

A photograph of a young woman with blonde hair, smiling warmly at the camera. She is wearing a black t-shirt and large black headphones around her neck. She is holding a black folder or binder in front of her, which has a small Qt logo on it. The background is a blurred office or modern building interior with large windows.

Interim Statement January-September 2022

Third quarter 2022: Revenue increased 31 percent despite the challenging operating environment

July-September 2022

- Net sales increased 31.3 percent to EUR 35,308 thousand (EUR 26,891 thousand). The effect of exchange rates on the comparison period's net sales was EUR 2,544 thousand and at comparable exchange rates, net sales increased by 20.0 percent.
- Operating profit (EBITA) was EUR 7,880 thousand (EUR 6,179 thousand) or 22.3 percent (23.0 %) of net sales
- Operating profit (EBIT) was EUR 6,347 thousand (EUR 5,260 thousand) or 18.0 percent (19.6 %) of net sales
- Earnings per share were EUR 0.28 (EUR 0.18).
- The company signed on August 11, 2022, an agreement to acquire all the shares in Germany-based Axivion GmbH. Axivion is a major provider of static analysis and architecture analysis tools in the software quality assurance market.

January-September 2022

- Net sales increased 23.5 percent to EUR 103,970 thousand (EUR 84,179 thousand). The effect of exchange rates on the comparison period's net sales was EUR 6,207 thousand and at comparable exchange rates, net sales increased by 15.0 percent.
- Operating profit (EBITA) was EUR 23,438 thousand (EUR 22,511 thousand) or 22.5 percent (26.7 %) of net sales
- Operating profit (EBIT) was EUR 20,067 thousand (EUR 20,706 thousand) or 19.3 percent (24.6 %) of net sales
- Earnings per share were EUR 0.84 (EUR 0.67).

The figures in brackets refer to the comparison period, i.e., the corresponding period in the previous year. The percentage of change in net sales at comparable exchange rates is calculated by translating the net sales from the comparison period of 2021 with the actual exchange rates of the reporting period of 2022 and by comparing the reported net sales in 2022 with the calculated 2021 net sales at comparable exchange rates.

Key figures

EUR 1,000	7-9/2022	7-9/2021	Change, %	1-9/2022	1-9/2021	Change, %	1-12/2021
Net sales	35,308	26,891	31.3%	103,970	84,179	23.5%	121,139
Operating profit (EBITA)	7,880	6,179	27.5%	23,438	22,511	4.1%	31,534
EBITA, %	22.3%	23.0%		22.5 %	26.7 %		26.0%
Operating profit (EBIT)	6,347	5,260	20.7%	20,067	20,706	-3.1%	28,812
EBIT, %	18.0%	19.6%		19.3 %	24.6%		23.8%
Return on equity, %	11.4%	11.8%		34.3 %	44.4%		55.0%
Return on investment, %	6.9%	10.7%		22.0 %	42.0%		57.0%
Interest-bearing liabilities ¹	43,593	21,411	103.6%	43,593	21,411	103.6%	17,028
Cash and cash equivalents ¹	18,926	14,431	31.1%	18,926	14,431	31.1%	17,374
Net gearing, % ¹	34.9%	15.7%		34.9 %	15.7%		-0.7%
Equity ratio, % ¹	43.7%	50.6%		43.7 %	50.6%		51.1%
Earnings per share (EPS), EUR	0.28	0.18	54.5%	0.84	0.67	24.6%	0.91
Diluted earnings per share, EUR	0.27	0.17	56.5%	0.81	0.65	26.2%	0.88
Personnel, on average	626	466	34.5%	579	431	34.2%	445

¹ At the end of the period

Juha Varelius, President and CEO:

In the third quarter of 2022, Qt Group's net sales increased 31 percent to EUR 35 million, which amounted to 20 percent growth at comparable exchange rates. EBITA amounted to EUR 8 million, and the EBITA margin was 22 percent. EBIT amounted to EUR 6 million, and the EBIT margin was 18 percent in the third quarter.

Qt Group's developer license sales and consulting business developed very well during the third quarter despite the increasing challenges in the global market environment. Especially sales of quality assurance tools from the acquisition of froglogic GmbH last year increased particularly well. Growth in distribution license sales was more moderate, and its revenue was below our targets. Although our customers are building more embedded devices, the volume of shipped devices is still below our customers' original manufacturing plans in several different industries. Increasing energy prices, high inflation, and the general economic slowdown impact our customers' product development decisions, which has dragged Qt Group's net sales growth this year. There continues to be good demand for our products, and we have succeeded well in new customer acquisition. The volume of sales prospects is at a very good level, and we expect the revenue growth rate to accelerate significantly in the last quarter of the year.

At the beginning of August 2022, we acquired the entire share capital of Axivion GmbH to strengthen the quality assurance product offering of Qt Group. Through the acquisition, we have expanded our solutions for those C/C++ developers who do not use the Qt software development framework. With static analysis and software architecture analysis tools, we are better equipped to meet companies' demands for detecting and managing software defects, vulnerabilities, and deviations. The consolidation of Axivion to Qt Group is progressing at a good speed, and their 41 employees are part of our global team of 651 professionals as of September 30.

During the third quarter, we released Qt 6.4, which has significant improvements and enhancements to Qt for WebAssembly technology compared to Qt 5. With Qt for WebAssembly, our customers can use their existing C++ developers and code to create an application for web browsers to run on the WebAssembly platform. Coco 6.0 brings test coverage analysis directly integrated into the development environment, which improves the user experience for software developers significantly. In addition, we published Qt Design Studio 3.7 and Qt for Android Automotive 6.3.2 releases.

Transforming into a multi-product company is essential to our long-term growth strategy. Starting a customer relationship with one product and expanding it with other solutions to improve productivity in the product development process creates a solid base for sustainable growth. Although the challenging operating environment has dragged our revenue growth rate this year, we do not see notable changes in our long-term growth opportunities. We continue our strategic investments in R&D, sales and new product innovations.

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 to create embedded systems. Sales growth associated with embedded devices 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. Should the increased uncertainty in the market environment continue or expand, it

could result in even higher volatility between quarters. In addition to organic growth, the company actively pursues inorganic growth through acquisitions supporting its strategy.

Disruptions in global supply chains may create delays in the production processes of equipment manufacturers and reduce their production volume, which mainly affects net sales accrued from distribution licenses. Logistics problems in international trade and the global shortage of components are likely to affect many of Qt's customers. The weakening macroeconomic situation could cause some of Qt Group's customers to change their product development plans, for example, by postponing or executing them only partially, which could slow down the revenue growth in developer license sales and consulting. Russia's armed attack on Ukraine, combined with the EU's sanctions against Russia, adds to the general uncertainty in the operating environment. While the war has not significantly impacted Qt's business operations so far, increasing energy prices and a general economic slowdown may reduce the demand for the products of Qt's customers and consequently slow down the Qt Group's business growth.

The COVID-19 pandemic continues to cause increased uncertainty for the company's short-term outlook in APAC in particular. Recovery from the pandemic will be uneven between different industries and geographical regions, and it will likely be a long process. At the same time, the pandemic has created pent-up demand for many products. When this pent-up demand is released, it may lead to increased demand for Qt's solutions. Despite the challenges and uncertainties in the operating environment, Qt estimates that its chances of success in executing the growth strategy that extends to 2025 remain good.

Outlook for 2022

We expect that the net sales growth in the second half of 2022 will be significantly better than in the first half of 2022 and that our full-year net sales for 2022 will increase by 20–30 percent year-on-year at comparable exchange rates. The impact of foreign exchange rates on the full-year net sales will be substantially positive, assuming that the foreign exchange rates remain at the end of June 2022 level, which leads to the fact that the company's reported net sales growth will be significantly higher than the growth at comparable exchange rates. We expect that our operating profit margin will be 20–30 percent in 2022.

News conference

Qt Group organizes a news conference on October 27, 2022, at 4:00-5:00 pm EEST in Sanomatalo, Helsinki, Finland, and a webcast stream at: <https://qt.videosync.fi/2022-q3-results> CEO Juha Varelius and CFO Jouni Lintunen will comment on the business development in the third quarter at the event. It is possible to participate in the event also via conference call, by registering at: <https://call.vsy.io/access-9755>

Financial information

Net sales

EUR 1,000	7-9/2022	7-9/2021	Change, %	1-9/2022	1-9/2021	Change, %	1-12/2021
License sales and consulting	30,787	21,609	42.5%	89,436	68,937	29.7%	100,384
Maintenance revenue	4,521	5,283	-14.4%	14,534	15,242	-4.6%	20,755
Total	35,308	26,891	31.3%	103,970	84,179	23.5%	121,139

Qt Group Plc's net sales in the third quarter amounted to EUR 35,308 thousand (EUR 26,891 thousand), up 31.3 percent. License sales and consulting increased 42.5 percent and maintenance revenue decreased 14.4 percent. The effect of exchange rates on the comparison period's net sales was EUR 2,544 thousand and at comparable exchange rates, net sales increased 20.0 percent in the third quarter.

Qt Group Plc's net sales in January-September 2022 amounted to EUR 103,970 thousand (EUR 84,179 thousand), up 23.5 percent. License sales and consulting increased 29.7 percent and maintenance revenue decreased 4.6 percent. The effect of exchange rates on January-September 2021 net sales was EUR 6,207 thousand and at comparable exchange rates, net sales increased 15.0 percent.

Financial performance

EUR 1,000	7-9/2022	7-9/2021	Change, %	1-9/2022	1-9/2021	Change, %	1-12/2021
Net sales	35,308	26,891	31.3%	103,970	84,179	23.5%	121,139
Other operating income	28	26	11.5%	51	368	-86.2%	424
Materials and services	-1,604	-1,539	4.2%	-4,996	-4,643	7.6%	-6,435
Personnel expenses	-18,304	-14,008	30.7%	-53,115	-41,818	27.0%	-60,595
Depreciation, amortization and impairment	-2,311	-1,379	67.6%	-5,621	-3,021	86.1%	-4,515
Other operating expenses	-6,771	-4,731	43.1%	-20,221	-14,360	40.8%	-21,206
Operating result (EBIT)	6,347	5,260	20.7%	20,067	20,706	-3.1%	28,812

In the third quarter of 2022 the operating profit (EBITA) amounted to EUR 7,880 thousand (EUR 6,179 thousand).

Qt Group's operating profit (EBIT) amounted to EUR 6,347 thousand (EUR 5,260 thousand) in the third quarter of 2022. Qt Group continued its growth investments in sales and research and development organizations, which increased personnel expenses. The increase in other operating costs consisted of consulting related to the acquisition, as well as IT and recruitment services, and an increase in business travel.

In the third quarter, Qt Group's profit before taxes was EUR 7,494 thousand (EUR 5,505 thousand) and net profit amounted to EUR 6,944 thousand (EUR 4,406 thousand). Income taxes for the period amounted to EUR 550 thousand (EUR 1,099 thousand).

Earnings per share in the third quarter were EUR 0.28 (EUR 0.18).

In January-September 2022, Qt Group's operating profit (EBITA) amounted to EUR 23,438 thousand (EUR 22,511 thousand).

Qt Group's operating profit (EBIT) amounted to EUR 20,067 thousand (EUR 20,706 thousand) in January-September. Personnel expenses increased as Qt Group added its growth investments in the sales organization in particular. In January-September 2022 Qt Group's personnel on average increased 34 percent to 579 employees (431).

In January-September 2022, Qt Group's profit before taxes was EUR 22,947 thousand (EUR 20,838 thousand) and net profit amounted to EUR 20,975 thousand (EUR 16,506 thousand). Income taxes for the period amounted to EUR 1,972 thousand (EUR 4,332 thousand).

Earnings per share in January-September 2022 were EUR 0.84 (EUR 0.67).

Other events during the reporting period

Acquisitions

Qt Group acquired the entire share capital of Axivion GmbH on August 11, 2022. The acquisition expands Qt Group's quality assurance offering with solutions for static analysis and software architecture analysis. The state-of-the-art quality assurance solutions from Axivion improve productivity in the software development process by detecting software erosion factors such as defects, cycles, and violations of programming rules. Qt Group aims to leverage its global sales network to sell Axivion products to new and existing customers, and to expand its sales to the C/C++ software development markets outside the Qt ecosystem.

Axivion was founded in 2006 as a spin-off company at the University of Stuttgart. At the end of September, the company employed approximately 41 people in Germany and Austria, and is headquartered in Stuttgart, Germany. The Company's net sales in 2021 amounted to EUR 5,007 thousand and its operating profit for the same period was EUR 1,520 thousand. The purchase price consideration recorded at the time of acquisition, EUR 44,082 thousand, includes an earn-out, the preliminary estimated fair value of which as of the acquisition date is EUR 9,984 thousand. EUR 8,273 thousand of the purchase price is paid in Qt group shares and the rest is paid in cash.

Based on the initial accounting, the acquisition created goodwill of EUR 17,971 thousand from the technical expertise of the acquired company and the company's operating model. None of the goodwill recognized on the acquisition is tax-deductible. The expenses related to the acquisition, EUR 316 thousand, are included in other operating expenses in the consolidated income statement.

Events after the reporting period

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

Espoo, October 27, 2022

Qt Group Plc

Board of Directors

Financial information for January 1–September 30, 2022

Accounting principles

This interim report is not prepared according to the IAS Interim Financial Reporting standard. Qt Group applies the statutes of the Finnish Securities Markets Act for half-yearly financial reporting, and publishes interim reports in the first and third quarter of the year to present the key information of its financial development. The information presented in the interim report has not been audited.

Segment reporting

Qt Group reports one business segment. The reported segment covers the entire Group, and its figures are congruent with the consolidated figures.

Products and services

Qt Group 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	7-9/2022	7-9/2021	Change, %	1-9/2022	1-9/2021	Change, %	1-12/2021
License sales and consulting	30,787	21,609	42.5%	89,436	68,937	29.7%	100,384
Maintenance revenue	4,521	5,283	-14.4%	14,534	15,242	-4.6%	20,755
Total	35,308	26,891	31.3%	103,970	84,179	23.5%	121,139

Geographical information

Geographical distribution of personnel:

Personnel, on average	7-9/2022	7-9/2021	Change, %	1-9/2022	1-9/2021	Change, %	1-12/2021
Finland	173	129	34.4%	164	117	39.5%	123
Rest of Europe & APAC	355	272	30.5%	322	251	28.2%	258
North America	98	65	51.5%	93	63	48.6%	64
Total	626	466	34.5%	579	431	34.2%	445

Net sales at comparable exchange rates

Qt Group Plc has applied the guidance from ESMA (European Securities and Markets Authority) on Alternative Performance Measures and presents the following alternative performance measure in addition to its consolidated IFRS financial statements: net sales at comparable exchange rates and EBITA.

The purpose of the alternative performance measure, 'net sales at comparable exchange rates', is to provide investors with information for comparison between reporting periods by illustrating the company's operative net sales development independent of exchange rates. The percentage of change in net sales at comparable exchange rates is calculated by translating the net sales from the comparison period of 2021 with the actual exchange rates of the reporting period of 2022 and by comparing the reported net sales in 2022 with the calculated 2021 net sales at comparable exchange rates.

EUR 1,000	7-9/2022	7-9/2021	Change, %	1-9/2022	1-9/2021	Change, %
Net sales	35,308	26,891	31.3%	103,970	84,179	23.5%
Effect of exchange rates		2,544			6,207	
Net sales at comparable exchange rates	35,308	29,435	20.0%	103,970	90,386	15.0%

EBITA and EBITA-%

Operating profit (EBITA) and EBITA %. Operating profit (EBITA) is presented because it reflects the Group's operational performance better than Operating profit (EBIT). Operating profit (EBITA) does not include amortization of fair value adjustments at acquisitions. EBITA, % presents Operating profit (EBITA) as a percentage share of the revenue. The table below shows a reconciliation between Operating profit (EBITA) and Operating profit (EBIT).

EUR 1,000	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
Operating profit (EBIT)	6,347	5,260	20,067	20,706	28,812
Amortization on fair value adjustments at acquisitions	1,533	919	3,371	1,805	2,722
Operating profit (EBITA)	7,880	6,179	23,438	22,511	31,534

Consolidated income statement

EUR 1,000	7-9/2022	7-9/2021	Change, %	1-9/2022	1-9/2021	Change, %	1-12/2021
Net sales	35,308	26,891	31.3%	103,970	84,179	23.5%	121,139
Other operating income	28	26	11.5%	51	368	-86.2%	424
Materials and services	-1,604	-1,539	4.2%	-4,996	-4,643	7.6%	-6,435
Personnel expenses	-18,304	-14,008	30.7%	-53,115	-41,818	27.0%	-60,595
Depreciation, amortization and impairment	-2,311	-1,379	67.6%	-5,621	-3,021	86.1%	-4,515
Other operating expenses	-6,771	-4,731	43.1%	-20,221	-14,360	40.8%	-21,206
Operating result	6,347	5,260	20.7%	20,067	20,706	-3.1%	28,812
Financial income and expenses (net)	1,147	244		2,880	132		472
Profit before taxes	7,494	5,505	36.1%	22,947	20,838	10.1%	29,284
Income taxes	-550	-1,099	-49.9%	-1,972	-4,332	-54.5%	-6,873
Net profit for the review period	6,944	4,406	57.6%	20,975	16,506	27.1%	22,410
Other comprehensive income:							
Items which may be reclassified subsequently to profit or loss:							
Exchange differences on translation of foreign operations	-130	20		-272	91		176
Total comprehensive income for the review period	6,814	4,426	54.0%	20,702	16,597	24.7%	22,587
Distribution of net profit for the review period:							

Parent company shareholders	6,944	4,406	57.6%	20,975	16,506	27.1%	22,410
Distribution of comprehensive income for the review period:							
Parent company shareholders	6,814	4,426	54.0%	20,702	16,597	24.7%	22,587
Earnings per share (EPS), EUR	0.28	0.18	54.5%	0.84	0.67	24.6%	0.91
EPS adjusted for dilution, EUR	0.27	0.17	56.5%	0.81	0.65	26.2%	0.88

Consolidated statement of financial position

Assets

EUR 1,000	30.9.2022	30.9.2021	31.12.2021
Non-current assets			
Goodwill	43,383	25,412	25,412
Other intangible assets	57,349	27,340	26,489
Tangible assets	5,924	2,623	3,046
Long-term receivables	366	313	338
Deferred tax assets	569	871	1,351
Total non-current assets	107,591	56,559	56,635
Current assets			
Trade receivables	31,330	20,172	29,116
Other receivables	19,931	13,621	14,091
Cash and cash equivalents	18,926	14,431	17,374
Total current assets	70,188	48,224	60,581
Total assets	177,779	104,782	117,216

Shareholders' equity and liabilities

EUR 1,000	30.9.2022	30.9.2021	31.12.2021
Shareholders' equity			
Share capital	500	500	500
Unrestricted shareholders' equity reserve	53,848	36,070	36,072
Own shares	-9,960	-18,351	-18,351
Translation difference	335	522	607
Retained earnings	4,887	9,303	10,331
Net profit for the review period	20,975	16,506	22,410
Total shareholders' equity	70,584	44,550	51,570
Liabilities			
Long-term interest-bearing liabilities	25,667	20,104	1,166
Deferred tax liabilities	17,234	7,729	7,504
Other long-term liabilities	14,174	2,754	4,836
Total long-term liabilities	57,076	30,587	13,506
Short-term interest-bearing liabilities	17,925	1,307	15,862
Other short-term liabilities	32,194	28,339	36,278
Total short-term liabilities	50,119	29,646	52,140
Total liabilities	107,195	60,233	65,646
Total shareholders' equity and liabilities	177,779	104,782	117,216

Calculation formulas for key figures

RETURN ON EQUITY

$$\frac{(\text{PROFIT/LOSS BEFORE TAXES} - \text{TAXES})}{\text{Shareholders' equity} + \text{minority interest (average)}} \times 100$$

RETURN ON INVESTMENT

$$\frac{(\text{PROFIT/LOSS BEFORE TAXES} + \text{INTEREST AND OTHER FINANCING COSTS})}{\text{Balance sheet total} - \text{non-interest-bearing liabilities (average)}} \times 100$$

GEARING

$$\frac{\text{INTEREST-BEARING LIABILITIES} - \text{CASH, BANK RECEIVABLES AND FINANCIAL SECURITIES}}{\text{Shareholders' equity}} \times 100$$

EQUITY RATIO

$$\frac{\text{SHAREHOLDERS' EQUITY} + \text{MINORITY INTEREST}}{\text{Balance sheet total} - \text{advance payments received}} \times 100$$

Consolidated key figures

EUR 1,000	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
Net sales	35,308	26,891	103,970	84,179	121,139
Operating profit (EBITA)	7,880	6,179	23,438	22,511	31,534
EBITA, %	22.3%	23.0%	22.5 %	26.7 %	26.0%
Operating profit (EBIT)	6,347	5,260	20,067	20,706	28,812
EBIT, %	18.0%	19.6%	19.3 %	24.6 %	23.8%
Net profit	6,944	4,406	20,975	16,506	22,410
% of net sales	19.7%	16.4%	20.2 %	19.6 %	18.5%
Return on equity. %	11.4%	11.8%	34.3 %	44.4 %	55.0%
Return on investment. %	6.9%	10.7%	22.0 %	42.0 %	57.0%
Interest-bearing liabilities	43,593	21,411	43,593	21,411	17,028
Cash and cash equivalents	18,926	14,431	18,926	14,431	17,374
Net gearing. %	34.9%	15.7%	34.9%	15.7%	-0.7%
Equity ratio. %	43.7%	50.6%	43.7%	50.6%	51.1%
Earnings per share (EPS), EUR	0.28	0.18	0.84	0.67	0.91
Diluted earnings per share, EUR	0.27	0.17	0.81	0.65	0.88
Personnel, on average	626	466	579	431	445

¹ At the end of the period