



Qt  
Group

Qt Group Plc Stock Exchange Release, 23 October 2017 at 8:00  
a.m.

# Interim statement

1 January 2017–30 September 2017

## Third quarter: Net sales increased by 16.8 per cent

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### July–September 2017:

- » Net sales increased by 16.8 per cent year-on-year to EUR 8,718 thousand (7,467)\*. At comparable exchange rates, net sales increased by 19.8 per cent.
- » The operating result was EUR -1,302 thousand (-899).
- » The operating margin (EBIT %) was -14.9 per cent (-12.0%).
- » Earnings per share were EUR -0.05 (-0.04).

### January–September 2017:

- » Net sales increased by 11.0 per cent to EUR 26,152 thousand (23,550) At comparable exchange rates, net sales increased by 10.9 per cent.
- » The operating result was EUR -2,505 thousand (-1,430).
- » The operating margin (EBIT %) was -9.6 per cent (-6.1%).
- » Earnings per share were EUR -0.10 (-0.08).

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

## Juha Varelius, President and CEO:

As expected, the growth of Qt Group's net sales picked up speed in the third quarter. Net sales for the quarter increased by 16.8 per cent year-on-year, to EUR 8.7 million. License sales and consulting grew by 17.9 per cent and support and maintenance by 15.0 per cent. The consulting business returned to growth in the third quarter after a subdued first half of the year.

The recent significant depreciation of the US dollar against the euro is weighing down on the Group's year-on-year growth in net sales. In the third quarter, exchange rates had an effect of EUR -0.2 million on net sales. At comparable exchange rates, net sales increased by 19.8 per cent year-on-year.

Net sales for the review period amounted to EUR 26.2 million, up 11.0 per cent year-on-year. License sales and consulting grew by 7.2 per cent and support and maintenance by 18.0 per cent.

As expected, the operating result for the review period showed a loss. Qt Group has made investments in growth and recruited new personnel in line with its growth strategy. The Group had 268 employees at the end of the review period, compared to 220 at the end of 2016. New employees have been recruited particularly in sales as part of the planned growth of the sales network. We have also invested in product management and product development, and we have particularly strengthened our product offering aimed at the automotive, pharmaceutical and industrial automation industries.

The automotive industry offers high future growth potential and it 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.

Continued strong demand will enable the Group to maintain robust growth in the final quarter of the year, in spite of the depreciation of the US dollar reducing the rate of growth. We estimate that our net sales in 2017 will increase by approximately 15 per cent year-on-year. Due to investments in line with our growth strategy, the company's operating result will show a substantial loss in 2017.

## Other events in the review period

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### Governance

By virtue of an authorisation granted by the Annual General Meeting, the Board of Directors of Qt Group Plc decided on 27 September 2017 to continue the validity of the option scheme for key employees so as to issue the option rights remaining of the maximum of 2,000,000 stock options allowed under the scheme, totalling a maximum of 480,000 option rights, to the key employees in accordance with the terms of the option scheme. The terms of the option scheme remain in force unchanged in all other respects. The maximum total number of option rights issued based on the option scheme is thus 2,000,000, and they entitle their holders to subscribe for a maximum total of 2,000,000 new shares in the company or existing shares held by the company. In addition, the company's Board of Directors decided on 27 September 2017, based on an authorisation granted by the Annual General Meeting, to allocate a total of 52,348 option rights to key employees who have already been granted option rights on the basis of the option scheme. The said additional option rights are granted as a result of a rights offering decided on by the Board of Directors on 14 March 2017. The said option rights to be granted as an offering correction were granted to

the key employees free of charge without a separate subscription list immediately upon the decision by the Board of Directors.

## 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.

## 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 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

Continued strong demand will enable the Group to maintain robust growth in the final quarter of the year, in spite of the recent significant depreciation of the US dollar reducing the rate of growth. The Group estimates that its net sales in 2017 will increase by approximately 15 per cent year-on-year. Due to investments in line with our growth strategy, the company's operating result will show a substantial loss in 2017.

Helsinki, 20 October 2017

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 8:00 am on 23 October 2017.

## Further information

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

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## Financial information 1 January–30 September 2017

### 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: License sales and consulting, and support and maintenance revenue. License sales includes developer licenses and distribution licenses (runtimes).

EUR 1,000	7–9/2017	7– 9/2016	Change, %	1–9/2017	1–9/2016	Change, %	1– 12/2016
License sales and consulting	5,382	4,567	17.9%	16,317	15,217	7.2%	21,073
Maintenance revenue	3,335	2,900	15.0%	9,834	8,333	18.0%	11,322
Group total	8,718	7,467	16.8%	26,152	23,550	11.0%	32,395

### Geographical information

The geographical distribution of personnel:

PERSONNEL (on average)	7–9/2017	7– 9/2016	Change, %	1–9/2017	1–9/2016	Change, %	1– 12/2016
Finland	85	66	29%	80	62	29%	64
Rest of Europe & APAC	142	122	16%	134	117	15%	118
North America	34	27	26%	33	27	22%	27
Group total	261	215	21%	247	206	20%	209

## Consolidated income statement

EUR 1,000	7–9/2017	7–9/2016	Change, %	1–9/2017	carve out 1–9/2016	Change, %	carve out 1–12/2016
Net sales	8,718	7,467	16.8%	26,152	23,550	11.0%	32,395
Other operating income	92	0		550	52	957.5%	528
Materials and services	-219	-362	-39.5%	-1,040	-1,041	-0.1%	-2,313
Employee benefits expenses	-7,050	-5,765	22.3%	-19,761	-17,203	14.9%	-22,990
Depreciation and amortisation	-193	-191	1.1%	-666	-558	19.4%	-866
Other operating expenses	-2,650	-2,048	29.4%	-7,740	-6,231	24.2%	-8,489
<b>Operating result</b>	<b>-1,302</b>	<b>-899</b>	<b>44.9%</b>	<b>-2,505</b>	<b>-1,430</b>	<b>75.2%</b>	<b>-1,736</b>
Financial expenses (net)	-111	-165	-33.0%	-354	-452	-21.8%	-541
<b>Profit before taxes</b>	<b>-1,412</b>	<b>-1,064</b>	<b>32.7%</b>	<b>-2,859</b>	<b>-1,882</b>	<b>51.9%</b>	<b>-2,277</b>
Income taxes	243	306		368	287	28.3%	530
<b>Net profit for the review period</b>	<b>-1,169</b>	<b>-758</b>	<b>54.2%</b>	<b>-2,491</b>	<b>-1,595</b>	<b>56.2%</b>	<b>-1,747</b>
<b>Other comprehensive income:</b>							
Items which may be reclassified subsequently to profit or loss:							
Exchange differences on translation of foreign operations	31	-60		18	24		28
<b>Total comprehensive income for the review period</b>	<b>-1,138</b>	<b>-818</b>	<b>39.1%</b>	<b>-2,473</b>	<b>-1,571</b>	<b>57.4%</b>	<b>-1,720</b>
<b>Distribution of comprehensive income for the review period:</b>							
Parent company shareholders	-1,169	-758	54.2%	-2,491	-1,595	56.2%	-1,747
<b>Distribution of comprehensive income for the review period:</b>							
Parent company shareholders	-1,138	-818	39.1%	-2,473	-1,571	57.4%	-1,720
Earnings per share, EUR	-0.05	-0.04		-0.10	-0.08		-0.08

## Consolidated statement of financial position

### Assets

EUR 1,000	30 September 2017	30 September 2016	31 December 2016
<b>Non-current assets</b>			
Goodwill	6,562	6,562	6,562
Other intangible assets	5,003	5,513	5,360
Tangible assets	581	671	567
Long-term receivables	2,016	125	952
Total non-current assets	14,162	12,873	13,441
<b>Current assets</b>			
Trade and other receivables	8,081	9,411	9,582
Cash and cash equivalents	12,841	6,196	6,420
Total current assets	20,922	15,606	16,002
<b>Total assets</b>	<b>35,085</b>	<b>28,479</b>	<b>29,443</b>

### Shareholders' equity and liabilities

EUR 1,000	30 September 2017	30 September 2016	31 December 2016
<b>Shareholders' equity</b>			
Share capital	500	500	500
Unrestricted shareholders' equity reserve	23,651	8,720	8,720
Translation difference	650	629	633
Retained earnings	-1,271	54	160
Net profit for the review period	-2,491	-1,595	-1,747
Total shareholders' equity	21,040	8,309	8,265
<b>Liabilities</b>			
Long-term interest-bearing liabilities	99	6,108	55
Deferred tax liabilities	333	238	293
Other long-term liabilities	628	390	461
Total long-term liabilities	1,060	6,737	809
Short-term interest-bearing liabilities	97	193	6,152
Other short-term liabilities	12,888	13,237	14,217
Total short-term liabilities	12,985	13,433	20,369
<b>Total liabilities</b>	<b>14,045</b>	<b>20,170</b>	<b>21,179</b>
<b>Shareholders' equity and liabilities</b>	<b>35,085</b>	<b>28,479</b>	<b>29,443</b>

## Consolidated key figures

EUR 1,000	7–9/2017	7–9/2016	1–9/2017	carve out 1–9/2016	carve out 1–12/2016
Net sales	8,718	7,467	26,152	23,550	32,395
Operating profit	-1,302	-899	-2,505	-1,430	-1,736
- % of net sales	-14.9%	-12.0%	-9.6%	-6.1%	-5.4%
Net profit	-1,169	-758	-2,491	-1,595	-1,747
- % of net sales	-13.4%	-10.1%	-9.5%	-6.8%	-5.4%
Return on equity %	-7.5%	-9.1%	-13.7%	-19.2%	-21.1%
Return on investment %	-6.1%	-6.2%	-11.8%	-9.8%	-12.0%
Interest-bearing liabilities	196	6,301	196	6,301	6,207
Cash and cash equivalents	12,841	6,196	12,841	6,196	6,420
Net gearing %	-60.1%	1.3%	-60.1%	1.3%	0.7%
Equity ratio %	47.2%	40.4%	47.2%	40.4%	40.0%
Earnings per share, EUR*	-0.05	-0.04	-0.10	-0.08	-0.08

\*Share issue Q2/2017