

QT GROUP PLC STOCK EXCHANGE RELEASE, 27 APRIL 2017 at 8:00

QT GROUP PLC INTERIM STATEMENT 1 JANUARY 2017-31 MARCH 2017

Qt Group Plc publishes interim statements for the first three and nine months of the year instead of interim reports. The information presented in interim statements has not been audited.

FIRST QUARTER: IMPLEMENTATION OF GROWTH STRATEGY PROCEEDING AS PLANNED

January-March 2017:

- Net sales increased by 21.0 per cent year-on-year to EUR 8,646 thousand (7,148)*.
- The operating result was EUR -1,016 thousand (253).
- The operating margin (EBIT %) was -11.8 per cent (3.5%).
- Earnings per share were EUR -0.05

** the figures in brackets refer to the comparison period, i.e. the corresponding period in the previous year.*

- The subscription period for the rights offering resolved on by the Board of Directors of Qt Group Plc on 14 March 2017 ended after the review period, on 5 April 2017, and the company announced the final result of the offering in a stock exchange release on 12 April 2017. The rights offering was successful and the company raised gross proceeds of approximately EUR 15.3 million.

Juha Varelius, President and CEO:

In February 2017, the Board of Directors of Qt Group Plc updated Qt's strategy for the years 2017-2021. In accordance with the updated strategy, Qt's new long-term financial goals set by the Board of Directors are to achieve, in 2021, annual net sales of EUR 100 million and an operating margin of more than 15 percent. The updated strategy is based on strong investment in growth, focusing mainly on increasing Qt's market share among major device vendors as the preferred solution for touch screen-based technology software development. Implementing this growth strategy is our most important objective.

Qt Group had a strong first quarter with net sales growth of 21.0 per cent. Licence sales and consulting grew by 24.0 per cent and support and maintenance by 16.0 per cent. The growth in net sales was based on a broad global customer base representing many different industries. We are not dependent on any customer segment or geographical area.

As expected, the operating result for the first quarter showed a loss. The increase in investments required for growth is reflected in the growth of the company's personnel. Qt had 239 employees at the end of the first quarter, compared to 220 at the end of 2016. During the first quarter, we focused particularly on growing our global sales network in line with our plan. We also invested in product management and product development, and we have particularly strengthened our product offering aimed at the automotive industry. The automotive industry has adopted Qt as one of its basic technologies for implementing digital in-vehicle entertainment and control software. Qt engages in business and development activities with many of the world's leading car manufacturers.

In the first quarter, we released Qt 5.8, a new version that offers our customers significant improvements and new functionalities compared to previous releases. We also announced a significant collaboration to integrate the NVIDIA DRIVE Design user interface technology into the Qt ecosystem. 3D user interfaces are a rising trend in many industries, especially in the automotive, healthcare and industrial automation sectors.

Our performance in the first quarter means we are well positioned to continue the implementation of our growth strategy and carry out growth investments as planned. Additional investments will be made gradually and investment decisions will be linked to the realisation of our growth plan.

We estimate that our net sales in 2017 will increase by 15-20 per cent year-on-year. We expect that our growth rate for the first half of the year will be below that level due to an exceptionally large licence sale recorded in the second quarter of 2016. Due to investments in growth, the company's operating result will show a substantial loss in 2017.

OTHER EVENTS IN THE REVIEW PERIOD

Governance

Qt Group Plc's Annual General Meeting (AGM) held on 14 March 2017 adopted the company's annual accounts, including the consolidated annual accounts for the accounting period 1 January-31 December 2016, and discharged the members of the Board of Directors and the Chief Executive Officer from liability. The AGM resolved, in accordance with the Board's proposal, that no dividend will be paid based on the balance sheet adopted for the accounting period that ended on 31 December 2016.

The AGM resolved on the remuneration of the company's Board of Directors and auditors, decided that the number of members on the Board of Directors would be five (5) and elected the company's Board of Directors. Robert Ingman, Matti Rossi, Leena Saarinen, Tommi Uhari and Kai Öistämö were re-elected as members of Qt Group Plc's Board of Directors. At its organising meeting held after the AGM, the Board of Directors elected Robert Ingman as its Chairman and Tommi Uhari as the Vice Chairman.

The Annual General Meeting granted the following authorisations to the Board of Directors of Qt Group Plc:

Authorising the Board of Directors to decide on repurchasing the company's own shares and/or accepting them as collateral

The AGM authorised the Board of Directors to decide on the repurchase and/or acceptance as collateral of a maximum of 2,000,000 of the company's own shares by using funds in the unrestricted equity.

According to the authorisation, the Board will decide on how these shares are to be purchased. The shares may be repurchased in a proportion other than that of the shares held by the current shareholders. The authorisation also includes the acquisition of shares through public trading organised by Nasdaq Helsinki Ltd in accordance with its and Euroclear Finland Ltd's rules and instructions, or through offers made to shareholders.

Shares may be acquired in order to improve the company's capital structure, to finance or carry out acquisitions or other arrangements, to implement share-based incentive schemes, to be transferred for other purposes, or to be cancelled.

The shares shall be repurchased for a price based on the fair value quoted in public trading. The authorisation is valid for 18 months from the issue date of the authorisation, i.e. until 14 September 2018, and it replaces any earlier authorisations on the repurchase and/or acceptance as collateral of the company's own shares.

Authorising the Board of Directors to decide on a rights issue

The AGM authorised the Board to decide on the issuance of a maximum total of 4,500,000 new shares or treasury shares in one or several rights issues pursuant to the pre-emptive subscription rights of the shareholders.

The authorisation is valid until 31 December 2017. The authorisation does not replace any earlier authorisations on share issues and the granting of special rights.

The authorisation includes the Board of Directors' right to decide on all terms relating to the share issue(s).

Authorising the Board of Directors to decide on a share issue and the granting of special rights entitling to shares

The AGM authorised the Board to decide on a share issue and the granting of special rights pursuant to Chapter 10, Section 1, of the Companies Act, subject to or free of charge, in one or several tranches on the following terms.

The maximum total number of shares to be issued by virtue of the authorisation is 2,000,000. The authorisation concerns both the issuance of new shares as well as the transfer of treasury shares. By virtue of the authorisation, the Board of Directors is entitled to decide on share issues and the granting of special rights waiving the pre-emptive subscription rights of the shareholders (directed issue).

The authorisation may be used in order to finance or carry out acquisitions or other arrangements, to carry out the company's share-based incentive schemes and to improve the capital structure of the company, or for other purposes decided by the Board of Directors.

The authorisation includes the Board of Directors' right to decide on all terms relating to the share issue and granting of special rights including the subscription price, its payment and its entry into the company's balance sheet.

The authorisation is valid for 18 months from the issue date of the authorisation, i.e. until 14 September 2018, and it does not replace any earlier authorisations on share issues and the granting of special rights. The authorisation does not replace any earlier authorisations on share issues and the granting of special rights.

Based on the authorisation granted by the AGM, the Board of Directors of Qt Group Plc resolved on 14 March 2017 on a rights offering of a maximum of EUR 15.3 million. In the rights offering, the company offered a maximum of 2,974,039 new shares to its shareholders for subscription in proportion to their current shareholding in the company. The subscription price for the offered shares was EUR 5.15 per share.

EVENTS AFTER THE REVIEW PERIOD

The subscription period for the rights offering resolved on by the Board of Directors of Qt Group Plc on 14 March 2017 ended after the review period, on 5 April 2017, and the company announced the final result of the offering in a stock exchange release on 12 April 2017. The rights offering was successful and the company raised gross proceeds of approximately EUR 15.3 million. As a result of the rights offering, the total number of shares in the company increased to 23,792,312.

FUTURE OUTLOOK

Operating environment and market outlook

The company estimates the growth prospects for its business in the next few years as very promising.

The Group's business development efforts will particularly focus on embedded systems in the automotive sector, digital TV and industrial automation. Areas targeted in product development include value-added features and tools required for building embedded systems.

Sales growth associated with embedded systems will also reflect on the earnings logic. Volume-based licence revenue from these sales accumulates over the long term. Consequently, the company anticipates no major impact from embedded systems sales growth on consolidated net sales in 2017.

Outlook 2017

The company will invest significantly in developing its operations and increasing its sales resources in line with its strategy. The company estimates that its net sales in 2017 will increase by 15-20 per cent year-on-year. We expect that our growth rate for the first half of the year will be below that level due to an exceptionally large licence sale recorded in the second quarter of 2016. Due to investments in growth, the company's operating result will show a substantial loss in 2017.

Helsinki, 27 April 2017

Qt Group Plc

Board of Directors

BRIEFING

The company does not hold briefings on interim statements.

The interim statement will be available in the Investors section at www.qt.io from 11:00 am on 27 April 2017.

FURTHER INFORMATION

Juha Varelius, CEO, tel. +358 9 8861 8040

DISTRIBUTION

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Key media

FINANCIAL INFORMATION 1 JANUARY-31 MARCH 2017

CONSOLIDATED INCOME STATEMENT, EUR 1,000

EUR 1,000	1-3/2017	carve out 1-3/2016	Change, %	carve out 1-12/2016
NET SALES	8,646	7,148	21.0%	32,395
Other operating income	0	42		528
Materials and services	-484	-170	184.1%	-2,313
Employee benefits expenses	-6,392	-4,636	37.9%	-22,990
Depreciation and amortisation	-230	-137	67.6%	-866
Other operating expenses	-2,556	-1,992	28.0%	-8,489
Operating profit	-1,016	253		-1,736
Financial expenses (net)	-184	-82		-541
Profit before taxes	-1,200	172		-2,277
Income taxes	171	-42		530
NET PROFIT	-1,029	129		-1,747
Other comprehensive income:				
Items which may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	43	45		28
TOTAL COMPREHENSIVE INCOME	-986	174		-1,720
Distribution of net profit:				
Parent company shareholders	-1,029	129		-1,747
Minority interest				0
Distribution of comprehensive income:				
Parent company shareholders	-986	174		-1,720
Minority interest				0
Earnings per share, EUR	-0.05			-0.08

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, EUR 1,000

Assets	31 March 2017	carve out 31 March 2016	31 December 2016
Non-current assets			
Goodwill	6,562	6,562	6,562
Other intangible assets	5,215	5,725	5,344
Tangible assets	572	439	583
Long-term receivables	1,432	34	952
Total non-current assets	13,782	12,761	13,441
Current assets			
Trade and other receivables	9,672	7,485	9,582
Cash and cash equivalents	5,415	3,271	6,420
Total current assets	15,087	10,756	16,002
Total assets	28,869	23,517	29,443

Shareholders' equity and liabilities	31 March 2017	carve out 31 March 2016	31 December 2016
Share capital	500	0	500
Unrestricted shareholders' equity reserve	8,720	8,528	8,720
Translation difference	675	565	633
Retained earnings	-1,482		160
Net profit	-1,029		-1,747
Equity attributable to parent company shareholders	7,385	9,093	8,265
Total shareholders' equity	7,385	9,093	8,265
Liabilities			
Long-term interest-bearing liabilities	63	100	55
Deferred tax liabilities	370	209	293
Other long-term liabilities	461	825	461
Total long-term liabilities	894	1,825	809
Short-term interest-bearing liabilities	6,133	12051	6,152
Other short-term liabilities	14,458	1238	14,217
Total short-term liabilities	20,591	12,599	20,369
Total liabilities	21,485	14,424	21,179
Shareholders' equity and liabilities	28,869	23,517	29,443

CONSOLIDATED KEY FIGURES, EUR 1,000

	1-3/2017	carve out 1-3/2016	carve out 1-12/2016
Net sales	8,646	7,148	32,395
Operating profit	-1,016	253	-1,736
- % of net sales	-11.8%	3.5%	-5.4%
Net profit	-1,029	129	-1,747
- % of net sales	-11.9%	1.8%	-5.4%
Return on equity %	-13.9%	1.4%	-21.1%
Return on investment %	-7.5%	1.2%	-12.0%
Interest-bearing liabilities	6,196	12,151	6,207
Cash and cash equivalents	5,415	3,271	6,420
Net gearing %	10.6%		0.7%
Equity ratio %	37.7%	56.7%	40.0%
Earnings per share, EUR	-0.05		-0.08

INFORMATION ON PRODUCTS AND SERVICES

Starting from the first quarter of 2017, Qt reports its net sales by type as follows: Licence sales and consulting, and Support and maintenance.

Licence sales includes developer licences and distribution licences (runtimes).

Net sales by type:

Net sales EUR thousand	1-3/2017	1-3/2016	Change, %	1-12/2016
Licence sales and consulting	5,499	4,435	24.0%	21,073
Support and maintenance	3,147	2,713	16.0%	11,322
Group total	8,646	7,148	21.0%	32,395

GEOGRAPHICAL INFORMATION

The geographical distribution of personnel:

Personnel (on average)	1-3/2017	1-3/2016	Change, %	1-12/2016
Finland	73	55	31.3%	64
Europe & APAC	126	110	14.7%	118
North America	31	26	19.0%	27
Group total	230	192	20.1%	209

The number of Qt's personnel was 230 (192) on average during the quarter and 239 (198) at the end of the review period. In 2016, the number of personnel was 209 on average and 220 at the end of the financial year.