



Qt
Group

Qt Group Plc Stock Exchange Release, November 1, 2018, at 8:00 a.m.

Interim statement

January 1–September 30, 2018

Third quarter: Very strong growth in net sales continued (up 23.3 percent)

July–September 2018:

- Net sales increased by 23.3 percent year-on-year to EUR 10,748 thousand (8,718)*. At comparable exchange rates, net sales increased by 22.1 percent.
- The operating result was EUR -1,045 thousand (-1,302).
- The operating margin (EBIT %) was -9.7 percent (-14.9%).
- Earnings per share were EUR -0.05 (-0.05).

January–September 2018:

- Net sales increased by 31.7 percent to EUR 34,452 thousand (26,152). At comparable exchange rates, net sales increased by 36.5 percent.
- The operating result was EUR -670 thousand (-2,505).
- The operating margin (EBIT %) was -1.9 percent (-9.6%).
- Earnings per share were EUR -0.04 (-0.10).

* 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 in the third quarter amounted to EUR 10.7 million. Net sales increased by 23.3 percent year-on-year. License sales and consulting grew by 28.5 percent and support and maintenance by 14.9 percent. At comparable exchange rates, net sales increased by 22.1 percent.

Net sales for the review period amounted to EUR 34.5 million, up 31.7 percent year-on-year. License sales and consulting grew by 44.6 percent and support and maintenance by 10.4 percent. At comparable exchange rates, net sales increased by 36.5 percent. The Group's performance during the review period was boosted by very strong growth in net sales in the second quarter, when the Group recorded an exceptionally large number of significant licensing deals.

We are continuing to make investments in growth and recruiting new personnel in line with our strategy, with a particular focus on growing our global sales and consulting network. Due to these investments, the operating result for the third quarter and the review period as a whole showed a loss, as expected. Our growth strategy relies heavily on the market for embedded systems, where the sales cycles are long and require a local presence. We have made long-term investments in our biggest market areas, which are the United States, Germany, Japan, South Korea and China, and our newest target markets, France, the United Kingdom, Italy and India.

In the third quarter, we announced two partnerships aimed at accelerating our customers' software development. One of the new partnerships is with Toradex, an international provider of computing solutions for limited operating environments, and the other is with MedAcuity, a US-based company focused on accelerating time-to-market for medical devices.

Earlier this year, we released Qt Safe Renderer 1.0, a tool that significantly improves the software development process of automotive, medical devices, industrial automation and other safety-critical industries. We also released Qt Design Studio, a tool that significantly reduces time spent on UI design by improving cooperation between designers and developers. In addition, we released Qt version 5.11 and Qt for Python, a collection of tools that gives users of the Python programming language access to Qt technologies. During the first half of the year, we also released Qt Automotive Suite 2.0, a solution for creating new kinds of digital driving experiences, as well as Qt 3D Studio 2.0, a tool that makes it easy to utilize 3D graphics in applications.

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 percent.

We estimate that our net sales in 2018 will increase by more than 20 percent year-on-year at comparable exchange rates. Due to investments in line with its growth strategy, the company's operating result will show a loss also in 2018, as was expected based on prior forecasts.

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 Group's business development efforts will particularly focus on embedded systems in the automotive, medical and industrial automation sectors. 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 license 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

We estimate that our net sales in 2018 will increase by more than 20 percent year-on-year at comparable exchange rates. Due to investments in line with its growth strategy, the company's operating result will show a loss also in 2018, as was expected based on prior forecasts.

Helsinki, November 1, 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 November 1, 2018.

Further information

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Key media

Financial information January 1–September 30, 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: License sales and consulting, and support and maintenance revenue. License sales includes developer licenses and distribution licenses (runtimes).

EUR 1,000	7–9/2018	7–9/2017	Change	1–9/2018	1–9/2017	Change	1–12/2017
License sales and consulting	6,916	5,382	28.5%	23,599	16,317	44.6%	23,030
Support and maintenance revenue	3,833	3,335	14.9%	10,853	9,834	10.4%	13,230
Group total	10,748	8,718	23.3%	34,452	26,152	31.7%	36,259

Geographical information

Geographical distribution of personnel:

PERSONNEL (number of employees, on average)	7–9/2018	7–9/2017	Change	1–9/2018	1–9/2017	Change	1–12/2017
Finland	90	85	6%	91	80	14%	82
Rest of Europe & APAC	164	142	15%	159	134	19%	139
North America	42	34	24%	41	33	24%	34
Group total	296	261	13%	291	247	18%	255

Consolidated income statement

EUR 1,000	7–9/2018	7–9/2017	Change	1–9/2018	1–9/2017	Change	1–12/2017
Net sales	10,748	8,718	23.3%	34,452	26,152	31.7%	36,259
Other operating income	42	92	-54.6%	615	550	11.8%	1,128
Materials and services	-657	-219	200.7%	-1,176	-1,040	13.1%	-1,130
Personnel expenses	-7,904	-7,050	12.1%	-24,634	-19,761	31.6%	-26,975
Depreciation, amortization and impairment	-270	-193	39.7%	-785	-666	17.9%	-914
Other operating expenses	-3,004	-2,650	13.4%	-9,141	-7,740	18.1%	-11,574
Operating result	-1,045	-1,302	-19.7%	-670	-2,505	-73.2%	-3,206
Financial expenses (net)	-108	-111	-2.6%	-254	-354	-28.2%	-488
Profit before taxes	-1,153	-1,412	-18.4%	-924	-2,859	-67.7%	-3,694
Income taxes	-83	243	-134.2%	-16	368	-104.4%	472
Net profit for the review period	-1,236	-1,169	5.7%	-940	-2,491	-62.2%	-3,222
Other comprehensive income:							
Items which may be reclassified subsequently to profit or loss:							
Exchange differences on translation of foreign operations	33	31	7.2%	69	18	289.2%	-88
Total comprehensive income for the review period	-1,203	-1,138	5.7%	-871	-2,473	-64.8%	-3,310
Distribution of comprehensive income for the review period:							
Parent company shareholders	-1,236	-1,169	5.7%	-940	-2,491	-62.2%	-3,222
Distribution of comprehensive income for the review period:							
Parent company shareholders	-1,203	-1,138	5.7%	-871	-2,473	-64.8%	-3,310
Earnings per share, EUR	-0.05	-0.05		-0.04	-0.10		-0.14

Consolidated statement of financial position

Assets

EUR 1,000	September 30, 2018	September 30, 2017	December 31, 2017
Non-current assets			
Goodwill	6,562	6,562	6,562
Other intangible assets	4,676	5,003	4,995
Tangible assets	1,209	581	1,082
Long-term receivables	193	146	157
Deferred tax assets	2,449	1,871	2,049
Total non-current assets	15,089	14,162	14,845
Current assets			
Trade receivables	9,269	5,549	7,829
Other receivables	4,117	2,532	3,117
Cash and cash equivalents	8,987	12,841	11,693
Total current assets	22,372	20,922	22,639
Total assets	37,461	35,085	37,485

Shareholders' equity and liabilities

EUR 1,000	September 30, 2018	September 30, 2017	December 31, 2017
Shareholders' equity			
Share capital	500	500	500
Unrestricted shareholders' equity reserve	23,651	23,651	23,651
Translation difference	614	650	545
Retained earnings	-4,071	-1,271	-1,165
Net profit for the review period	-940	-2,491	-3,222
Total shareholders' equity	19,754	21,040	20,308
Liabilities			
Long-term interest-bearing liabilities	280	99	399
Deferred tax liabilities	367	333	317
Other long-term liabilities	925	628	753
Total long-term liabilities	1,573	1,060	1,469
Short-term interest-bearing liabilities	392	97	287
Other short-term liabilities	15,743	12,888	15,420
Total short-term liabilities	16,135	12,985	15,707
Total liabilities	17,708	14,045	17,176
Total shareholders' equity and liabilities	37,461	35,085	37,485

Consolidated key figures

EUR 1,000	7–9/2018	7–9/2017	1–9/2018	1–9/2017	1–12/2017
Net sales	10,748	8,718	34,452	26,152	36,259
Operating result	-1,045	-1,302	-670	-2,505	-3,206
- % of net sales	-9.7%	-14.9%	-1.9%	-9.6%	-8.8%
Net profit for the review period	-1,236	-1,169	-940	-2,491	-3,222
- % of net sales	-11.5%	-13.4%	-2.7%	-9.5%	-8.9%
Return on equity, %	-6.2%	-8.0%	-4.7%	-17.0%	-22.6%
Return on investment, %	-5.0%	-7.3%	-3.2%	-14.0%	-18.1%
Interest-bearing liabilities	672	196	672	196	686
Cash and cash equivalents	8,987	12,841	8,987	12,841	11,693
Net gearing, %	-42.1%	-60.1%	-42.1%	-60.1%	-54.2%
Equity ratio, %	75.7%	79.6%	75.7%	79.6%	73.4%
Earnings per share, EUR*	-0.05	-0.05	-0.04	-0.10	-0.14

*Share issue Q2/2017