



Qt
Group

Qt Group Plc Stock Exchange Release, 16 Feb 2018 at 8:00 a.m.

Financial statements bulletin

1 January–31 December 2017

Fourth quarter: Net sales increased by 14.3 per cent

Fiscal year 2017

- » Net sales increased by 11.9 per cent to EUR 36,259 thousand (32,395)*. At comparable exchange rates, net sales increased by 13.4 per cent.
- » The operating result was EUR -3,206 thousand (-1,736).
- » The operating margin (EBIT %) was -8.8 per cent (-5.4%).
- » Earnings per share were EUR -0.14 (-0.08).

October–December 2017:

- » Net sales increased by 14.3 per cent to EUR 10,108 thousand (8,845). At comparable exchange rates, net sales increased by 20.7 per cent.
- » The operating result was EUR -701 thousand (-305).
- » The operating margin (EBIT %) was -6.9 per cent (-3.5%).
- » Earnings per share were EUR -0.03 (-0.01).

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

This financial statements bulletin was prepared in compliance with IAS 34 Interim Financial Reporting. The amounts from the financial statements presented in this bulletin are based on the company's audited financial statements. The Auditor's Report was issued on 15 February 2018.

BOARD OF DIRECTORS' DIVIDEND PROPOSAL

The Board of Directors of Qt Group Plc proposes to the Annual General Meeting that no dividend be paid for the fiscal year that ended on 31 December 2017.

BUSINESS

Qt is responsible for Qt development, productisation and licensing under commercial and open source licences. Qt technology is used globally by over one million software developers. Qt is used for developing cross-platform applications and graphic user interfaces for desktops, embedded systems and mobile devices. Qt technology is used in over 70 different industries and in millions of devices and applications, including consumer electronics, vehicles, airplanes and industrial automation applications. Qt has operating locations in Finland, Norway, Germany, the United States, Russia, China, Japan and South Korea.

Juha Varelius, President and CEO:

The fiscal year 2017 was the first year in the 2017–2021 strategic period for Qt Group. Our long-term financial targets are to achieve annual net sales of EUR 100 million and operating profit of more than 15 per cent in 2021. Although net sales growth for the past fiscal year was slightly lower than our original target, our performance in 2017 still provides a good foundation for achieving our strategic growth targets in the future.

Net sales for 2017 increased by 11.9 per cent compared to the previous fiscal year. Licence sales and consulting grew by 9.3 per cent and support and maintenance by 16.8 per cent. At comparable exchange rates, net sales for the entire year increased by 13.4 per cent.

When it comes to net sales development, 2017 was divided. Net sales growth in the first half of the year was just 8.4 per cent, which was primarily due to a significant transaction in the comparative period of the previous year, which significantly increased net sales for that period. In the second half of the year, growth accelerated to 15.4 per cent compared to the previous year, although the weakening of the US dollar compared to the euro put a clear strain on net sales growth in the second half of the year. At comparable exchange rates, growth during the second half of the year was over 20 per cent.

As expected, the operating result for the fiscal year showed a loss. Qt Group made investments in growth and recruited new personnel in line with its growth strategy following the successful share issue completed in April 2017. As a result of the share issue, the company raised EUR 15.3 million in new capital in order to implement its growth strategy.

During 2017, the company implemented its strategy above all by investing in growing the global sales network. In the sale of embedded systems in particular, which is a pillar of the company's growth strategy, the sales cycles are long and require a local presence. The company has particularly invested in its biggest market areas, which are currently the United States, Germany, Japan, South Korea and China. During 2017, we hired nearly one hundred new employees, particularly in global sales and sales support functions.

The year 2017 saw the release of the new versions Qt 5.8, Qt 5.9 and Qt 5.10 of the technology, as well as the launch of the new Qt 3D Studio, which supports the design of 3D-based user interfaces in particular. 3D user interfaces are a rising trend in many industries, especially the automotive, healthcare and industrial automation sectors. Innovative, easy-to-use 3D design tools are an important part of user interface design.

Qt is the leading independent technology behind millions of devices and applications. Qt is used by approximately one million developers worldwide and by leading global players in more than 70 industries. As evidence of the long-term competitiveness of Qt technology, we have gained a strong foothold as a technology platform of the automotive industry. We already have several significant automotive manufacturers and their major suppliers as our customers. We continuously engage in negotiations in order to broaden our current partnerships and gain new customers. Over the course of 2017, many significant car manufacturers have released Qt-based concept vehicles, and we are constantly developing new concepts using Qt technology in cooperation with our partners. We are engaging in closer sales and technology cooperation directly with car manufacturers and aim to support their ultimate technology choices in the coming years. However, development cycles in the automotive industry last several years, and significant net sales based on device sales from these possible choices are not expected to be recognised as revenue until starting from 2019 and onwards.

The sold-out Qt World Summit 2017 seminar, which attracted 1,000 participants, was held in the autumn in Berlin, Germany. The event featured more than 90 expert speeches and enabled us to meet with important customers and partners in cooperation.

We estimate that the growth prospects for the company's business in the next few years will be very promising and are keeping our long-term strategy and goals unaltered. The company's financial goals are to achieve, in 2021, annual net sales of EUR 100 million and an operating margin (EBIT %) of more than 15 per cent.

We estimate that our net sales in 2018 will increase by more than 15 per cent year-on-year at comparable exchange rates. Due to investments in line with its growth strategy, the company's operating result will show a substantial loss also in 2018, as was expected based on prior forecasts.

Net sales

Qt's net sales for 2017 amounted to EUR 36,259 thousand (32,395), up by 11.9 per cent. Licence sales and consulting grew by 9.3 per cent and support and maintenance by 16.8 per cent. At comparable exchange rates, net sales for the entire year increased by 13.4 per cent.

Qt's net sales for the fourth quarter amounted to EUR 10,108 thousand (EUR 8,845 thousand), up 14.3 per cent. Licence sales and consulting grew by 14.6 per cent and support and maintenance by 13.6 per cent. At comparable exchange rates, net sales during the fourth quarter increased by 20.7 per cent.

Profit performance

Qt's operating result for October–December 2017 was EUR -701 thousand (EUR -305 thousand). The operating result for the financial year amounted to EUR -3,206 thousand (EUR -1,736 thousand).

The other operating income for the fiscal year includes income gained from events organised by the company, as well as tax-free research and development investment grants received by the company in Norway, totalling approximately EUR 389 thousand. The grants concern the applicable personnel expenses related to the research and development activities of Qt's Norwegian company, and they were paid to the company in the second half of 2017. The company's operating expenses, including materials and services, personnel expenses, depreciation and other operating expenses, amounted to EUR 11,387 thousand (EUR 9,625 thousand) in the fourth quarter, up 18.3 per cent compared to the same period in the previous year. Personnel expenses accounted for 63.4 per cent (60.1%) of operating expenses, or EUR 7,214 thousand (EUR 5,787 thousand).

The company's net financial expenses in the fourth quarter amounted to EUR 134 thousand (EUR 90 thousand), due to translation differences in currency-denominated internal receivables and debts related to the financing of international subsidiaries.

Qt's earnings before tax for the fourth quarter totalled EUR -835 thousand (EUR -395 thousand) and the result was EUR -731 thousand (EUR -153 thousand). Taxes for the review period amounted to EUR 104 thousand positive (EUR 242 thousand), which was due to deferred tax assets recognised for losses.

Earnings per share totalled EUR -0.03 during the fourth quarter (EUR -0.01).

Financing and investments

Cash flow from operating activities was EUR -2,939 thousand (EUR -1,385 thousand) in the first half of the year due to growth investments and subsequent loss-making operating result.

The subscription period for the rights offering resolved on by the Board of Directors of Qt Group Plc on 14 March 2017 ended on 5 April 2017, and the company announced the final result of the offering in a stock exchange release on 12 April 2017. The company raised gross proceeds of approximately EUR 15.3 million from the rights offering. A loan of EUR 6.0 million, granted by Ilmarinen Mutual Pension Insurance Company, was repaid in full in May 2017.

Qt's cash and cash equivalents totalled EUR 11,693 thousand (EUR 6,420 thousand) at the end of the fiscal year.

Qt Group's consolidated balance sheet total at the end of the fiscal year stood at EUR 37,485 thousand (EUR 29,443 thousand). Net cash flow from investments during the fiscal year was EUR -384 thousand (EUR -374 thousand).

The equity ratio stood at 42.9 per cent (40.0%) and gearing was -54.2 per cent (0.7%). Interest-bearing liabilities amounted to EUR 686 thousand (EUR 6,207 thousand), of which short-term loans accounted for EUR 287 thousand (EUR 6,152 thousand).

The return on investment for the fiscal year was -15.3 per cent (-12.0%) and return on equity was -15.9 per cent (-21.1%).

Research and development

Product development expenses are included in the result for the fiscal year in their entirety and the company has no capitalised product development expenses in its balance sheet.

Product development expenses during the fiscal year totalled EUR 8,527 thousand (EUR 8,347 thousand), accounting for 23.5 per cent (25.8%) of operating expenses. Product development expenses increased by 2.2 per cent year-on-year.

At the end of the review period, the company had 111 people (87) employed in product development.

Personnel

The number of Group personnel was 275 (218) on average during the fourth quarter and 276 (220) at the end of the fiscal year. The Group's personnel expenses during the quarter amounted to EUR 7,214 thousand (EUR 5,787 thousand), up 24.7 per cent year-on-year. Personnel expenses totalled EUR 26,975 thousand (EUR 22,990 thousand) during the fiscal year, up 17.3 per cent.

At the end of the fiscal year, international personnel represented 68 per cent (68%) of the total.

Juha Varelius has been Qt Group Plc's President and CEO since 1 May 2016.

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. 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.

The company announced the final result of the rights offering in a stock exchange release published on 12 April 2017. A total of 3,431,175 shares were subscribed for in the share issue. The Board of Directors accepted all primary subscriptions and secondary subscriptions in accordance with the terms and conditions of the offering, with a total of 2,974,039 new shares issued in the rights offering and registered with the Trade Register maintained by the Finnish Patent and Registration Office on 13 April 2017. As a result of the share issue, the total number of shares in the company increased to 23,792,312.

In its stock exchange release from 27 September 2017, the company announced that the programme involving the issue of a maximum of 2,000,000 stock option rights to key personnel of the company, approved at its meeting on 22 June 2016, will be continued so that the still existing 480,000 options will be issued to the key personnel according to the conditions of the option programme. At the same time, the Board of Directors of the company decided to issue a total of 52,348 option rights from the above-mentioned amount gratuitously to those key personnel who had previously been granted option rights based on the option programme. These additional options were issued as an offering correction due to the fact that the share issue approved by the board on 14 March 2017 increased the number of company shares by 2,974,039 and the board did not want this change to affect the value of the options already granted to those who received them.

Share

Qt Group Plc has one series of shares. Each share confers one vote and equal rights. The total number of shares is 23,792,312, and the share capital is EUR 500,000. Qt Group Plc did not hold any treasury shares during the reporting period.

Qt Group Plc's share (trading code: QTCOM) is traded on the Nasdaq Helsinki stock exchange. A total of 2,031,554 shares changed hands during the reporting period. This accounts for 8.5 per cent of the total number of shares. The volume-weighted average price of the share was EUR 6.38, with the lowest price being EUR 5.13 (21 December 2017) and the highest price EUR 7.58 (13 April 2017). The closing price at the end of December was EUR 5.21 per share, and Qt Group's market capitalisation was EUR 124.0 million. The company had a total of 4,006 shareholders at the end of December 2017.

The company did not receive any flagging notifications during the fiscal year 2017.

Events after the end of the fiscal year

The company does not have any significant events after the end of the fiscal year that would have affected the financial statements.

Risks and uncertainties

The company's short-term risks and uncertainties are related to potential significant changes in the company's business operations as well as the retention and recruitment of the personnel required for business development.

Exchange rate fluctuations, particularly between the US dollar and euro, may have a large impact on the development of the company's net sales. Another factor contributing to considerable fluctuation in quarterly net sales and

profitability in particular is contract turnaround times which, in the major customer segment, are very long at up to 18 months.

The company's business risks and preparations for them are also described on the company website at www.qt.io.

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 foundation of the company's business is the stable market for platform-independent desktop applications, which the company will continue to support by offering customers new versions of Qt and innovations related to 3D technology, for example. Growth potential on the desktop application side is, however, constrained by the limited number of software developers.

The company aims to achieve net sales growth by developing and expanding its sales and product offering, particularly in selected industries that create embedded systems, such as the automotive industry, household and industrial automation and medical device industry. Because many device manufacturers use desktop applications as part of their overall systems for purposes such as device data visualisation, this part of the company's product offering will also continue to be an important part of the comprehensive solutions the company offers its customers. The company's earnings model in the embedded systems market is based on the number of devices developed using Qt, which means that the future growth potential in this market is significantly greater than in the desktop applications market. In order to support this, the focus of the company's product development is targeted towards developing value-adding features of embedded systems required for the above-mentioned industries, as well as on innovating development tools.

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 2018.

Outlook 2018

The company estimates the growth of its net sales to pick up speed in 2018 with over 15 per cent growth at comparable exchange rates from the previous year. Due to investments in line with its growth strategy, the company's operating result will show a substantial loss also in 2018, as was expected based on prior forecasts.

Helsinki, 16 February 2018

Qt Group Plc

Board of Directors

Communications

Qt Group will hold a briefing on this fiscal year report for analysts on Friday, 16 February 2018 at 11:00 a.m. in the Eino Leino room of Hotel Kämp, Pohjoisesplanadi 29, 00100 Helsinki, Finland. Welcome! The financial statements report and CEO's presentation will be available in the Investors section at www.qt.io from 11:00 a.m. on 16 February 2018.

Further information

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Summary of financial statements and notes to the financial statements 1 January–31 December 2017

Consolidated income statement

EUR 1,000	10–12/2017	10–12/2016	Change, %	1–12/2017	carve-out 1–12/2016	Change, %
Net sales	10,108	8,845	14.3%	36,259	32,395	11.9%
Other operating income	578	476	21.5%	1,128	528	113.8%
Materials and services	-90	-993	-90.9%	-1,130	-2,313	-51.1%
Personnel expenses	-7,214	-5,787	24.7%	-26,975	-22,990	17.3%
Depreciation, amortisation and impairment	-248	-309	-19.6%	-914	-866	5.6%
Other operating expenses	-3,835	-2,537	51.1%	-11,574	-8,489	36.3%
Operating result	-701	-305	129.7%	-3,206	-1,736	84.7%
Financial expenses (net)	-134	-90	49.5%	-488	-541	-9.9%
Profit before taxes	-835	-395	111.5%	-3,694	-2,277	62.2%
Income taxes	104	242	-57.2%	472	530	-10.9%
Net profit for the review period	-731	-153	379.2%	-3,222	-1,747	84.4%
Other comprehensive income:						
Items which may be reclassified subsequently to profit or loss:						
Exchange differences on translation of foreign operations	-105	4		-88	28	
Total comprehensive income for the review period	-837	-149	461.8%	-3,310	-1,720	92.5%
Distribution of comprehensive income for the review period:						
Parent company shareholders	-731	-153	379.2%	-3,222	-1,747	84.4%

Distribution of comprehensive
income for the review period:

Parent company shareholders	-837	-149	461.8%	-3,310	-1,720	92.5%
Earnings per share, EUR	-0.03	-0.01		-0.14	-0.08	

Consolidated statement of financial position

Assets

EUR 1,000	31 December 2017	31 December 2016
Non-current assets		
Goodwill	6,562	6,562
Other intangible assets	4,995	5,360
Tangible assets	1,082	567
Long-term receivables	157	37
Deferred tax assets	2,049	915
Total non-current assets	14,845	13,441
Current assets		
Trade and other receivables	10,946	9,582
Cash and cash equivalents	11,693	6,420
Total current assets	22,639	16,002
Total assets	37,485	29,443

Shareholders' equity and liabilities

EUR 1,000	31 December 2017	31 December 2016
Shareholders' equity		
Share capital	500	500
Unrestricted shareholders' equity reserve	23,651	8,720
Translation difference	545	633
Retained earnings	-1,165	160
Net profit for the review period	-3,222	-1,747
Total shareholders' equity	20,308	8,265
Liabilities		
Long-term interest-bearing liabilities	399	55
Deferred tax liabilities	317	293
Other long-term liabilities	753	461
Total long-term liabilities	1,469	809

Short-term interest-bearing liabilities	287	6,152
Other short-term liabilities	15,420	14,217
Total short-term liabilities	15,707	20,369
Total liabilities	17,176	21,179
Total shareholders' equity and liabilities	37,485	29,443

Consolidated cash flow statement

EUR 1,000	1 January–31 December 2017	carve-out 1 January–31 December 2016
Result before taxes	-3,694	-2,277
Adjustments to net profit		
Depreciation and amortisation	700	695
Other adjustments	910	754
Change in working capital		
Change in trade and other receivables	-1,456	-1,373
Change in accounts payable and other liabilities	1,118	1,621
Interest paid	-204	-513
Other financial items	55	-28
Taxes paid	-368	-263
Cash flow from operations	-2,939	-1,385
Investments in tangible and intangible assets	-384	-374
Cash flow from investments	-384	-374
Repayments of current loans	-6,000	-346
Withdrawals of non-current loans		6,000
Repayments of non-current loans		-1,188
Rights offering	14,931	
Cash flow from financing	8,931	4,466
Change in cash and cash equivalents	5,608	2,707
Cash and cash equivalents at the beginning of the review period	6,420	3,577
Net foreign exchange difference	-335	136

Cash and cash equivalents at the end of the review period	11,693	6,420
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Consolidated statement of changes in shareholders' equity

EUR 1,000	Invested equity and retained earnings	Share capital	Unrestricted shareholders' equity reserve	Translation difference	Retained earnings	Total shareholders' equity
Shareholders' equity 1						
January 2016	8,314	0	0	605	0	8,919
Comprehensive income for the period 1–4/2016						
Net profit for the review period	526					526
Other comprehensive income				97		97
Demerger-related transactions	855					855
Demerger 30 April 2016	-9,694	500	8,720		474	0
Shareholders' equity 1 May 2016	0	500	8,720	702	474	10,396
Comprehensive income for the period 5–12/2016						
Net profit for the review period					-2,273	-2,273
Stock option programme					211	211
Other comprehensive income				-69		-69
Shareholders' equity 31						
December 2016	0	500	8,720	633	-1,588	8,265
Shareholders' equity 1 January 2017						
2017	0	500	8,720	633	-1,588	8,265
Comprehensive income for the period 1–12/2017						
Net profit for the review period					-3,222	-3,222
Stock option programme					422	422
Other comprehensive income				-88		-88
Rights offering			14,931			14,931
Shareholders' equity 31						
December 2017	0	500	23,651	545	-4,388	20,308

Accounting principles

The preparation of IFRS financial statements requires the application of judgement by the management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the balance sheet date and the reported amounts of income and expenses for the financial year. The management also has to make judgements when applying the accounting policies. As the estimates and related assumptions are based on the management's view on the balance sheet date, they include risks and uncertainties. Actual results may differ from the estimates and assumptions used. The figures shown in the income statement and balance sheet are consolidated figures. As the figures in this report are independently rounded, the sums of individual figures may deviate from the sum figures shown.

This financial statements bulletin was prepared in compliance with IAS 34 Interim Financial Reporting. The amounts from the financial statements presented in this bulletin are based on the company's audited financial statements. The Auditor's Report was issued on 15 February 2018.

IFRS amendments

Qt Group has not yet applied the following new or revised standards and interpretations published by the IASB. The Group will adopt them as of the effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year.

IFRS 9 Financial Instruments (effective for financial years beginning on or after 1 January 2018): IFRS 9 replaces the existing guidance in IAS 39. The new standard includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Group has investigated the impacts of IFRS 9, and the most significant change concerns the recognition of credit losses associated with trade receivables using the life cycle model. It is estimated that the adjustments to shareholders' equity and trade receivables due to the adoption of the standard are not significant in value. Other figures for the comparison period will not be adjusted.

IFRS 15 Revenue from Contracts with Customers (effective for financial years beginning on or after 1 January 2018): The new standard replaces current IAS 18 and IAS 11 and related interpretations. In IFRS 15, a five-step model is applied to determine when to recognise revenue, and at what amount. Revenue is recognised when (or as) a company transfers control of goods or services to a customer either over time or at a point in time. The standard also introduces extensive new disclosure requirements. The impacts of IFRS 15 on Qt Group's consolidated financial statements have been assessed as follows: The essential concepts in IFRS 15 have been analysed with respect to revenue streams. The Group's revenue streams consist of licences, maintenance and consulting. According to the report and documentation compiled as a result, the new standard makes some specifications to the calculation rules, but no changes to the results for the past year have been observed. The application of IFRS 15 will, therefore, not have a material effect on Qt Group's financial statements.

IFRS 16 Leases (effective for financial years beginning on or after 1 January 2019). The new standard replaces the current IAS 17 standard and related interpretations. IFRS 16 requires the lessees to recognise the lease agreements

on the balance sheet as right-of-use assets and lease liabilities. The accounting model is similar to current finance lease accounting according to IAS 17. There are two exceptions available, these relate to either short-term contracts in which the lease term is 12 months or less, or assets of value USD 5,000 or less. The accounting of lessors will largely remain in accordance with the current IAS 17.

Qt Group has commenced a preliminary assessment of the impacts of IFRS 16 on financial statements. The most considerable identified impact is that Qt Group will recognise new assets and liabilities on its balance sheet, mainly business premises and vehicles included currently in other leases. In addition, the nature of expenses associated with said leases will change as IFRS 16 replaces rental expense with depreciation and interest expense arising from lease liability, reported as part of financial expenses. Qt Group will prepare a more detailed estimate of the impacts of the standard and the transition method during the 2018 financial year.

Other standards or interpretations entering into force in 2018 are not considered to have a material impact on the Group's result for the financial year, financial position or presentation of financial statements.

Alternative performance measures

Qt Group Plc has applied the guidance from ESMA (European Securities and Markets Authority) on Alternative Performance Measures and presents the following alternative performance measure in addition to its consolidated IFRS financial statements.

Net sales at comparable exchange rates. The purpose of this alternative performance measure is to provide investors with information for comparison between reporting periods by illustrating the company's operative net sales development independent of exchange rates. The percentage of change in net sales at comparable exchange rates is calculated by translating the net sales from the comparison period of 2016 with the actual exchange rates of the reporting period of 2017 and by comparing the reported net sales in 2017 with the calculated 2016 net sales at comparable exchange rates.

EUR 1,000	10–12/2017	10–12/2016	Change, %	1–12/2017	carve-out 1–12/2016	Change, %
Net sales	10,108	8,845	14.3%	36,259	32,395	11.9%
Effect of exchange rates		-467			-427	
Net sales at comparable exchange rates	10,108	8,377	20.7%	36,259	31,968	13.4%

Segment reporting

Qt Group Plc reports one business segment. The reported segment covers the entire Group, and its figures are congruent with the consolidated figures.

Information on products and services

Qt Group Plc reports its net sales by type as follows: Licence sales and consulting, and support and maintenance revenue. Licence sales includes developer licences and distribution licences (runtimes).

EUR 1,000	10–12/2017	10–12/2016	Change, %	1–12/2017	carve-out 1–12/2016	Change, %
Licence sales and consulting	6,712	5,855	14.6%	23,030	21,073	9.3%
Maintenance revenue	3,395	2,989	13.6%	13,230	11,322	16.8%
Group total	10,108	8,845	14.3%	36,259	32,395	11.9%

Geographical information

As geographical information, Qt reports net sales and non-current assets for Finland, the rest of Europe and APAC, and North America. Non-current assets comprise of goodwill, tangible and intangible assets as well as long-term receivables.

NET SALES	10–12/2017	10–12/2016	Change, %	1–12/2017	carve-out 1–12/2016	Change, %
Finland	83	85	-2.4%	216	257	-16.0%
Rest of Europe and APAC	5,939	4,780	24.2%	21,038	18,811	11.8%
North America	4,086	3,980	2.7%	15,006	13,327	12.6%
Group total	10,108	8,845	14.3%	36,259	32,395	11.9%

NON-CURRENT ASSETS	31 December 2017	31 December 2016	Change, %
Finland	12,233	12,267	-0,3 %
Rest of Europe and APAC	426	171	149,1 %
North America	138	89	55,1 %
Group total	12,797	12,527	2,2 %

Geographical distribution of personnel:

PERSONNEL (number of employees, on average)	10–12/2017	10–12/2016	Change, %	1–12/2017	1–12/2016	Change, %
Finland	86	68	27%	82	64	28%
Rest of Europe & APAC	150	122	23%	139	118	18%
North America	39	28	38%	34	27	27%
Group total	275	218	26%	255	209	22%

The Group's contingent liabilities

EUR 1,000	31 December 2017	31 December 2016

Pledges given on own behalf

Corporate mortgage	0	7,800
Guarantees	540	490
Total	540	8,290
Other own commitments		
Other leases		
Lease liabilities maturing within one year	1,505	1,315
Lease liabilities maturing within one to five years	1,470	1,469
Lease liabilities maturing later	0	0
Total	2,975	2,784
Pledges, mortgages and contingent liabilities total	3,515	11,073

Consolidated key figures

EUR 1,000	10-12/2017	1-12/2017	carve-out 1-12/2016
Net sales	10,108	36,259	32,395
Operating result	-701	-3,206	-1,736
- % of net sales	-6.9%	-8.8%	-5.4%
Net profit for the review period	-731	-3,222	-1,747
- % of net sales	-7.2%	-8.9%	-5.4%
Return on equity, %	-3.6%	-15.9%	-21.1%
Return on investment, %	-3.3%	-15.3%	-12.0%
Interest-bearing liabilities	686	686	6,207
Cash and cash equivalents	11,693	11,693	6,420
Net gearing, %	-54.2%	-54.2%	0.7%
Equity ratio, %	42.9%	42.9%	40.0%

Earnings per share, EUR*	-0.03	-0.14	-0.08
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*Share issue Q2/2017

Calculation formulas for key figures

Return on equity

$$\frac{\text{Profit/loss before taxes} - \text{taxes}}{\text{Shareholders' equity} + \text{minority interest (average)}} \times 100$$

Return on investment

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

Gearing

$$\frac{\text{Interest-bearing liabilities and cash, bank receivables and financial securities}}{\text{Shareholders' equity}} \times 100$$

Equity ratio

$$\frac{\text{Shareholders' equity} + \text{minority interest}}{\text{Balance sheet total} - \text{advance payments received}} \times 100$$

Transactions with related parties

The Group did not have transactions considered to be transactions with related parties during the financial year.

Share and shareholders

On 31 December 2017, the number of Qt Group Plc shares was 23,792,312 (20,818,273). According to Euroclear Finland Ltd, the company had 4,006 shareholders on 31 December 2017 (4,031).

The ten largest shareholders on 31 December 2017

Shareholder	Percentage of shares and votes
INGMAN DEVELOPMENT OY AB	21.6%
ILMARINEN MUTUAL PENSION INSURANCE COMPANY	14.3%
HALLIKAINEN JYRKI SAKARI	7.4%
KARVINEN KARI JUHANI	4.8%
VARMA MUTUAL PENSION INSURANCE COMPANY	4.7%
SAVOLAINEN MATTI ILMARI	3.9%
AKTIA CAPITAL INVESTMENT FUND	2.6%
SÄÄSTÖPANKKI SMALL CAP INVESTMENT FUND	1.6%
AKTIA NORDIC SMALL CAP INVESTMENT FUND	1.6%
VARELIUS JUHA PEKKA	1.1%

Distribution of holdings by number of shares held on 31 December 2017

Number of shares	Shareholders	Percentage of shares and votes
1–100	22.2%	0.2%
101–1,000	56.2%	3.6%
1,001–10,000	18.8%	8.2%
10,001–100,000	2.0%	10.1%
100,001–1,000,000	0.6%	25.2%
1,000,001–9,999,999	0.1%	52.8%

Shareholding by sector on 31 December 2017

Number of shares	Shareholders	Shares
Non-financial corporations	4.1%	27.7%
Financial and insurance corporations	0.6%	12.5%
General government	0.1%	18.9%
Not-for-profit institutions serving households	0.2%	0.3%
Households	94.5%	38.6%
Foreign holding	0.5%	0.6%

The number of outstanding shares at the end of the review period was 23,792,312.