

Interim Statement

January 1–September 30, 2021

Third quarter: Very strong growth in net sales continues

July–September 2021

- Net sales increased by 40.1 percent to EUR 26,891 thousand (19,199)*. At comparable exchange rates, net sales increased by 40.6 percent.
- Operating profit (EBITA) was EUR 6,179 (5,191) thousand, or 23.0 (27.0) percent of net sales.
- Operating profit (EBIT) was EUR 5,260 (5,089) thousand, or 19.6 (26.5) percent of net sales.
- Earnings per share were EUR 0.18 (0.16).

January–September 2021

- Net sales increased by 51.3 percent to EUR 84,179 thousand (55,636). At comparable exchange rates, net sales increased by 56.8 percent.
- Operating profit (EBITA) was EUR 22,511 (11,187) thousand, or 26.7 (20.1) percent of net sales.
- Operating profit (EBIT) was EUR 20,706 (10,883) thousand, or 24.6 (19.6) percent of net sales.
- Earnings per share were EUR 0.67 (0.35).

* 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 third quarter amounted to EUR 26,891 thousand (EUR 19,199 thousand), up 40.1 percent. License sales and consulting grew by 51.9 percent, while maintenance revenue increased by 6.3 percent. The effect of exchange rates on the comparison period's net sales was EUR -73 thousand. At comparable exchange rates, net sales increased by 40.6 percent.

Qt's net sales for the review period January–September amounted to EUR 84,179 thousand (EUR 55,636 thousand), up 51.3 percent. License sales and consulting grew by 69.7 percent, while maintenance revenue increased by 1.6 percent. The effect of exchange rates on the comparison period's net sales was EUR -1,939 thousand. At comparable exchange rates, net sales increased by 56.8 percent.

Qt's operating profit (EBITA) for the third quarter was EUR 6,179 thousand (EUR 5,191 thousand). Qt's operating profit (EBIT) for the third quarter was EUR 5,260 thousand (EUR 5,089 thousand). Operating profit (EBITA) for the review period January–September amounted to EUR 22,511 thousand (EUR 11,187 thousand). Operating profit (EBIT) for the review period was EUR 20,706 thousand (EUR 10,883 thousand). The Group had 470 employees at the end of the third quarter, compared to 348 a year earlier.

The company's financial position is very good.

Juha Varelius, President and CEO:

Qt Group's very strong net sales growth continued in the third quarter of 2021. The growth of net sales was the strongest in Asia and the EMEA region. Development and distribution license income both increased by more than 50 per cent year-on-year despite the fact that no particularly large deals were closed during the quarter. Exchange rates had only a minor effect on net sales for the quarter.

Thanks to the growth of net sales, the profitability of our operations was good in spite of our continued very strong focus on the recruitment of sales, consulting and product development personnel. Compared to the previous year, the number of personnel had increased by 35 percent by the end of the third quarter.

The integration of froglogic's operations, which were acquired in April, into Qt and the Qt offering has progressed according to plan. The company is currently training the Qt sales organization on selling froglogic's products.

In the third quarter, we launched a new product version, Qt6.2 LTS, which is the first long-term supported version of Qt6. The new version has been specifically developed to enable the creation of next-generation user experience products with Qt, and we believe it represents a significant step in the development of our product.

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 components. These challenges are expected to continue for quite a long time

and they will 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 actively 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

We maintain our previous forecast for 2021 and estimate that our 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.

Events after the review period

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

Espoo, October 28, 2021

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 October 28, 2021.

Further information

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

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Financial information January 1–September 30, 2021

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: License sales and consulting, and support and maintenance revenue. License sales includes developer licenses and distribution licenses (runtimes).

EUR 1,000	7–9/2021	7–9/2020	Change	1–9/2021	1–9/2020	Change	1–12/2020
License sales and consulting	21,609	14,227	51.9%	68,937	40,633	69.7%	59,494
Maintenance revenue	5,283	4,972	6.3%	15,242	15,002	1.6%	19,961
Group total	26,891	19,199	40.1%	84,179	55,636	51.3%	79,455

Geographical information

Geographical distribution of personnel:

PERSONNEL	7–9/2021	7–9/2020	Change	1–9/2021	1–9/2020	Change	1–12/2020
(number of employees, on average)							
Finland	129	92	39.7%	117	96	22.5%	96
Rest of Europe & APAC	272	200	35.8%	251	199	26.1%	199
North America	65	55	18.3%	63	53	19.0%	54
Group total	466	347	34.1%	431	348	24.0%	348

Consolidated income statement

EUR 1,000	7–9/2021	7–9/2020	Change	1–9/2021	1–9/2020	Change	1–12/2020
Net sales	26,891	19,199	40.1%	84,179	55,636	51.3%	79,455
Other operating income	26	14	77.4%	368	367	0.1%	463
Materials and services	-1,539	-954	61.3%	-4,643	-3,278	41.6%	-4,484
Personnel expenses	-14,008	-9,902	41.5%	-41,818	-30,568	36.8%	-42,140
Depreciation, amortization and impairment	-1,379	-586	135.3%	-3,021	-1,897	59.3%	-2,432
Other operating expenses	-4,731	-2,683	76.4%	-14,360	-9,377	53.1%	-13,845
Operating result	5,260	5,089	3.4%	20,706	10,883	90.3%	17,017

Financial expenses (net)	244	-42		132	-214		-657
Profit before taxes	5,505	5,048	9.1%	20,838	10,669	95.3%	16,360
Income taxes	-1,099	-1,103	-0.4%	-4,332	-2,305	88.0%	-3,534
Net profit for the review period	4,406	3,944	11.7%	16,506	8,364	97.3%	12,826
Other comprehensive income:							
Items which may be reclassified subsequently to profit or loss:							
Exchange differences on translation of foreign operations	20	-88		91	-188		-110
Total comprehensive income for the review period	4,426	3,856	14.8%	16,597	8,176	103.0%	12,717
Distribution of comprehensive income for the review period:							
Parent company shareholders	4,406	3,944	11.7%	16,506	8,364	97.3%	12,826
Distribution of comprehensive income for the review period:							
Parent company shareholders	4,426	3,856	14.8%	16,597	8,176	103.0%	12,717
Earnings per share, EUR	0.18	0.16		0.67	0.35		0.53
EPS adjusted for dilution, EUR	0.17	0.16		0.65	0.33		0.51

Consolidated statement of financial position

Assets

EUR 1,000	September 30,		
	September 30, 2021	2020	December 31, 2020
Non-current assets			
Goodwill	25,412	6,562	6,562
Other intangible assets	27,340	3,829	3,706
Tangible assets	2,623	3,518	3,180
Long-term receivables	313	324	306
Deferred tax assets	871	1,679	683
Total non-current assets	56,559	15,912	14,438
Current assets			
Trade receivables	20,172	15,635	17,772
Other receivables	13,621	6,218	7,160
Cash and cash equivalents	14,431	16,804	22,046
Total current assets	48,224	38,657	46,978
Total assets	104,782	54,569	61,416

Shareholders' equity and liabilities

EUR 1,000	September 30, 2021	September 30, 2020	December 31, 2020
Shareholders' equity			
Share capital	500	500	500
Unrestricted shareholders' equity reserve	36,070	27,195	28,714
Own shares	-18,351	-5,440	-7,284
Translation difference	522	352	431
Retained earnings	9,303	-5,457	-5,310
Net profit for the review period	16,506	8,364	12,826
Total shareholders' equity	44,550	25,515	29,878
Liabilities			
Long-term interest-bearing liabilities	20,104	1,298	1,373
Deferred tax liabilities	7,729	489	504
Other long-term liabilities	2,754	2,201	2,416
Total long-term liabilities	30,587	3,988	4,292
Short-term interest-bearing liabilities	1,307	1,684	1,282
Other short-term liabilities	28,339	23,382	25,964
Total short-term liabilities	29,646	25,066	27,246
Total liabilities	60,233	29,054	31,538
Total shareholders' equity and liabilities	104,782	54,569	61,416

Consolidated key figures

EUR 1,000	7–9/2021	7–9/2020	1–9/2021	1–9/2020	1–12/2020
Net sales	26,891	19,199	84,179	55,636	79,455
Operating profit (EBITA)	6,179	5,191	22,511	11,187	17,422
EBITA, %	23.0%	27.0%	26.7%	20.1%	21.9%
Operating profit (EBIT)	5,260	5,089	20,706	10,883	17,017
EBIT, %	19.6%	26.5%	24.6%	19.6%	21.4%
Net profit	4,406	3,944	16,506	8,364	12,826
- % of net sales	16.4%	20.5%	19.6%	15.0%	16.1%
Return on equity, %	11.8%	18.5%	44.4%	39.4%	54.8%
Return on investment, %	10.7%	20.6%	42.0%	44.0%	63.6%
Interest-bearing liabilities	21,411	2,982	21,411	2,982	2,655
Cash and cash equivalents	14,431	16,804	14,431	16,804	22,046
Net gearing, %	15.7%	-54.2%	15.7%	-54.2%	-64.9%
Equity ratio, %	50.6%	68.0%	50.6%	68.0%	66.6%
Earnings per share, EUR	0.18	0.16	0.67	0.35	0.53
Diluted earnings per share, EUR	0.17	0.16	0.65	0.33	0.51