



Half-Year Report 1 January – 30 June 2021

Qt Group Plc Stock Exchange Release 6 August 2021 at 8:00 a.m.

Second quarter:

Comparable net sales nearly doubled, we raise net sales outlook in comparable currencies to 40-50 percent.

April–June 2021

- Net sales increased by 87.6 percent to EUR 33,925 thousand (18,081)*. The effect of exchange rates on the comparison period's net sales was negative EUR 906 thousand. At comparable exchange rates, net sales increased by 97.5 percent.
- The operating profit (EBITA) was EUR 11,417 thousand (3,721) or 33.7 (20.6) per cent of net sales.
- The operating profit (EBIT) was EUR 10,634 thousand (3,620) or 31.3 (20.0) per cent of net sales.
- Earnings per share were EUR 0.34 (0.12).
- The company signed on 13 April, 2021 an agreement to acquire all the shares in Germany-based froglogic GmbH. Froglogic is a major provider of software quality assurance tools.

January–June 2021

- Net sales increased by 57.2 percent to EUR 57,288 thousand (36,437). The effect of exchange rates on the comparison period's net sales was negative EUR 1,866 thousand. At comparable exchange rates, net sales increased by 65.7 percent.
- The operating profit (EBITA) was EUR 16,331 thousand (5,997) or 28.5 (16.5) per cent of net sales.
- The operating profit (EBIT) was EUR 15,445 thousand (5,794) or 27.0 (15.9) per cent of net sales.
- Earnings per share were EUR 0.49 (0.19).

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

Business Report

Financial performance:

Qt's net sales for the second quarter amounted to EUR 33,925 thousand (EUR 18,081 thousand), up 87.6 percent. License sales and consulting grew by 119.6 percent, while maintenance revenue increased by 5.8 percent. The effect of exchange rates on the comparison period's net sales was negative EUR 906 thousand. At comparable exchange rates, net sales increased by 97.5 percent.

Qt's net sales for the first half of the year amounted to EUR 57,288 thousand (EUR 36,437 thousand), up 57.2 percent. License sales and consulting grew by 79.2 percent, while maintenance revenue decreased by -0.7 percent. The effect of exchange rates on the comparison

period's net sales was negative EUR 1,866 thousand. At comparable exchange rates, net sales increased by 65.7 percent.

Qt's operating profit (EBITA) in the second quarter was EUR 11,417 thousand (EUR 3,721 thousand). Qt's operating profit (EBIT) in the second quarter was EUR 10,634 thousand (EUR 3,620 thousand). The operating profit (EBITA) for the first half of the year was EUR 16,331 thousand (EUR 5,997 thousand). The operating profit (EBIT) for the first half of the year was EUR 15,445 thousand (EUR 5,794 thousand). The Group had 455 employees at the end of the first half of 2021, compared to 351 a year earlier. The increase in the number of employees has been strongest in the sales and research and development organization on top of the acquisition of froglogic.

The Group's financial position is very good.

Juha Varelius, President and CEO:

Qt Group's second quarter could even be characterized as exceptionally strong. Growth was accelerated particularly by the very strong sales of developer licenses in all of the company's geographical operating regions and a significant multi-year license deal closed with a large international software company in North America in April. Net sales of approximately EUR 6 million were recognized on the deal in the second quarter. The company has also been able to continue to systematically increase the average value of the deals it has closed. The sales of distribution licenses also continued to develop favorably in the second quarter. The depreciation of the US dollar had a negative effect on the growth of net sales. About two-thirds of Qt's sales are USD-based.

In the review period, we have successfully continued transition to the subscription invoicing model in the new developer license sales. In this model, the customer pays a fixed annual fee for the right to use the software and customer support. The amount of maintenance is smaller for the developer license that is based on the subscription invoicing model, and the revenue is recognized mainly on the time of license release, while the maintenance revenue recognized over the license contract period decreases. This change increases the license revenue and correspondingly decreases the maintenance revenue that the company reports. In line with our growth strategy, we have continued to have a strong focus on the recruitment of sales, consulting and product development personnel. Thanks to the growth of net sales, the company's business was highly profitable. The operating result was EUR 10,634 thousand and the operating profit margin was 31.3 percent in spite of the growth investments made during the period.

On April 13, 2021, we announced we had acquired the entire share capital of the Germany-based company froglogic GmbH for EUR 30 million. The acquisition brings froglogic's test automation tools into the Qt product portfolio to provide customers with a more comprehensive product range that encompasses the entire software development process. At the same time, the acquisition makes it possible for Qt's global sales network to be used as a distribution channel for froglogic's products. The integration of froglogic's operations into Qt and the Qt offering has progressed according to plan, and there are already clear signs of the improved efficiency and development of the acquired business as part of Qt. We believe that, going forward, we can continue to grow and develop the acquired business into a significant element of Qt's entire offering and business. The COVID-19 pandemic continues to have a negative impact on many of our customers. There are challenges in the market with regard to the availability of electronic components. If prolonged, this situation may lead to reductions in the production capacity of our customers and delays in deliveries. Restrictions on movement have also slowed down the progress of our consulting projects, especially in Asia.

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. Accordingly, it is typical of Qt as a company that quarterly net sales and growth may vary significantly between quarters. In addition to organic growth, the company also pursues growth opportunities through acquisitions that support its strategy. The froglogic GmbH acquisition announced in April is a good example of this.

The COVID-19 pandemic continues to cause increased uncertainty for the company's short-term outlook. As vaccinations progress, the pandemic is being gradually brought under control in many of the company's main markets and society is starting to reopen and return to normal. The pandemic has created pent-up demand for many products, which is now becoming released, accelerated by unprecedented stimulus measures. However, the global shortage of components has emerged as a factor that slows down growth. This shortage is likely to affect at least some of the company's customers in the form of delayed projects and lower production volumes, which would continue to slow down the company's accrual of net sales from distribution licenses. It is obvious that recovery from the pandemic will be uneven between different industries and geographical regions and the recovery may be a long process.

Outlook 2021

In the stock exchange release published on 29 July 2021, we raised the full-year net sales outlook for 2021 and estimated that it would increase by 35–45 percent year-on-year at comparable exchange rates. After re-assessing the outlook for the rest of the year, we raise our net sales outlook again and estimate that the full-year net sales for 2021 will increase by 40-50 percent year-on-year at comparable exchange rates and our operating profit margin will be at least 15 percent.

Financial reporting

Net sales and profit performance

Qt's net sales for the second quarter amounted to EUR 33,925 thousand (EUR 18,081 thousand), up 87.6 percent. License sales and consulting grew by 119.6 percent, while maintenance revenue increased by 5.8 percent. The effect of exchange rates on the comparison period's net sales was EUR -906 thousand. At comparable exchange rates, net sales increased by 97.5 percent.

Qt's net sales for the first half of the year amounted to EUR 57,288 thousand (EUR 36,437 thousand), up 57.2 percent. License sales and consulting grew by 79.2 percent, while maintenance revenue decreased by 0.7 percent. The effect of exchange rates on the comparison period's net sales was EUR -1,866 thousand. At comparable exchange rates, net sales increased by 65.7 percent.

Qt's operating profit (EBITA) in the second quarter was EUR 11,417 thousand (EUR 3,721 thousand). Qt's operating profit (EBIT) in the second quarter was EUR 10,634 thousand (EUR 3,620 thousand). The operating profit (EBITA) for the first half of the year was EUR 16,331 thousand (EUR 5,997 thousand). The operating profit (EBIT) for the first half of the year was EUR 15,445 thousand (EUR 5,794 thousand).

The other operating income includes tax-free research and development investment grants received by the company in Norway, totaling EUR 316 thousand (EUR 221 thousand). The grants concern the applicable personnel expenses related to the research and development activities of Qt's Norwegian company, and they will be paid to the company in the second half of 2021.

The Group's operating expenses, including materials and services, personnel expenses, depreciation and other operating expenses, amounted to EUR 42,185 thousand (EUR 30,996 thousand) in the first half of the year, up 36.1 percent year-on-year. Personnel expenses accounted for 65.9 percent (66.7%) of operating expenses, or EUR 27,810 thousand (EUR 20,666 thousand).

Qt's earnings before tax for the first half of the year totaled EUR 15,334 thousand (EUR 5,621 thousand) and the result was EUR 12,100 thousand (EUR 4,420 thousand). Taxes for the first half of the year amounted to EUR 3,234 thousand (EUR 1,202 thousand).

Earnings per share were EUR 0.49 in the first half of the year (EUR 0.19).

Financing and investments

Cash flow from operating activities was EUR 10,804 thousand (EUR 7,032 thousand) in the first half of the year due to the improved result driven by the strong license sales in the review period.

Qt's cash and cash equivalents totaled EUR 20,073 thousand (EUR 18,017 thousand) at the end of the first half of the year.

Qt Group's consolidated balance sheet total at the end of the first half of the year stood at EUR 111,926 thousand (EUR 55,278 thousand). Net cash flow from investments in the first half of the year was EUR -24,359 thousand (EUR -515 thousand). The largest investment in the review period was the acquisition of all the shares in Germany-based froglogic GmbH on 13 April 2021.

The equity ratio was 49.2 percent (61.7%) and gearing was 3.7 percent (-67.0%). Interest-bearing liabilities amounted to EUR 21,772 thousand (EUR 3,347 thousand) of which short-term loans accounted for EUR 1,307 thousand (EUR 1,679 thousand). Liabilities increased due to a new loan arrangement made in the second quarter.

In the first half of the year, return on investment was 30.8 percent (25.0%) and return on equity was 31.9 percent (22.8%).

Personnel

The number of Qt's personnel was 414 (344) on average during the first half of the year and 455 (351) at the end of the quarter. At the end of the review period, international personnel represented 72 percent (73%) of the total.

Other events in the review period

Governance

Qt Group Plc's general meeting held on March 16, 2021, adopted the company's annual accounts, including the consolidated annual accounts for the accounting period January 1–December 31, 2020, reviewed the Remuneration Report for 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, 2020.

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 16, 2022, 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 16, 2022, and it replaces any earlier authorizations on the granting of shares or

special rights entitling to shares.

On April 13, 2021, the company announced it had acquired the entire share capital of the Germany-based company froglogic GmbH for EUR 30 million, of which EUR 24 million will be paid in cash and EUR 6 million in Qt Group shares. By virtue of the share issue authorization of the Annual General Meeting held on March 16, 2021, the company's Board of Directors has decided to pay the agreed share purchase price by issuing shares in a directed share issue to the sellers. A total of 62,184 new Qt Group shares will be subscribed for by the sellers at a subscription price of EUR 96.49 per share. The subscription price corresponds to the volume-weighted average share price of Qt Group Plc's shares during the period April 1–April 9, 2021. The new Qt Group shares were entered in the Trade Register on April 15, 2021, and they were admitted to public trading together with the company's old shares on NASDAQ Helsinki Oy on April 16, 2021. Following the registration of the shares subscribed for in the share issue, the total number of Qt Group shares is 24,922,140, with the new shares representing approximately 0.25 percent of that total.

Events after the review period

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

Risks and uncertainties

The company's short-term risks and uncertainties are related to potential significant changes in the company's business operations as well as the retention and recruitment of the personnel required for business development. Furthermore, the prolongation of the coronavirus epidemic may slow down the growth of the business and affect the valuation of assets. The epidemic has not affected the valuation of assets thus far.

Exchange rate fluctuations, particularly between the US dollar and euro, may have a large impact on the development of the company's net sales. Another factor contributing to considerable fluctuation in quarterly net sales and profitability in particular is the contract turnaround times which, in the major customer segment, are very long at up to 18 months.

The company's business risks and preparations for them are also described on the company website at www.qt.io.

Espoo, August 6, 2021

Qt Group Plc

Board of Directors

Communications

Qt Group will hold a briefing on this half-year report for analysts via MS Teams on Friday, August 6, 2021, at 11:00 a.m. Advance registration is kindly requested by Friday, August 6, 2021 at 10:00 by sending the request to [jouni.lintunen\(a\)qt.io](mailto:jouni.lintunen(a)qt.io). The participation link will be sent prior to the briefing.

The half-year report and CEO's presentation will be available in the Investors section at www.qt.io from 11:00 am on 6 August 2021.

Further information

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