



Interim Statement 1.1.-31.3.2020

Qt Group Plc Stock exchange release 23 April 2020 at 8:00 AM

First quarter:

Very strong growth in net sales and a substantially profitable operating result in spite of the exceptional circumstances

January–March 2020

- Net sales increased by 43.7 percent to EUR 18,356 thousand (12,771)*. The effect of exchange rates on the comparison period's net sales was EUR 295 thousand. At comparable exchange rates, net sales increased by 40.5 percent.
- The operating result was EUR 2,174 thousand (-519)
- The operating margin (EBIT %) was 11.84 percent (-4.1 %).
- Earnings per share were EUR 0.07 (-0.02)

* 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 first quarter amounted to EUR 18,356 thousand (EUR 12,771 thousand), up 43.7 percent. License sales and consulting grew by 57.1 percent, while maintenance revenue increased by 16.9 percent. The effect of exchange rates on the comparison period's net sales was EUR 295 thousand. At comparable exchange rates, net sales increased by 40.5 percent.

Qt Group's operating result for January–March 2020 was EUR 2,174 thousand (EUR -519 thousand). Qt Group has made investments in growth and recruited new personnel in line with its growth strategy. The Group had 342 employees at the end of the first quarter of 2020, compared to 322 a year earlier.

The Group's financial position is good, but the development of the situation and the business forecasts for all of the Group's operations are being closely monitored.

Juha Varelius, President and CEO:

Qt Group's growth remained very strong in the first quarter of 2020. We achieved growth in net sales in all geographical areas and particularly in customer accounts in the consumer electronics and automotive industries in Asia. Net sales growth was accelerated somewhat by the strengthening of the US dollar against the euro. About two-thirds of Qt's sales are USD-based.

The current global coronavirus epidemic has led to a substantial increase in remote work at Qt and in many of our customer companies, which has reduced the number of customer meetings and hindered recruitment and the execution of consulting assignments to some extent. The epidemic has also resulted in many marketing events being cancelled, postponed, or replaced by virtual events. Nevertheless, the overall impact of the epidemic on the company's business was minor during the period under review.

We deepened our partnership with LG Electronics during the period under review. The agreement signed in January entails collaboration in developing technological and business opportunities in the embedded space, including areas like automotive, robotics, smart homes, and more. We intend to engage in a joint effort to introduce webOS to more customers and bring it to more devices. Thanks to continuous integration, webOS will always be compatible with the latest Qt versions.

In its meeting on March 10, 2020, Qt Group's Board of Directors decided on the company's new strategy period covering the years 2022–2025. The company's target for the new strategy period is annual net sales growth of 15 percent at a minimum throughout the period. Along with growth in net sales, the company targets a minimum EBIT margin of 15 percent in the beginning of the strategy period and subsequent growth to exceed 20 percent toward the end of the period. Until end of year 2021 the company still has its current strategy period which remains unchanged following the decision on the new strategy period.

Our excellent performance in the first quarter means we are well positioned to achieve our targets for 2020 and 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 focus on desktop applications as well as embedded systems in the automotive industry, consumer electronics, 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 and can vary significantly between quarters. The future outlook involves increased short-term uncertainty due to the coronavirus epidemic. Many companies around the world have already announced various negative business impacts of varying degrees caused by the epidemic. The company estimates that, at least if the epidemic is prolonged, its impacts on the business of the company's customers will be reflected, at least to some extent, on the company's consulting services and the accumulation of distribution license revenue in particular. However, the company also estimates that the risk posed to the company by the epidemic is mitigated by the breadth of the customer base and Qt's operations being distributed over several geographic regions and customer industries, which will be affected by the epidemic in different ways and, partly, in different times. For the time being, there are no signs that the epidemic will have a significant negative impact on the company's business or the growth of net sales.

Outlook 2020

The company keeps its outlook unchanged and estimates that net sales in 2020 will increase by more than 20 percent year-on-year at comparable exchange rates and that the operating result will be positive in 2020.

Other Events in the Review Period

Governance

Group Plc's general meeting held on March 10, 2020, adopted the company's annual accounts, including the consolidated annual accounts for the accounting period January 1–December 31, 2019, approved the Remuneration Policy of the company's governing bodies and discharged the Members of the Board and the Chief Executive Officer from liability. The general meeting 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 December 31, 2019.

The general meeting 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, Jaakko Koppinen, Mikko Marsio, Leena Saarinen and Tommi Uhari were re-elected as members of Qt Group Plc's Board of Directors. At its organizing meeting held after the general meeting, the Board of Directors elected Robert Ingman as its Chairman and Tommi Uhari as the Vice Chairman.

The general meeting granted the following authorizations to the Board of Directors of Qt Group Plc:

Authorizing the Board of Directors to decide on repurchasing the company's own shares and/or accepting them as collateral

The general meeting authorized 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 authorization, 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 authorization also includes the acquisition of shares through public trading organized 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 authorization is valid for 18 months from the issue date of the authorization, i.e. until September 10, 2021, and it replaces any earlier authorizations on the repurchase and/or acceptance as collateral of the company's own shares.

Authorizing the Board of Directors to decide on a share issue and the granting of special rights entitling to shares

The general meeting authorized 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 authorization is 2,000,000. The authorization concerns both the issuance of new shares and the transfer of shares held by the company. By virtue of the authorization, 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 authorization 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 authorization 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 authorization is valid for 18 months from the issue date of the authorization, i.e. until September 10, 2021, and it replaces any earlier authorizations on the granting of shares or special rights entitling to shares.

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, April 23, 2020

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 April 23, 2020.

Further information

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

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