



Interim Statement

1 January – 30 September 2019

Third quarter:

The growth of net sales accelerated as expected (growth of 36.8 percent)

July–September 2019

- Net sales increased by 36.8 per cent year-on-year to EUR 14,700 thousand (10,748)*. At comparable exchange rates, net sales increased by 32.5 per cent.
- The operating result was EUR 72 thousand (-1,045).
- The operating margin (EBIT -%) was 0.5 per cent (-9.7%).
- Earnings per share were EUR -0.01 euro (-0.05).

January–September 2019

- Net sales increased by 20.4 per cent to EUR 41,466 thousand (34,452). At comparable exchange rates, net sales increased by 15.8 per cent.
- The operating result was EUR 267 thousand (-670).
- The operating margin (EBIT %) was 0.6 per cent (-1.9 %).
- Earnings per share were EUR -0.01 (-0.04).

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

Business Report

Financial performance:

Qt Group Plc's net sales for the third quarter amounted to EUR 14,700 thousand (EUR 10,748 thousand), up 36.8 percent. License sales and consulting grew by 47.5 percent, while maintenance revenue increased by 17.5 percent. The effect of exchange rates on the comparison period's net sales was EUR 351 thousand and at comparable exchange rates, net sales increased by 32.5 percent.

Qt's net sales for the review period January–September amounted to EUR 41,466 thousand (EUR 34,452 thousand), up 20.4 percent. License sales and consultancy grew by 20.2 percent while maintenance sales increased by 20.7 percent. The effect of exchange rates on the comparison period's net sales was EUR 1,363 thousand and at comparable exchange rates, net sales increased by 15.8 percent.

Qt Group's operating result in the third quarter was EUR 72 thousand (EUR -1,045 thousand). In January–September, the operating result was 267 thousand (-670 thousand). Qt Group has made investments in growth and recruited new personnel in line with its growth strategy. The Group had 339 employees at the end of the third quarter, compared to 295 a year earlier. The increase in the number of employees has been strongest in the Asian and US sales and consulting organizations.

Juha Varelius, President and CEO:

Qt Group's growth accelerated as expected in the third quarter of 2019. We signed several significant licensing deals in all geographical areas and in several different industries. The demand for consulting services has also improved due to a growing need for Qt experts in the licensing customers' projects. In addition to our own resources, we use consultants from our partner network in our customer projects.

The increase in net sales was boosted by the strengthening of the US dollar against the euro. About two-thirds of the sales of Qt are USD-based. Typically, the net sales and growth of Qt's individual quarters fluctuate significantly also in the future due to the timing of large deals.

We have continued to make investments in growth and recruited new personnel in line with our growth strategy, with a particular focus on expanding our global sales and consulting network.

In August, we introduced Qt for MCUs, a solution that enables companies to create fluid and rich user interfaces (UIs) on cost-effective low-power microcontrollers (MCUs). Qt for MCUs substantially expands Qt's target market and, going forward, it will present considerable device volume potential for our distribution license business. Qt for MCUs is very well suited for the implementation of user interfaces for wearable smart devices, home electronics, and vehicles as well as smart home, industrial and medical devices.

We also announced that the hypercar manufacturer Koenigsegg has selected Qt's framework for the development of its in-vehicle infotainment systems and instrument clusters. Qt's consulting services have supported Koenigsegg in achieving its goals in software development. Qt enables Koenigsegg's digital cockpit to provide a unified and streamlined user experience. Qt provides a streamlined development workflow from graphic designer to software developer, significantly reducing time-to-market, as well as the number of mock-up prototype iterations.

Our most important customer segments are the automation industry, the medical devices industry and the automotive industry. We are continuing to enhance the performance and resource efficiency of Qt applications in addition to offering targeted applications to our most important customer segments. Products programmed on Qt can be used during free time, at work, at home and in vehicles. Qt is used, for example, in airplane entertainment systems, as a platform for digital televisions, in automotive digital cockpits, in the user interfaces of medical devices and small household electronics.

Our performance during the period under review means we are well positioned to continue the implementation of our growth strategy.

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 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 expect the strong growth of net sales to continue in the final quarter of the year. At comparable currencies, net sales in 2019 are estimated to increase by over 15 per cent year-on-year. The company's operating result is expected still in 2019 to show a loss due to growth investments.

Events after the review period

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

Helsinki, November 1, 2019

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 3:00 pm on 1 November 2019.

Further information

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Financial information January 1–June 30, 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 licenses and distribution licenses (runtimes).

EUR 1,000	7-9/2019	7-9/2018	Change %	1-9/2019	1-9/2018	Change %	1-12/2018
Licence sales and consulting	10,199	6,916	47.5%	28,363	23,599	20.2%	30,635
Maintenance revenue	4,501	3,833	17.5%	13,103	10,853	20.7%	14,955
Group total	14,700	10,748	36.8%	41,466	34,452	20.4%	45,590

Geographical information

Geographical distribution of personnel:

PERSONNEL (number of employees, on average)	7-9/2019	7-9/2018	Change %	1-9/2019	1-9/2018	Change %	1-12/2018
Finland	94	90	5%	93	91	2%	90
Rest of Europe & APAC	190	164	16%	184	159	15%	163
North America	51	42	21%	51	41	24%	42
Group total	335	296	13%	327	291	12%	295

Consolidated income statement

EUR 1,000	7-9/2019	7-9/2018	Change %	1-9/2019	1-9/2018	Change %	1-12/2018
Net sales	14,700	10,748	36.8%	41,466	34,452	20.4%	45,590
Other operating income	54	42	29.6%	598	615	-2.8%	1,205
Materials and services	-856	-657	30.2%	-2,062	-1,176	75.2%	-1,729
Personnel expenses	-9,907	-7,904	25.3%	-28,318	-24,634	15%	-32,896
Depreciation, amortization and impairment	-638	-270	136.3%	-1,862	-785	137%	-1,073
Other operating expenses	-3,282	-3,004	9.3%	-9,556	-9,141	4.5%	-13,419
Operating result	72	-1,045		267	-670		-2,322
Financial expenses (net)	-97	-108	-10%	-167	-254	-34.1%	-200
Profit before taxes	-25	-1,153	-97.8%	100	-924		-2,521
Income taxes	-170	-83	104.3%	-247	-16	1,426.1%	130
Net profit for the review period	-195	-1,236	-84.3%	-147	-940	-84.3%	-2,391
Other comprehensive income:							
Items which may be reclassified subsequently to profit or loss:							
Exchange differences on translation of foreign operations	-17	33		39	69	-42.9%	-21
Total comprehensive income for the review period	-212	-1,203	-82.4%	-108	-871	-87.6%	-2,413
Distribution of comprehensive income for the review period:							
Parent company shareholders	-195	-1,236	-84.3%	-147	-940	-84.3%	-2,391
Distribution of comprehensive income for the review period:							
Parent company shareholders	-212	-1,203	-82.4%	-108	-871	-87.6%	-2,413
Earnings per share (EPS), EUR	-0,01	-0,05		-0,01	-0,04		-0,10

Consolidated statement of financial position

Assets

EUR 1,000	September 30, 2019	September 30, 2018	December 31, 2018
Non-current assets			
Goodwill	6,562	6,562	6,562
Other intangible assets	4,206	4,676	4,555
Tangible assets	5,070	1,209	1,212
Long-term receivables	262	193	178
Deferred tax assets	3,504	2,449	2,985
Total non-current assets	19,605	15,089	15,492
Current assets			
Trade receivables	11,959	9,269	9,398
Other receivables	5,650	4,117	4,169
Cash and cash equivalents	9,488	8,987	9,702
Total current assets	27,097	22,372	23,268
Total assets	46,701	37,461	38,760

Shareholders' equity and liabilities

EUR 1,000	September 30, 2019	September 30, 2018	December 31, 2018
Shareholders' equity			
Share capital	500	500	500
Unrestricted shareholders' equity reserve	23,651	23,651	23,651
Own shares	-1,123	0	0
Translation difference	563	614	524
Retained earnings	-5,728	-4,071	-3,965
Net profit for the review period	-147	-940	-2,391
Total shareholders' equity	17,716	19,754	18,318
Liabilities			
Long-term interest-bearing liabilities	2,330	280	239
Deferred tax liabilities	431	367	394
Other long-term liabilities	1,521	925	1,143
Total long-term liabilities	4,282	1,573	1,777
Short-term interest-bearing liabilities	2,192	392	391
Other short-term liabilities	22,511	15,743	18,275
Total short-term liabilities	24,703	16,135	18,665
Total liabilities	28,985	17,708	20,442
Total shareholders' equity and liabilities	46,701	37,461	38,760

Consolidated key figures

EUR 1,000	7-9/2019	7-9/2018	1-9/2019	1-9/2018	1-12/2018
Net sales	14,700	10,748	41,466	34,452	45,590
Operating profit	72	-1,045	267	-670	-2,322
- % of net sales	0.5%	-9.7%	0.6%	-1.9%	-5.1%
Net profit	-195	-1,236	-147	-940	-2,391
- % of net sales	-1.3%	-11.5%	-0.4%	-2.7%	-5.3%
Return on equity, %	-1.1%	-6.2%	-0.8%	-4.7%	-12.4%
Return on investment, %	0.4%	-5.0%	1.3%	-3.2%	-11.6%
Interest-bearing liabilities	4,522	672	4,522	672	630
Cash and cash equivalents	9,488	8,987	9,488	8,987	9,702
Net gearing, %	-28.0%	-42.1%	-28.0%	-42.1%	-49.5%
Equity ratio, %	59.6%	75.7%	59.6%	75.7%	71.2%
Earnings per share (EPS), EUR*	-0.01	-0.05	-0.01	-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 1,004 thousand and financing expenses EUR 86 thousand for the period under review. The adjusted premises rents were EUR 1,054 thousand for the same period. A simplified method has been used for the transition, and the comparison figures from the year preceding the transition have not been adjusted.