand euros (140), which was mainly because of the company's strategic focus shifting to SaaS business and changes in the contract schedule.

The net sales of software maintenance services was EUR 452 thousand (528) and decreased by 14%, which was because of the decrease in maintenance income in international channel sales, and partly to current customers transferring to SaaS services.

SaaS revenue increased EUR 441 thousand (308). At the end of the quarter, the entire offer backlog was more than EUR 8 million (Q2; over EUR 8 million) and the annual estimate of the SaaS offer backlog for the next 12 months was over EUR 1.2 million (Q2; over EUR 1.5 million).

Consulting revenue was 438 thousand euros (779) and decreased by 44%. This is primarily due to the above-mentioned difficulties in delivering projects in the Middle East and changes in the monetization schedule of one of the significant projects in this market area.

Group net sales in Finland increased by 1% and international net sales decreased by 52%. The net sales, 63% (44) derived from Finland, 36% (37) from the rest of Europe (including Turkey), and 1% (18) from the rest of the world.

January-September 2022

The revenue for January-September was 5,680 thousand euros (7,085) and decreased by 20%. The share of recurring revenue was 44% (35) of net sales, supported by strong SaaS growth. In the first two quarters of the review period, SaaS business sales developed well, which is in line with the strategy.

In the third quarter, there was a shift in orders related to new customer acquisition, and the full scale of the delivery challenges of software license projects in the Middle East became apparent. This had a significant impact on the consulting revenue.

In addition, in the comparison period of 2021, there were significant license transactions in relation to the size of the company. The share of continuing profits has developed in the direction in line with the strategy and the share of revenue has increased by 9%-units from the comparison period.

53% (49) of the group's revenue came from Finland, 33% (28) from the rest of Europe (including Turkey), and 14% (22) from the rest of the world.

FINANCIAL DEVELOPMENT

July - September 2022

The Group's EBITDA was -853 thousand euros (103) and the operating result was -1,102 thousand euros (-208). The operating profit was weakened by the decreased revenue due to the timing of the Middle East project's monetization, the absence of significant new license sales, and the invoicing schedule of renewable licenses.

The Group's expenses were 20% higher compared to the comparison period due to significant subcontracting costs for projects in the Middle East, investments in accordance with the new strategy for SaaS business development, as well as product development, marketing, and international sales.

The result for the review period was -1,111 thousand euros (-165) and the profit per share was -0.069 euros (-0.014) per share.

January - September 2022

The Group's EBITDA in January-September was -1,324 thousand euros (671) and the operating result was -2,090 thousand euros (-198). The operating income was weakened mainly by the reduced revenue.

The Group's expenses were 9% higher compared to the comparison period due to subcontracting costs for projects in the Middle East, as well as investments in product development, strengthening international business, and marketing. In addition, the company has invested in the development of partner ecosystem businesses as well as in recruitments supporting the company's transformation and business support services acquired as expert services.

The Group's fixed expenses were EUR 5,863 thousand (5,532) in the review period. Credit losses, which are included in fixed costs, were 30 thousand euros (60).

The result before taxes was -2,119 thousand euros (-291) and the result for the review period was -2,119 thousand euros (-225). Earnings per share were EUR -0.147 (-0.019) per share.

FINANCE AND INVESTMENTS

Cash flow from operations in the review period, January-September, was -2,042 thousand euros (569). The change in operating cash flow compared to 2021 was due to operating results and changes in working capital.

Net financial expenses were 30 thousand euros (93), and they included exchange rate losses of 7 thousand euros (9). In 2021, the costs include a one-time guaranteed payment related to the completed project, which the company paid in January.

The investments were 1,164 thousand euros (593), and they were mainly product development investments.

The group's financial position is fair. At the end of the review period, the group's cash assets were EUR 36 thousand (251), in addition to which the group has available other short-term cash assets of EUR 1 million. At the end of the review period, the group had 1,500 thousand euros of short-term bank loans and no long-term bank loans. The interim report has been prepared on the Going Concern principle, and according to the management's view, a stable financial position can be achieved both through the ongoing change negotiations and savings program. The company has received a preliminary decision on conditional financing arrangements, which will be confirmed in December 2022. This secures the company's financing until the first quarter of 2024.

Net debt in relation to equity (Gearing) was 116% (56).

The equity ratio at the end of the review period was 28% (37).

PRODUCT DEVELOPMENT

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

In the third quarter of the year, product development expenses were EUR 710 thousand (470). Product development expenses worth EUR 364 thousand (184) were capitalized. The amortization of capitalized product development expenses was EUR 249 thousand (311). The amortization period for capitalized product development expenses is four years.

Product development expenses for the reporting period were 2,141 thousand euros (1,409) and product development expenses were capitalized in the balance sheet in the amount of 1,023 thousand euros (542). Product development depreciation of 496 thousand euros (542) was recorded in the reporting period. Capitalized product development costs are depreciated in four years.

PERSONNEL

At the end of the reporting period, the Group employed a total of 88 people (79). The average number of personnel during the period was 78 (80).

The average age of the employees is 44 (42.9) years. Women account for 25% (25) and men for 75% (75). Of all personnel, 17% (20) work in sales and marketing, 45% (39) in consulting and customer care, 30% (33) 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, the Company has a key employee stock option plan in use.

SHARES AND SHAREHOLDER

	Jan-Sept, 2022	Jan-Sept, 2021	Change, %	Jan-Dec, 2021
Trading of shares				
Shares traded, pcs	1,671,546	1,737,247	-4	3,323,915
Volume, EUR	1,980,554	3,639,851	-46	6,255,379
% of shares	10.4	14.5		27.7
Average trading price, EUR	1.18	2.10	-43	1.88
	Sept 30, 2022	Sept 30, 2021	Change, %	Dec 31, 2021
Shares and market capitalization				
Total number of shares, pcs	16,455,321	12,444,863	32	12,444,863
Treasury shares, pcs	413,487	457,009	-10	457,009
Book counter value, EUR	0.11	0.11	-	0.11
Outstanding shares, pcs	16,041,834	11,987,854	34	11,987,854
Number of shareholders	1,705	1,412	21	1,509
Closing price, EUR	0.55	1.98	-72	1.85
Market capitalization, EUR	8,823,009	23,735,951	-63	22,177,530
Book counter value of all treasury shares, EUR	45,484	50,271	-10	50,271
Total purchase value of all treasury shares, EUR	405,726	439,307	-8	439,307
Treasury shares, % of all shares	2.5	3.7	-32	3.7

On April 6, 2022, the Annual General Meeting authorized the company's Board of Directors to decide on the share issue. On April 22, 2022, the company announced in a separate release that it had begun preparations for the rights issue during the second quarter to enable the necessary growth investments to be made.

On May 19, 2022, with the authorization granted by the Annual General Meeting on 6 April 2022, the Board of Directors of the Company decided on a rights offering and published the terms and conditions of the offering where the Company issued up to 4,010,458 new shares in the Company.

On June 13, 2022, the Company announced the preliminary result of its oversubscribed rights offering, and on June 15, 2022, the final result of its oversubscribed rights offering and amendments to the terms and conditions of the stock options 2019 as a result of the offering.

On June 17, 2022, the Company announced, that new shares issued in the rights offering have been registered with the trade register.

All the related stock exchange releases can be found in the Investors section of the Company's website.

GOVERNANCE

In March 2022, the Board of Directors gave notice to the shareholders of QPR Software Plc that the Annual General Meeting will be held on Wednesday, April 6, 2022. The Board of Directors of the Company resolved on extraordinary measures pursuant to the temporary legislation approved by the Finnish Parliament. In order to prevent the spread of the Covid-19 pandemic, the Annual General Meeting was held without shareholders' presence at the Meeting venue. Participation and exercise of shareholder rights in the Meeting was possible only by way of proxy representation, by submitting counterproposals, and by asking questions in advance.

The Annual General Meeting approved the Board's proposal that no dividend be paid for the financial year 2021. The Annual General Meeting made an advisory decision on the Remuneration Report and decided to approve the presented Remuneration Report. The Annual General Meeting resolved that the number of Board Members is four (4) and elected Pertti Ervi, Matti Heikkonen, Antti Koskela, and Jukka Tapaninen members of the Company's Board of Directors. The term of office of the members of the Board of Directors expires at the end of the next Annual General Meeting. At its organizing meeting, the Board of Directors elected Pertti Ervi as its Chairman. In addition, the Annual General Meeting decided on the formation of the shareholders' nomination committee.

The Annual General Meeting elected Authorized Public Accountants KPMG Oy Ab as QPR Software's auditor with Miika Karkulahti, Authorized Public Accountant, acting as principal auditor.

The term of office of the auditor expires at the end of the next Annual General Meeting. The Annual General Meeting decided to authorize the Board of Directors to decide on the conveyance of the own shares held by the Company (share issue) either on one or on several occasions. The share issue can be carried out as a share issue against payment or without consideration on terms to be determined by the Board of Directors.

All authorizations of the Board and other decisions made by the previous Annual General Meeting are available in their entirety in the stock exchange release published by the Company on April 6, 2022.

The release can be found in the Investors section of the Company's website.

EVENTS AFTER THE REVIEW PERIOD

The company has received a preliminary decision on conditional financing arrangements, which will be confirmed in December 2022. This secures the company's financing until the first quarter of 2024.

SHORT-TERM RISKS AND UNCERTAINTIES

Internal control and risk management at QPR Software aim to ensure that the Company 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 that business continuity is secured taking into account the financial position.

The Company has identified the following three groups of risks related to its operations: risks related to business operations (country, customer, personnel, legal), risks related to information and products (QPR products, IPR, data security), and risks related to financing (foreign currency, short-term cash flow).

The Company has an insurance policy covering property, operational, and liability risks. Financial risks include reasonable credit risk concerning individual business partners, which is characteristic of any international business. QPR seeks to limit this credit risk by continuously monitoring standard payment terms, receivables, and credit limits.

Approximately 60% of the Group's trade receivables were in euros at the end of the quarter (61%). At the end of the quarter, the Company had not hedged its non-euro trade receivables.

Risks and risk management practices related to the Company's business are further described in the Annual Report 2021, pages 23-24.

QPR SOFTWARE PLC

BOARD OF DIRECTORS

For further information:

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About QPR Software

QPR Software Plc (Nasdaq Helsinki) provides process mining, performance management, and enterprise architecture solutions for digital transformation, strategy execution, and business process improvement in over 50 countries. QPR software allows customers to gain valuable insights for informed decisions that make a difference.

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FINANCIAL STATEMENT INFORMATION

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

EUR in thousands. unless otherwise indicated	July-Sept. 2022	July-Sept. 2021	Change. %	Jan-Sept. 2022	Jan-Sept. 2021	Change. %	Jan-Dec. 2021
Net sales	1,468	2,043	-28	5,680	7,085	-20	9,140
Other operating income							
Materials and services	406	248	64	1,141	882	29	1,106
Employee benefit expenses	1,711	1,434	19	5,262	4,898	7	6,824
Other operating expenses	204	259	-21	601	633	-5	968
EBITDA	-853	103	931	-1,324	671	-297	241
Depreciation and amortization	249	311	-20	766	869	-12	1,489
Operating result	-1,102	-208	-429	-2,090	-198	-956	-1,248
Financial income and expenses	-9	-5	-73	-30	-93	-68	-108
Result before tax	-1,111	-213	-420	-2,119	-291	-628	-1,356
Income taxes	0	49	-100	0	66	-100	0
Result for the period	-1,111	-165	-575	-2,119	-225	-840	-1,356
Earnings per share. EUR (basic and diluted)	-0.069	-0.014	-404	-0.147	-0.019	-683	-0.113
Consolidated statement of comprehensive income:							
Result for the period	-1,111	-165	-575	-2,119	-225	-840	-1,356
Exchange differences on translating foreign operations	0	2	-81	1	3	-67	-3
Total comprehensive income	-1,110	-163	-583	-2,118	-222	-852	-1,359

CONDENSED CONSOLIDATED BALANCE SHEET

EUR in thousands	Sept 30, 2022	Sept 30, 2021	Change, %	Dec 31, 2021
Assets				
Non-current assets:				
Intangible assets	2,268	2,003	13	1,563
Goodwill	358	513	-30	358

Tangible assets	198	156	27	319
Right-of-use assets	5	221	-98	148
Other non-current assets	280	360	-22	277
Total non-current assets	3,110	3,252	-4	2,666
Current assets:				
Trade and other receivables	2,325	2,045	14	2,694
Cash and cash equivalents	36	251	-86	441
Total current assets	2,361	2,297	3	3,135
Total assets	5,470	5,549	-1	5,800
Equity and liabilities				
Equity:				
Share capital	1,359	1,359	0	1,359
Other funds	21	21	0	21
Treasury shares	-406	-439	-8	-439
Translation differences	-66	-67	-2	-68
Invested non-restricted equity fund	2,943	5	54932	5
Retained earnings	-2,552	916	-379	-448
Equity attributable to shareholders of the parent company	1,299	1,795	-28	430
Current liabilities:				
Interest-bearing liabilities	1,500	1,000	50	1,500
Interest-bearing lease liabilities	40	254	-84	182
Advances received	786	684	15	627
Accrued expenses and prepaid income	1,490	1,303	14	2,293
Trade and other payables	355	513	-31	768
Total current liabilities	4,171	3,753	11	5,370
Total liabilities	4,171	3,753	11	5,370
Total equity and liabilities	5,470	5,549	-1	5,800

CONSOLIDATED CONDENSED CASH FLOW STATEMENT

EUR in thousands	July- Sept, 2022	July- Sept, 2021	Change, %	Jan- Sept, 2022	Jan- Sept, 2021	Change, %	Jan- Dec, 2021
Cash flow from operating activities:							
Result for the period	-1,111	-165	-575	-2,119	-225	-840	-1,356
Adjustments to the result	252	294	-15	768	887	-13	1,518
Working capital changes	-553	-742	-25	-662	72	-1,023	713
Interest and other financial expenses paid	-8	-2	335	-29	-150	-81	-164
Interest and other financial income received	0	1	-100	0	2	100	3

Income taxes paid	0	-28	-100	0	-17	100	-22
Net cash from operating activities	-1,419	-642	121	-2,042	569	-459	692
Cash flow from investing activities:							
Purchases of tangible and intangible assets	-429	-215	100	-1,164	-593	96	-942
Net cash used in investing activities	-429	-215	100	-1,164	-593	96	-942
Cash flow from financing activities:							
Proceeds from short term borrowings	800	300	167	1,600	1,000	60	1,500
Repayments of short term borrowings	-800	-	-	-1,600	-700	129	-991
Payment of lease liabilities	-49	-69	-30	-183	-208	-12	-
Sales of own shares	-	-	-	34	-	-	-
Share issue net	16	-	-	2,948	-	-	-
Net cash used in financing activities	-33	231	-114	2,798	92	2,930	509
Net change in cash and cash equivalents	-1,882	-626	-201	-408	68	-697	258
Cash and cash equivalents at the beginning of the period	1,918	878	118	441	185	138	185
Effects of exchange rate changes on cash and cash equivalents	0	-1	72	2	-2	244	-2
Cash and cash equivalents at the end of the period	36	251	-86	36	251	-86	441

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR in thousands	Share capital	Other funds	Translation differences	Treasury shares	Invested non-restricted equity fund	Retained earnings	Total
Equity Jan 1, 2021	1,359	21	-70	-439	5	881	1,759
Stock option scheme						15	15
Comprehensive income			3			-225	-222
Equity June 30, 2021	1,359	21	-67	-439	5	671	1,552
Stock option scheme						11	11
Comprehensive income			0			-1,131	-1,131
Equity Dec 31, 2021	1,359	21	-67	-439	5	-449	430
Stock option scheme						5	5
Disposal of own shares				34			34
Share issue net					2,937		2,937
Exchange rate differences in equity of foreign operations						12	12
Comprehensive income			1			-2,119	-2,118
Equity June 30, 2022	1,359	21	-66	-406	2,943	-2,552	1,299

NOTES TO INTERIM FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES

This report complies with the requirements of IAS 34 "Interim Financial Reporting". Starting from the beginning of 2022, the Group has applied certain new or revised IFRS standards and IFRIC interpretations, as described in the Consolidated Financial Statements 2021. The implementation of these new and revised requirements has not impacted on the reported figures. For all other parts, the accounting principles and methods are the same as they were in the 2021 financial statements. Considering the company's financial position, this interim report has been prepared on the Going Concern -principle and taking into account the management's view of achieving a stable financial position both through ongoing change negotiations and the savings program and through ongoing financial negotiations.

In preparation of the consolidated financial statements, management is required to make estimates and assumptions regarding the future and to consider the appropriate application of accounting principles, which means that actual results may differ from those estimated.

All amounts presented in this report are consolidated figures, unless otherwise noted. The amounts presented in the report are rounded, so the sum of individual figures may differ from the sum reported. This report is unaudited.

INTANGIBLE AND TANGIBLE ASSETS

EUR in thousands	Jan-Sept, 2022	Jan-Sept, 2021	Jan-Dec, 2021
Increase in intangible assets:			
Acquisition cost Jan 1	12,846	11,987	11,987
Increase	1,055	542	859
Increase in tangible assets:			
Acquisition cost Jan 1	2,705	2,622	2,622
Increase	108	45	83

CHANGE IN INTEREST-BEARING LIABILITIES

EUR in thousands	Jan-Sept, 2022	Jan-Sept, 2021	Jan-Dec, 2021
Interest-bearing liabilities Jan 1	1,682	947	947
Proceeds from short term borrowings	1,600	1,249	1,500
Repayments	1,741	942	765
Interest-bearing liabilities Sept 30/ Dec 31	1,540	1,254	1,682

PLEDGES AND COMMITMENTS

EUR in thousands	Sept, 2022	Sept, 2021	Dec 31, 2021	Change, %
Business mortgages (held by the Company)	2,383	2,386	2,386	0
Minimum lease payments based on lease agreements:				
Maturing in less than one year	18	23	23	-21
Maturing in 1-5 years	11	29	23	-53
Total	29	52	46	-37
Total pledges and commitments	2,412	2,491	2,432	-1

CONSOLIDATED INCOME STATEMENT BY QUARTER

EUR in thousands	July- Sept, 2022	April- June, 2022	Jan- Mar, 2022	Oct- Dec 2021	July- Sept, 2021	April- June, 2021
Net sales	1,468	2,012	2,201	2,054	2,043	2,138
Other operating income	0	0	0	0	0	0
Materials and services	406	407	328	224	248	297
Employee benefit expenses	1,711	1,740	1,811	1,925	1,434	1,692
Other operating expenses	204	135	263	335	259	146
EBITDA	-853	-270	-201	-430	103	3
Depreciation and amortization	249	245	271	620	311	278
Operating result	-1,102	-515	-472	-1,050	-208	-275
Financial income and expenses	-9	-11	-10	-15	-5	-8
Result before tax	-1,111	-526	-483	-1,065	-213	-283
Income taxes	0	-103	103	-66	49	52
Result for the period	-1,111	-629	-380	-1,131	-165	-231

GROUP KEY FIGURES

EUR in thousands, unless otherwise indicated	Jan-Sept or Sept 30, 2022	Jan-Sept or Sept 30, 2021	Jan-Dec or Dec 31, 2021
Net sales	5,680	7,085	9,140
Net sales growth, %	-19.8	6.9	1.9
EBITDA	-1,324	671	241
% of net sales	-23.3	9.5	2.6
Operating result	-2,090	-198	-1,248
% of net sales	-36.8	-2.8	-13.7
Result before tax	-2,119	-291	-1,356
% of net sales	-37.3	-4.1	-14.8
Result for the period	-2,119	-225	-1,356
% of net sales	-37.3	-3.2	-14.8
Return on equity (per annum), %	-326.9	-15.8	-111.4
Return on investment (per annum), %	-115.8	-8.8	-49.3
Cash and cash equivalents	36	251	441
Net borrowings	1,504	1,002	1,241
Equity	1,299	1,795	430
Gearing, %	115.8	55.8	288.5
Equity ratio, %	27.7	36.9	8.3
Total balance sheet	5,470	5,549	5,800
Investments in non-current assets	1,207	750	942
% of net sales	21.3	11	10.3
Product development expenses	2,141	1,409	2,115
% of net sales	37.7	20	23.1
Average number of personnel	78	80	80
Personnel at the beginning of period	80	88	88
Personnel at the end of period	88	79	80
Earnings per share, EUR (basic and diluted)	-0.147	-0.019	-0.113
Equity per share, EUR	0.081	0.144	0.035