

Interim statement

1 January 2018–31 March 2018

First quarter: Net sales increased by 19.4 per cent

January–March 2018:

- Net sales increased by 19.4 per cent year-on-year to EUR 10,328 thousand (8,646)*. At comparable exchange rates, net sales increased by 29.7 per cent.
- The operating result was EUR -947 thousand (-1,016).
- The operating margin (EBIT %) was -9.2 per cent (-11.8%).
- Earnings per share were EUR -0.04 (-0.05).

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

Juha Varelius, President and CEO:

Qt Group's net sales saw very strong growth in the first quarter. Net sales for the quarter increased by 19.4 per cent year-on-year, to EUR 10.3 million. License sales and consulting grew by 25.6 per cent and support and maintenance

by 8.7 per cent. At comparable exchange rates, net sales increased by 29.7 per cent year-on-year.

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 following the successful share issue completed in April 2017. The Group had 285 employees at the end of the first quarter of 2018, compared to 239 a year earlier. New employees have been recruited particularly in sales as part of the planned growth of the sales network. The company has made long-term investments in its biggest market areas, which are the United States, Germany, Japan, South Korea and China, and the company's newest target markets, France, the United Kingdom, Italy and India. 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.

Devices connected to the internet and touch screens are becoming more common in consumer and professional use. As a software company, Qt enables the digitalisation of the world by offering the technology and tools to different industries for building user interfaces and solutions for various platforms. Qt technology is used by major global enterprises and developers in millions of devices and applications worldwide. Our business is based strongly on the creation of desktop applications and graphic user interfaces in all kinds of environments. As evidence of the long-term competitiveness of Qt technology, we have gained a strong foothold as a technology platform of the automobile industry, for example. We already have several significant automobile manufacturers and their major suppliers as our customers. We continuously engage in negotiations in order to broaden our current partnerships and gain new customers.

During the first quarter, we released Qt Automotive Suite 2.0, a solution for creating new kinds of digital driving experiences. The product is a suite of tools that enables the creation of a consistent user experience across all in-vehicle displays. Qt Automotive Suite 2.0 also makes it possible to create diverse visual functionalities that facilitate improvements in areas such as driving safety.

We also released Qt 3D Studio 1.1, an update to the Qt 3D Studio product launched in late 2017. The product makes it easy to utilise 3D graphics in applications. We are continuing to invest in digital tools for designers to help them see the results of their work earlier in the development process, which improves time-to-market in design-intensive applications. We see communication and cooperation between designers and software developers as a key factor in achieving better productivity for our customers.

In the first quarter, The Qt Company was awarded the ISO9001:2015 certificate, which covers our most significant international operations. The quality certificate is evidence of our effective quality management system and continuous process development.

We see very promising growth prospects for the company's business in the next few years. 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.

Other events in the review period

Governance

Qt Group Plc's Annual General Meeting (AGM) held on 13 March 2018 adopted the company's annual accounts, including the consolidated annual accounts for the accounting period 1 January–31 December 2017, and discharged the Members of the Board 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 2017.

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, Leena Saarinen and Tommi Uhari were re-elected as members of Qt Group Plc's Board of Directors. Jaakko Koppinen and Mikko Marsio were elected as new members. 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 13 September 2019, 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 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 and the transfer of shares held by the company. 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 13 September 2019, and it does not replace any earlier authorisations on share issues and the granting of special rights.

Events after the review period

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

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 pursues growth in net sales by developing and expanding its sales and product offering, particularly in selected industries that build embedded systems, such as the automotive sector, home and industrial automation and medical equipment manufacturing. Because many device manufacturers use desktop applications as part of their overall systems for purposes such as device 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 the development 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 on licence revenue 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, 26 April 2018

Qt Group Plc

Board of Directors

Communications

The company does not hold briefings on interim statements.

The interim statement will be available in the Investors section at www.qt.io from 8:00 am on 27 April 2018.

Further information

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DISTRIBUTION:
Nasdaq Helsinki
Key media

Financial information 1 January–31 March 2018

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	1-3/2018	1-3/2017	Change, %	1-12/2017
Licence sales and consulting	6,906	5,499	25.6%	23,030
Maintenance revenue	3,422	3,147	8.7%	13,230
Group total	10,328	8,646	19.4%	36,259

Geographical information

Geographical distribution of personnel:

PERSONNEL (number of employees, on average)	1-3/2018	1-3/2017	Change, %	1-12/2017
Finland	90	73	23%	82
Rest of Europe & APAC	155	126	23%	139
North America	38	31	23%	34
Group total	283	230	23%	255

Consolidated income statement

EUR 1,000	1-3/2018	1-3/2017	Change, %	1-12/2017
Net sales	10,328	8,646	19.4%	36,259
Other operating income	108			1,128
Materials and services	-227	-484	-53.1%	-1,130
Personnel expenses	-7,916	-6,392	23.8%	-26,975
Depreciation, amortisation and impairment	-246	-230	6.6%	-914
Other operating expenses	-2,994	-2,556	17.1%	-11,574
Operating result	-947	-1,016	6.8%	-3,206
Financial expenses (net)	-81	-184	-56.4%	-488
Profit before taxes	-1,027	-1,200	14.4%	-3,694
Income taxes	145	171	-15.5%	472
Net profit for the review period	-883	-1,029	14.3%	-3,222
Other comprehensive income:				
Items which may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	-6	43		-88
Total comprehensive income for the review period	-888	-986	10.0%	-3,310
Distribution of comprehensive income for the review period:				
Parent company shareholders	-883	-1,029	14.3%	-3,222
Distribution of comprehensive income for the review period:				
Parent company shareholders	-888	-986	10.0%	-3,310
Earnings per share, EUR	-0.04	-0.05		-0.14

Consolidated statement of financial position

Assets

EUR 1,000	31 March 2018	31 March 2017	31 December 2017
Non-current assets			
Goodwill	6,562	6,562	6,562
Other intangible assets	4,920	5,215	4,995
Tangible assets	1,149	572	1,082
Long-term receivables	133	36	157
Deferred tax assets	2,379	1,396	2,049
Total non-current assets	15,144	13,782	14,845
Current assets			
Trade and other receivables	10,832	9,672	10,946
Cash and cash equivalents	10,710	5,415	11,693
Total current assets	21,542	15,087	22,639
Total assets	36,686	28,869	37,485

Shareholders' equity and liabilities

EUR 1,000	31 March 2018	31 March 2017	31 December 2017
Shareholders' equity			
Share capital	500	500	500
Unrestricted shareholders' equity reserve	23,651	8,720	23,651
Translation difference	539	675	545
Retained earnings	4,282	-1,482	-1,165
Net profit for the review period	-883	-1,029	-3,222
Total shareholders' equity	19,526	7,385	20,308
Liabilities			
Long-term interest-bearing liabilities	342	63	399
Deferred tax liabilities	332	370	317
Other long-term liabilities	870	461	753
Total long-term liabilities	1,544	894	1,469
Short-term interest-bearing liabilities	274	6,133	287
Other short-term liabilities	15,343	14,458	15,420
Total short-term liabilities	15,617	20,591	15,707
Total liabilities	17,161	21,485	17,176
Total shareholders' equity and liabilities	36,686	28,869	37,485

Consolidated key figures

EUR 1,000	1-3/2018	1-3/2017	1-12/2017
Net sales	10,328	8,646	36,259
Operating result	-947	-1,016	-3,206
- % of net sales	-9.2%	-11.8%	-8.8%
Net profit for the review period	-883	-1,029	-3,222
- % of net sales	-8.6%	-11.9%	-8.9%
Return on equity, %	-4.4%	-13.2%	-22.6%
Return on investment, %	-4.6%	-7.2%	-18.1%
Interest-bearing liabilities	617	6 196	686
Cash and cash equivalents	10,710	5,415	11,693
Net gearing, %	-51.7%	10.6%	-54.2%
Equity ratio, %	73.5%	37.7%	73.4%
Earnings per share, EUR*	-0.04	-0.05	-0.14

*Share issue Q2/2017