



# Interim Statement

1.1.-31.3. 2019

First quarter:

The year has begun strong, net sales increased by 23.7 percent

January–March 2019

- Net sales increased by 23.7 percent to EUR 12,771 thousand (10,328)\*. The effect of exchange rates on the comparison period's net sales was EUR 579 thousand. At comparable exchange rates, net sales increased by 17.1 percent.
- The operating result was EUR -519 thousand (-947)
- The operating margin (EBIT %) was -4.1 percent (-9.2%).
- Earnings per share were EUR -0.02 (-0.04)

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

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# Business Report

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## Financial performance:

Qt Group Plc's net sales for the first quarter amounted to EUR 12,771 thousand (EUR 10,328 thousand), up 23.7 percent. License sales and consulting grew by 23.6 percent, while net sales of support and maintenance increased by 23.8 percent. The effect of exchange rates on the comparison period's net sales was EUR 579 thousand. At comparable exchange rates, net sales increased by 17.1 percent.

Qt Group's operating result for January–March 2019 was EUR -519 thousand (EUR -947 thousand). Qt Group has made investments in growth and recruited new personnel in line with its growth strategy. The Group had 322 employees at the end of the first quarter of 2019, compared to 285 a year earlier. The increase in the number of employees has been strongest in the sales organizations of Asia and the United States.

## Juha Varelius, President and CEO:

Qt Group's growth remained strong in the first quarter of 2019. Our net sales increased in all geographical areas. The main source of growth was in the fields of industrial automation and automotive industries in Asia. The appreciation of the US dollar in relation to the euro boosted the growth in net sales. Approximately two-thirds of the Qt Group's sales is based on the USD.

In the beginning of 2019, we published two significant cooperation agreements in the automotive industry. Parrot Faurecia Automotive, a leading component manufacturer in the automotive industry, named Qt's development environment and tools the next generation's technology of digital instrumentation. Parrot Faurecia especially focuses on in-vehicle infotainment and connectivity solutions. Millions of cars worldwide are equipped with their products.

We also announced our collaboration with LG Electronics Vehicle Component Solutions Company. The goal of this collaboration is to enhance the development of LG Electronics Vehicle Component Solutions Company's premium in-vehicle infotainment experience and to extend Qt Company's long-standing partnership with LG Consumer Electronics. Currently, the collaboration includes also the software development of digital cockpits and displays for various vehicle manufacturers.

We have developed new features into Qt and enhanced the performance and resource efficiency of Qt applications. With the most recent version, Qt supports Python, the fourth largest programming language in the world. Hence, all of Qt's functionalities are available to the ever-growing developer community of Python.

Our performance in the first quarter means we are well positioned to achieve our goals for 2019 and continue the implementation of our growth strategy.

## Future Outlook

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### 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 desktop applications as well as embedded systems in the automotive, medical devices and industrial automation sectors. Product development efforts will also focus on the value-added features and tools needed in the creation of embedded systems.

Sales growth associated with embedded systems will also reflect on the earnings logic. Volume-based distribution license revenue from these sales accumulates over the long term. The company estimates that the growth of volume-based distribution license revenue from the sales of embedded systems will accelerate to a more significant degree starting from 2020.

### Outlook 2019

We estimate that our net sales in 2019 will increase by more than 15 percent year-on-year at comparable exchange rates. We expect our operating result still in 2019 to show a loss due to growth investments.

## Other Events in the Review Period

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### Governance

Qt Group Plc's general meeting held on March 14, 2019, adopted the company's annual accounts, including the consolidated annual accounts for the accounting period 1 January–December 31, 2018, and discharged the Members of the Board and the Chief Executive Officer from liability. The general meeting 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 December 31, 2018.

The general meeting 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, Jaakko Koppinen, Mikko Marsio, Leena Saarinen and Tommi Uhari were re-elected as members of Qt Group Plc's Board of Directors. At its organizing meeting held after the general meeting, the Board of Directors elected Robert Ingman as its Chairman and Tommi Uhari as the Vice Chairman.

The general meeting granted the following authorizations to the Board of Directors of Qt Group Plc:

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

The general meeting authorized 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 authorization, 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 authorization also includes the acquisition of shares through public trading organized 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 authorization is valid for 18 months from the issue date of the authorization, i.e. until September 14, 2020, and it replaces any earlier authorizations on the repurchase and/or acceptance as collateral of the company's own shares.

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

The general meeting authorized 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 authorization is 2,000,000. The authorization concerns both the issuance of new shares and the transfer of shares held by the company. By virtue of the authorization, 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 authorization 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 authorization 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 authorization is valid for 18 months from the issue date of the authorization, i.e. until September 14, 2020, and it replaces any earlier authorizations on the granting of shares or special rights entitling to shares.

By virtue of the authorization granted to it by the general meeting, the Board of Directors of Qt Group Plc resolved at its meeting on February 14, 2019, on the program for keypersons' share rewards. Within this program, a reward corresponding to the value of 530,000 shares of the company at the most can be granted to keypersons in the

company or its group companies. The governance, security and execution of the incentive scheme has been outsourced to Evli AwardsManagement Oy. According to the outsourcing arrangement, the company shall fund the acquisition of shares required for paying out rewards in the manner permitted by Chapter 13, Section 10, Clause 2 of the Limited Liability Companies Act, and Evli AwardsManagement shall independently perform the acquisition of such shares in the stock market.

## Events after the review period

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The company had no other significant events deviating from normal business operations after the end of the review period.

Helsinki, 25 April 2019

Qt Group Plc

Board of Directors

## Communications

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The company does not hold briefings on interim statements.

The interim statement will be available in the Investors section at [www.qt.io](http://www.qt.io) from 3:00 pm on 25 April 2019.

## Further information

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

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## Financial information 1 January–31 March 2019

### Segment reporting

Qt 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 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	1-3/2019	1-3/2018	Change, %	1-12/2018
Licence sales and consulting	8,534	6,906	23.6%	30,635
Maintenance revenue	4,237	3,422	23.8%	14,955
Group total	12,771	10,328	23.7%	45,590

### Geographical information

Geographical distribution of personnel:

PERSONNEL (in an employment relationship, on average)	1-3/2019	1-3/2018	Change, %	1-12/2018
Finland	91	90	1,1	90
Rest of Europe & APAC	176	155	13,5	163
North America	51	38	34,2	42
Group total	318	283	12,4	295

## Consolidated income statement

EUR 1,000	1-3/2019	1-3/2018	Change, %	1-12/2018
Net sales	12,771	10,328	23,7	45,590
Other operating income	149	108	38,4	1,205
Materials and services	-565	-227	148,9	-1,729
Personnel expenses	-9,087	-7,916	14,8	-32,896
Depreciation, amortization and impairment	-619	-246	151,8	-1,073
Other operating expenses	-3,170	-2,994	5,9	-13,419
Operating result	-519	-947	-45,1	-2,322
Financial expenses (net)	-68	-81	-15,2	-200
Profit before taxes	-588	-1,027	-42,8	-2,521
Income taxes	37	145	-74,4	130
Net profit for the review period	-551	-883	-37,6	-2,391
Other comprehensive income:				
Items which may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	68	-6		-21
Total comprehensive income for the review period	-482	-888	-45,7	-2,413
Distribution of comprehensive income for the review period:				
Parent company shareholders	-551	-883	-37,6	-2,391
Distribution of comprehensive income for the review period:				
Parent company shareholders	-482	-888	-45,7	-2,413
Earnings per share, EUR	-0.02	-0.04		-0.10

## Consolidated statement of financial position

### Assets

EUR 1,000	31 March 2019	31 March 2018	31 December 2018
<b>Non-current assets</b>			
Goodwill	6,562	6,562	6,562
Other intangible assets	4,433	4,920	4,555
Tangible assets	5,929	1,149	1,212
Long-term receivables	191	133	178
Deferred tax assets	3,194	2,379	2,985
<b>Total non-current assets</b>	<b>20,310</b>	<b>15,144</b>	<b>15,492</b>
<b>Current assets</b>			
Trade and other receivables	16,244	10,832	13,567
Cash and cash equivalents	8,929	10,710	9,702
<b>Total current assets</b>	<b>25,173</b>	<b>21,542</b>	<b>23,268</b>
<b>Total assets</b>	<b>45,483</b>	<b>36,686</b>	<b>38,760</b>

### Shareholders' equity and liabilities

EUR 1,000	31 March 2019	31 March 2018	31 December 2018
<b>Shareholders' equity</b>			
Share capital	500	500	500
Unrestricted shareholders' equity reserve	23,651	23,651	23,651
Translation difference	592	539	524
Retained earnings	-6,251	-4,282	-3,965
Net profit for the review period	-551	-883	-2,391
<b>Total shareholders' equity</b>	<b>17,941</b>	<b>19,526</b>	<b>18,318</b>
<b>Liabilities</b>			
Long-term interest-bearing liabilities	3,138	342	239
Deferred tax liabilities	405	332	394
Other long-term liabilities	1,248	870	1,143
<b>Total long-term liabilities</b>	<b>4,791</b>	<b>1,544</b>	<b>1,777</b>
Short-term interest-bearing liabilities	2,199	274	391
Other short-term liabilities	20,553	15,343	18,275
<b>Total short-term liabilities</b>	<b>22,751</b>	<b>15,617</b>	<b>18,665</b>
<b>Total liabilities</b>	<b>27,542</b>	<b>17,161</b>	<b>20,442</b>
<b>Total shareholders' equity and liabilities</b>	<b>45,483</b>	<b>36,686</b>	<b>38,760</b>



## Consolidated key figures

EUR 1,000	1-3/2019	1-3/2018	1-12/2018
Net sales	12,771	10,328	45,590
Operating result	-519	-947	-2,322
- % of net sales	-4.1 %	-9.2%	-5.1 %
Net profit for the review period	-551	-883	-2,391
- % of net sales	-4.3 %	-8.6%	-5.3 %
Return on equity, %	-3.0 %	-4.4%	-12.4 %
Return on investment, %	-2.5 %	-4.6%	-11.6 %
Interest-bearing liabilities *	5,336	617	630
Cash and cash equivalents	8,929	10,710	9,702
Net gearing, % *	-20.0 %	-51.7%	-49.5 %
Equity ratio, % *	57.5 %	73.5%	71.2 %
Earnings per share, EUR	-0,02	-0.04	-0.10

\*Implementation of IFRS 16 affects the key figures for financial period 2019. The comparison figures have not been adjusted.

The Interim Statement has been prepared observing the recognition and valuation principles of IFRS, but not all the requirements of IAS 34 have been complied with. The same accounting principles were observed as for the financial statements dated 31 December 2018, with the exception of the new standard, IFRS 16 Leases, introduced on 1 January 2019.

As a result of the new IFRS 16 "Leases" standard, the Group recognized principally non-cancellable leases relating to the office premises on the balance sheet. The Group made use of an easement allowed in the standard according to which short-term leases of assets with minor value do not need to be recognized on the balance sheet. At the beginning of the period under review, the right-of-use assets amounted to EUR 5,014 thousand, and they are included in the Tangible assets section under the consolidated statement of financial position. Correspondingly, the long-term and short-term interest-bearing liabilities in the consolidated statement of financial position include EUR 5,014 thousand of lease liabilities at the beginning of the period. Depreciations for right-of-use assets were EUR 333 thousand and financing expenses EUR 26 thousand for the period under review. A simplified method has been used for the transition, and the comparison figures from the year preceding the transition have not been adjusted.