

QT GROUP PLC STOCK EXCHANGE RELEASE, 24 OCTOBER 2016 at 8:00

QT GROUP PLC INTERIM STATEMENT 1 JANUARY 2016-30 SEPTEMBER 2016

Qt Group Plc will publish interim statements for the first three and nine months of the year instead of interim reports. The information presented in interim statements has not been audited.

THIRD QUARTER: GROWTH CONTINUED, AS EXPECTED, AT A MORE MODERATE RATE THAN IN THE FIRST HALF OF THE YEAR

January-September 2016:

- Net sales increased by 20.5 per cent year-on-year to EUR 23,550 thousand (19,551)*.
- Comparable operating profit was EUR 389 thousand (1,776), comparable operating margin (EBIT %) was 1.7 per cent (9.1).
- The comparable operating profit for 2015 includes restructuring costs totalling EUR 76 thousand, while the comparable operating profit for 2016 includes non-recurring costs totalling EUR 1,820 thousand arising from fees paid to external service providers in relation to the demerger as well as costs associated with Digia's share-based remuneration system.
- The operating result was EUR -1,430 thousand (1,700), operating margin (EBIT %) was -6.1 per cent (8.7).
- Earnings per share were EUR -0.08.

July-September 2016:

- Net sales increased by 11.8 per cent year-on-year to EUR 7,466 thousand (6,678).
- Comparable operating profit was EUR -791 thousand (656), comparable operating margin (EBIT %) was -10.6 per cent (9.8).
- The comparable operating profit for 2015 includes restructuring costs totalling EUR 40 thousand, while the comparable operating profit for 2016 includes non-recurring costs totalling EUR 108 thousand arising from fees paid to external service providers in relation to the demerger.
- The operating result was EUR -899 thousand (616), operating margin (EBIT %) was -12.0 per cent (9.2).
- Earnings per share were EUR -0.04.

** Unless otherwise noted, the figures in brackets refer to the comparison period, i.e. the corresponding period last year.*

Qt has applied the ESMA (European Securities and Markets Authority) guidance on Alternative Performance Measures. The guidance entered into effect on 3 July 2016.

Juha Varelius, President and CEO:

The past year has been a period of strong growth for the Qt Group. As anticipated, the rate of growth slowed down in the third quarter compared to that of the first half of the year. This was due to the seasonal fluctuations that are typical for the business.

The rate of growth compared to the previous year has been especially strong considering the fact that, in the first nine months of 2015, the Qt business recorded approximately EUR 1.4 million in net sales, of which approximately EUR 0.5 million was recognised in the third quarter, based on an exceptional licensing deal made with Nokia Corporation in 2012. Starting from the final quarter of 2015, the deal in question has not generated any net sales.

As expected, the operating result for the third quarter showed a loss due to investments necessary for growth and the setting up of independent Group functions. The Group's operational efficiency has not deteriorated. The result for the third quarter included non-recurring costs totalling EUR 0.1 million arising from fees paid to external service providers in relation to the Digia demerger.

FUTURE PROSPECTS

Operating environment and market outlook

Considering the time of year and general market situation, demand for the Group's services is at a moderate level, and the long-term business outlook is 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 2016.

Outlook 2016

The company estimates that its business will continue to grow, but the rate of growth is expected to be more moderate in the remainder of 2016 compared to the first half of the year. The company estimates that full-year net sales for 2016 will show year-on-year growth of more than 15 per cent.

Digia's demerger and the resulting establishment of Qt as an independent public listed company involve considerable expenses that weigh down on the Group's profitability, particularly compared to the previous year. Furthermore, the company's strategic policy is, for the time being, to strive to maximise the growth potential presented by the market environment and invest the proceeds from business operations to support growth, which will have a negative impact on profitability. Due to these reasons, the company estimates that its reported operating profit will remain in the red in 2016.

Financial reporting

Qt Group Plc will publish its financial statements for 2016 on Thursday, 16 February 2017.

Helsinki, 24 October 2016

Qt Group Plc

Board of Directors

BRIEFING

The company does not hold briefings on interim statements.

The interim statement will be available in the Investors section at www.qt.io from 11:00 am on 24 October 2016.

FURTHER INFORMATION

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FINANCIAL INFORMATION 1 JANUARY-30 SEPTEMBER 2016

CONSOLIDATED INCOME STATEMENT, EUR 1,000

EUR 1,000	7-9/2016	carve out 7-9/2015	Change, %	carve out 1-9/2016	carve out 1-9/2015	Change, %	carve out 1-12/2015
NET SALES	7 466	6 678	11.8%	23 550	19 551	20.5%	26 934
Other operating income	0	698	-100.0%	52	1 421	-96.3%	1 821
Materials and services	-362	-232	56 %	-1 041	-726	43.4%	-1 003
Personnel expenses	-5 765	-4 607	25.1%	-17 203	-13 446	27.9%	-17 348
Depreciation, amortisation and impairment	-191	-185	3.0%	-558	-557	0.1%	-954
Other operating expenses	-2,048	-1,736	18.0%	-6 231	-4 543	37.2%	-7 662
Operating result	-899	616		-1 430	1 700		1 788
Financial expenses (net)	-165	-33	406.1%	-452	-37	1136,3 %	-195
Result before taxes	-1 064	584		-1 882	1 664		1 593
Income taxes	306	-77		287	-115		-610
Result for the period	-758	506		-1 595	1 548		983
Other comprehensive income:							
Items which may be reclassified subsequently to profit or loss:							
Exchange differences on translation of foreign operations	-60	37		24	96		118
TOTAL COMPREHENSIVE INCOME	-818	543		-1 571	1 644		1 101
Distribution of comprehensive income:							
Parent company shareholders	-758	506		-1 595	1 548		983
Distribution of comprehensive income:							
Parent company shareholders	-818	543		-1 571	1 644		1 101
Earnings per share, EUR	-0.04	0.02		-0.08	0.07		0.05

CONSOLIDATED BALANCE SHEET, EUR 1,000

Assets	30.9.2016	carve out 31.12.2015	Change, %
Non-current assets			
Goodwill	6 562	6 562	0.0%
Other intangible assets	5,513	5,843	-5.6%
Tangible assets	671	416	61.4%
Long-term receivables	125	42	198.6%
Total non-current assets	12 873	12 863	0.1%
Current assets			
Trade and other receivables	9 411	7 429	26.7%
Cash and cash equivalents	6 196	3 577	73.2%
Total current assets	15 606	11 006	41.8%
Total assets	28 479	23 869	19.3%

Shareholders' equity and liabilities	30.9.2016	carve out 31.12.2015	Change, %
Share capital	500	0	
Unrestricted shareholders' equity reserve	8 720	0	
Translation difference	629	605	4.0%
Retained earnings	54	8 314	-99.4%
Net profit	-1 595	0	
Equity attributable to parent company shareholders	8 309	8 919	-6.8%
Total shareholders' equity	8 309	8 919	-6.8%
Liabilities			
Long-term interest-bearing liabilities	6 108	812	652.2%
Deferred tax liabilities	238	195	22.3%
Other long-term liabilities	390	875	-55.4%
Total long-term liabilities	6 737	1 882	258.0%
Short-term interest-bearing liabilities	193	553	-65.1%
Other short-term liabilities	13 237	12 515	5.8%
Total short-term liabilities	13 433	13 068	2.8%
Total liabilities	20 170	14 950	34.9%
Shareholders' equity and liabilities	28 479	23 869	19.3%

ALTERNATIVE PERFORMANCE MEASURES

Qt has applied the new guidance from ESMA (European Securities and Markets Authority) on Alternative Performance Measures, which entered into force on 3 July 2016, and presents the following alternative performance measure in addition to its consolidated IFRS financial statements. The purpose of this alternative performance measure is to illustrate the company's operational profit performance.

Comparable operating profit is defined as operating profit + items affecting comparability.

EUR 1,000	7-9/2016	carve out 7-9/2015	carve out 1-9/2016	carve out 1-9/2015
Comparable operating result	-791	656	389	1 776
Personnel-related expenses	0	40	1 139	76
Other expenses related to the Digia demerger	108	0	681	0
Items affecting comparability, total	108	40	1 820	76
Operating result	-899	616	-1 430	1 700

CONSOLIDATED KEY FIGURES, EUR 1,000

	7-9/2016	carve out 1-9/2016	carve out 1-12/2015
Net sales	7 466	23 550	26 934
Comparable operating result	-791	389	1 924
- % of net sales	-10.6%	1.7%	7.1%
Operating result	-899	-1 430	1 788
- % of net sales	-12.0%	-6.1%	6.6%
Result for the period	-758	-1 595	983
- % of net sales	-10.1%	-6.8%	3.6%
Return on equity %	-9.1%	-19.2%	11.0%
Return on investment %	-6.2%	-9.8%	25.0%
Interest-bearing liabilities	6 301	6 301	1 364
Cash and cash equivalents	6 196	5 693	3 577
Net gearing %	1.3%	1.3%	-24.8%
Equity ratio %	40.4%	40.4%	54.7%
Earnings per share, EUR	-0.04	-0.08	0.05