



Half-Year Report 1 January – 30 June 2020

Qt Group Plc Stock Exchange Release 7 August 2020 at 8:00 a.m.

Second quarter:

Strong growth in net sales continued (up 29.2 percent) and EBIT also grew substantially (EBIT margin 20.0 percent)

April–June 2020

- Net sales increased by 29.2 percent to EUR 18,081 thousand (13,995)*. The effect of exchange rates on the comparison period's net sales was EUR 255 thousand. At comparable exchange rates, net sales increased by 26.9 percent.
- The operating result was EUR 3,620 thousand (714).
- The operating margin (EBIT %) was 20.0 percent (5.1%).
- Earnings per share were EUR 0.12 (0.03).

January–June 2020

- Net sales increased by 36.1 percent to EUR 36,437 thousand (26,766). The effect of exchange rates on the comparison period's net sales was EUR 550 thousand. At comparable exchange rates, net sales increased by 33.4 percent.
- The operating result was EUR 5,794 thousand (195).
- The operating margin (EBIT %) was 15.9 percent (0.7%).
- Earnings per share were EUR 0.19 (0.00).

* 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 18,081 thousand (EUR 13,995 thousand), up 29.2 percent. License sales and consulting grew by 35.0 percent, while maintenance revenue increased by 16.4 percent. The effect of exchange rates on the comparison period's net sales was EUR 255 thousand. At comparable exchange rates, net sales increased by 26.9 percent.

Qt's net sales for the first half of the year amounted to EUR 36,437 thousand (EUR 26,766 thousand), up 36.1 percent. License sales and consulting grew by 45.4 percent, while maintenance revenue increased by 16.6 percent. The effect of exchange rates on the comparison period's net sales was EUR 550 thousand. At comparable exchange rates, net sales increased by 33.4 percent.

Qt's operating result in the second quarter was EUR 3,620 thousand (EUR 714 thousand). The operating result for the first half of the year was EUR 5,794 thousand (EUR 195 thousand). The Group had 351 employees at the end of the first half of 2020, compared to 331 a year earlier. The increase in the number of employees has been strongest in the Asian sales and consulting organization.

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 very closely monitored with regard to the potential impacts of the coronavirus epidemic.

Juha Varelius, President and CEO:

Qt Group's very strong growth continued in the second quarter of 2020. Growth was strong in all of the Group's geographic operating regions in Europe, Asia, and America. Net sales growth was also accelerated somewhat by the strengthening of the US dollar against the euro. About two-thirds of Qt's net sales are USD-based.

The 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. 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.

The operating result showed a profit by a clear margin for the second quarter and the entire first half of the year. The development of the operating result has been supported not only by the growth of net sales but also lower-than-planned personnel, marketing

and travel expenses, as recruitment activities and various events and meetings have not been carried out as planned due to the epidemic. In spite of the circumstances, we have strived to continue 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.

Our most important customer segments are the automation industry, the medical 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 with 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 in the first half of the year means we are well positioned to achieve our goals 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 development 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.

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 also be reflected — at least to some extent — on the company's business. Nevertheless, the negative impacts have thus far been limited to individual cases and the overall impacts have been minor. The company estimates that the risk posed to the company by the epidemic will continue to be mitigated by the breadth of the customer base and Qt's operations being distributed over several geographic regions and customer industries. For the time being, at least, 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.

Financial reporting

Net sales and profit performance

Qt's net sales for the second quarter amounted to EUR 18,081 thousand (EUR 13,995 thousand), up 29.2 percent. License sales and consulting grew by 35.0 percent, while maintenance revenue increased by 16.4 percent. The effect of exchange rates on the comparison period's net sales was EUR 255 thousand. At comparable exchange rates, net sales increased by 26.9 percent.

Qt's net sales for the first half of the year amounted to EUR 36,437 thousand (EUR 26,766 thousand), up 36.1 percent. License sales and consulting grew by 45.4 percent, while maintenance revenue increased by 16.6 percent. The effect of exchange rates on the comparison period's net sales was EUR 550 thousand. At comparable exchange rates, net sales increased by 33.4 percent.

Qt's operating result in the second quarter was EUR 3,620 thousand (EUR 714 thousand). The operating result for the first half of the year was EUR 5,794 thousand (EUR 195 thousand).

The other operating income includes tax-free research and development investment grants received by the company in Norway, totaling EUR 221 thousand (EUR 351 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 2020.

The Group's operating expenses, including materials and services, personnel expenses, depreciation and other operating expenses, amounted to EUR 30,996 thousand (EUR 27,115 thousand) in the first half of the year, up 14.3 percent year-on-year. Personnel expenses accounted for 66.7 percent (67.9%) of operating expenses, or EUR 20,666 thousand (EUR 18,411 thousand).

Qt's earnings before tax for the first half of the year totaled EUR 5,621 thousand (EUR 124 thousand) and the result was EUR 4,420 thousand (EUR 47 thousand). Taxes for the first half of the year amounted to EUR 1,202 thousand (EUR 77 thousand).

Earnings per share were EUR 0.19 in the first half of the year (EUR 0.00).

Financing and investments

Cash flow from operating activities was EUR 7,032 thousand (EUR 1,845 thousand) in the first half of the year due to the positive result.

Qt's cash and cash equivalents totaled EUR 18,017 thousand (EUR 10,096 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 55,278 thousand (EUR 46,508 thousand). Net cash flow from investments in the first half of the year was EUR -515 thousand (EUR -256 thousand).

The equity ratio was 61.7 percent (58.5%) and gearing was -67.0 percent (-28.2%). Interest-bearing liabilities amounted to EUR 3,347 thousand (EUR 4,943 thousand) of which short-term loans accounted for EUR 1,679 thousand (EUR 2,195 thousand).

In the first half of the year, return on investment was 25.0 percent (0.9%) and return on equity was 22.8 percent (0.3%).

Personnel

The number of Qt's personnel was 344 (323) on average during the first half of the year and 351 (331) at the end of the quarter. At the end of the review period, international personnel represented 73 percent (71%) of the total.

Other events in the review period

Governance

Qt Group Plc's Annual 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.

Flagging notifications

On May 19, 2020, Qt Group Plc received the following notification of a change in shareholding:

The overall holding of Qt Group Plc's shares and voting rights managed by Ilmarinen Mutual Pension Insurance Company crossed below the 10% flagging threshold. Ilmarinen Mutual Pension Insurance Company holds 2,252,633 shares in Qt Group Plc, corresponding to 9.43 percent of Qt Group Plc's shares and votes. The change in shareholding took place on May 19, 2020.

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.

Helsinki, August 7, 2020

Qt Group Plc

Board of Directors

Communications

Qt Group will hold a briefing on this half-year report for analysts on Friday, 7 August 2020 at 11:00 am, in the Akseli cabinet of Hotel Kämp, Pohjoisesplanadi 29, 00100 Helsinki, Finland. Welcome!

The half-year report and CEO's presentation will be available in the Investors section at www.qt.io from 11:00 am on 7 August 2020.

Further information

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

DISTRIBUTION

NASDAQ Helsinki

Key media

About The Qt Company

Qt Group (Nasdaq Helsinki: QTCOM) is a global software company with a strong presence in more than 70 industries and is the leading independent technology behind millions of devices and applications. Qt is used by major global companies and developers worldwide, and the technology enables its customers to deliver exceptional user experiences and advance their digital transformation initiatives. The company's net sales in 2019 totaled 58,4 MEUR, and it employs some 340 people. To learn more, visit <http://qt.io>. To learn more, visit <http://qt.io>.