

Q2 2023 results

Juha Varelius, CEO

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Agenda

1. Q2/23 business highlights
2. Financials
3. Outlook and guidance for 2023

Q2/23 business highlights

Juha Varelius, CEO



Profitable growth continued despite challenges in the operating environment

- Net sales growth 17%

- Reached EUR 43 million quarterly net sales
- Growth of 19% at comparable currencies

- EBITA-margin at 29%

- EBITA was EUR 12 million, increase of 25%
- Profitability developing in line with business plans

- Personnel totaled 729 on June 30

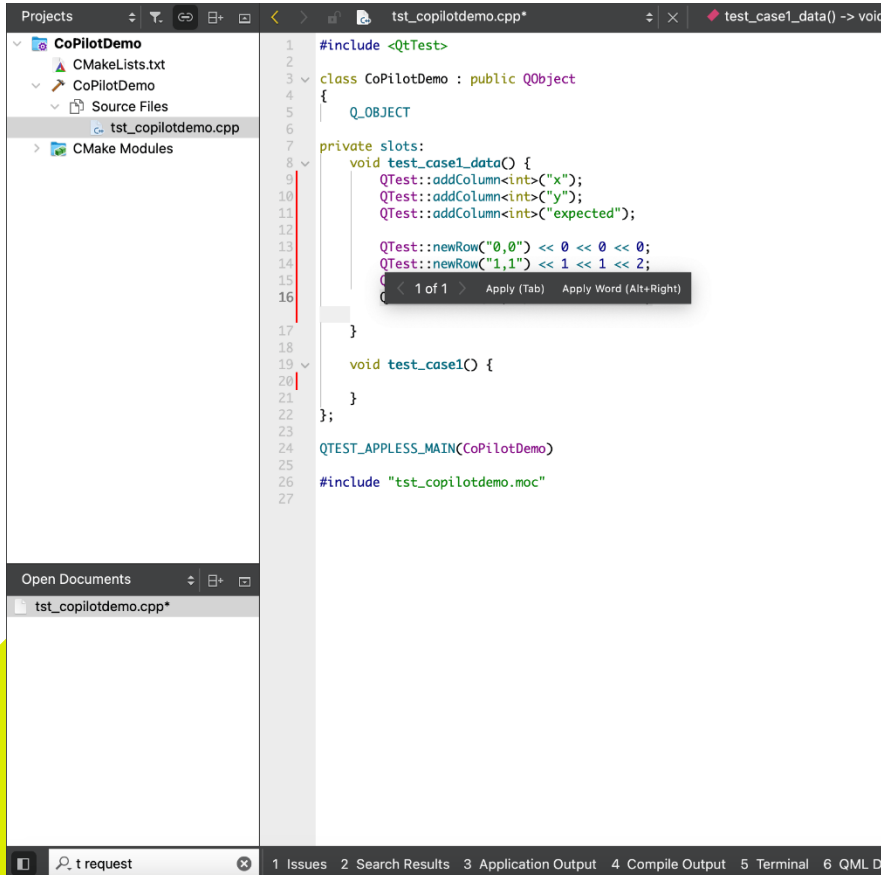
- Increase of 23 employees during Q2/23
- Growth investments to sales continued

Q2/23 Product highlights

- Qt 6.5 LTS introduced lots of new functionality for graphics and UI development, as well as the application backend, such as
 - New Qt Quick Effects module offers UI developers access to ready-made graphical effects, which can be combined into a single effect without impacting performance
 - Communication with web services and data exchange between devices has been enhanced in different modules
- Axivion Suite 7.6
- Qt for MCUs 2.5 LTS
- Qt Design Studio 4.2
- Qt Insight 1.3
- Qt for Android Automotive 6.5



Initiatives for using AI in product creation

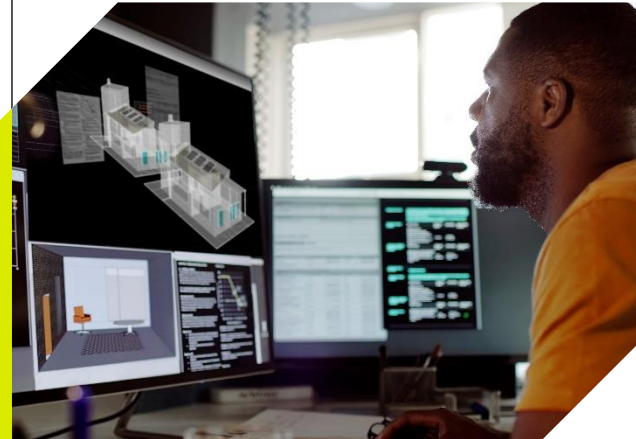


```
1 #include <QtTest>
2
3 class CoPilotDemo : public QObject
4 {
5     Q_OBJECT
6
7 private slots:
8     void test_case1_data() {
9         QTest::addColumn<int>("x");
10        QTest::addColumn<int>("y");
11        QTest::addColumn<int>("expected");
12
13        QTest::newRow("0,0") << 0 << 0 << 0;
14        QTest::newRow("1,1") << 1 << 1 << 2;
15    }
16
17 }
18
19 void test_case1() {
20 }
21
22 };
23
24 QTEST_APPLESS_MAIN(CoPilotDemo)
25
26 #include "tst_copilotdemo.moc"
27
```

- First integration of a generative AI tool, GitHub Copilot, into Qt Creator
 - Suggest new code, complete functions, and test cases based on the project's context and style conventions. A Copilot Tool subscription from GitHub is required.
- We see various opportunities where using AI could help increase Qt developers' productivity, in addition to driving demand for automated QA tools
 - In developer tools: code commentary, code management tasks like version control
 - In QA tools: test case management tasks, suggestions based on test results, auto-generating bug reports

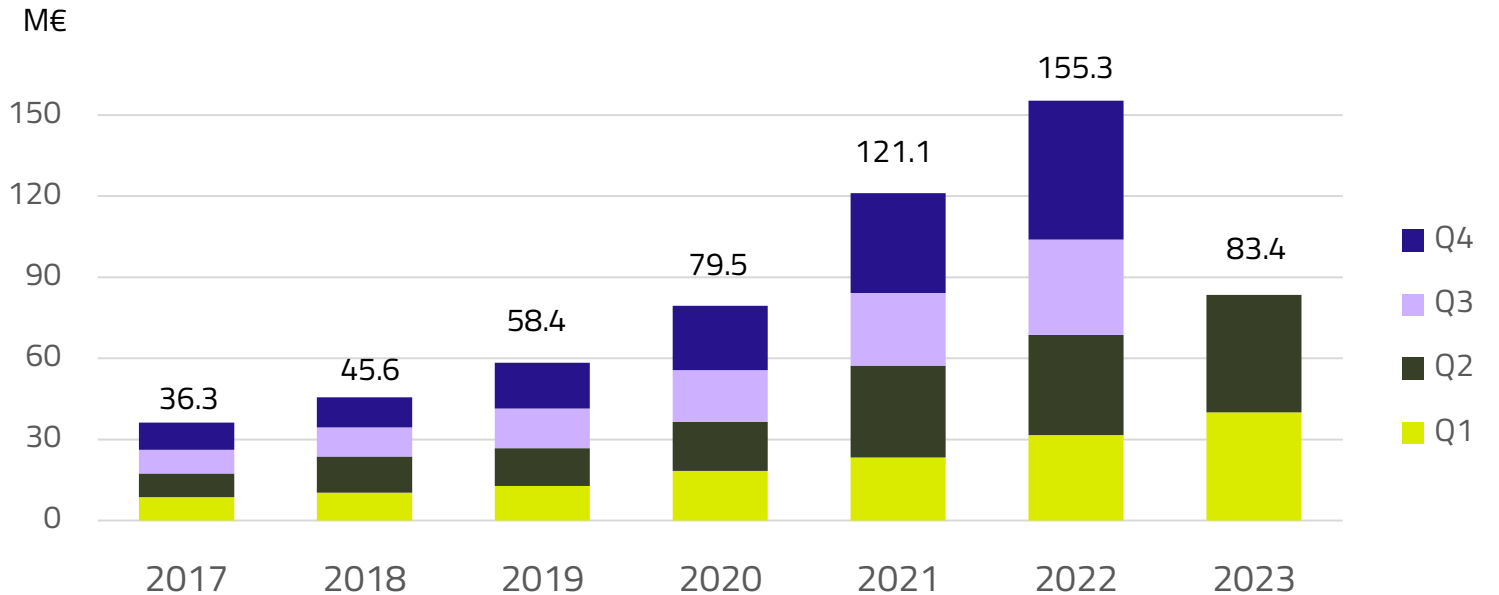
Financials

Jouni Lintunen, CFO



Net sales growth continued

- Net sales increased 17.2% in Q2/23, and 19.0% in comparable currencies
 - Exchange rate impact EUR -0.6 million
 - License sales and consulting EUR 40.0 million, growth 26.5%
- Strong quarterly fluctuation and exchange rate impact expected to continue



EUR 1,000	4-6/2023	4-6/2022	Change, %	1-6/2023	1-6/2022	Change, %	1-12/2022
License sales and consulting	39,981	31,593	26.5%	76,130	58,649	29.8 %	136,355
Maintenance revenue	3,488	5,496	-36.5%	7,309	10,012	-27.0 %	18,963
Total	43,469	37,090	17.2%	83,440	68,661	21.5 %	155,318

Q2/23 and H1/23 Income statement

EUR 1,000	Q2/23	Q2/22	Change, %	H1/23	H1/22	Change, %
Net sales	43,469	37,090	17.2 %	83,440	68,661	21.5 %
Other operating income	12	11	6.6 %	17	22	-25.1 %
Materials and services	-980	-1,590	-38.4 %	-2,292	-3,392	-32.4 %
Personnel expenses	-21,544	-17,824	20.9 %	-44,135	-34,812	26.8 %
Depreciation, amortization and impairment (excl. Intangible assets arising from business combinations)	-763	-746	2.3 %	-1,525	-1,472	3.6 %
Other operating expenses	-7,702	-6,969	10.5 %	-15,213	-13,450	13.1 %
Operating result (EBITA)	12,492	9,971	25.3 %	20,292	15,558	30.4 %
<i>EBITA-%</i>	<i>28.7 %</i>	<i>26.9 %</i>		<i>24.3 %</i>	<i>22.7 %</i>	
Depreciation (Intangible assets arising from business combinations)	-2,008	-919	118.5 %	-4,015	-1,838	118.5 %
Operating result (EBIT)	10,484	9,052	15.8 %	16,277	13,720	18.6 %
<i>EBIT-%</i>	<i>24.1 %</i>	<i>24.4 %</i>		<i>19.5 %</i>	<i>20.0 %</i>	
Financial income and expenses (net)	-450	1,476		-930	1,733	
Profit before taxes	10,034	10,528	-4.7 %	15,346	15,453	-0.7 %
Income taxes	-2,129	-342	522.1 %	-3,053	-1,422	114.7 %
Net profit for the period	7,905	10,186	-22.4 %	12,293	14,031	-12.4 %
<i>% of net sales</i>	<i>18.2 %</i>	<i>27.5 %</i>		<i>14.7 %</i>	<i>20.4 %</i>	

■ Q2 Expenses

- Growth strategy implementation continued as planned
- Period end headcount +146 / +25%

■ Q2 Profitability

- EBITA up by 25% to 12.5MEUR
- EBIT 10.5MEUR / 24.1%
- Net profit 7.9MEUR / 18.2%
- EPS 0.31EUR

Q2/23 Balance sheet

EUR 1,000	30.6.2023	30.6.2022	31.12.2022
Non-current assets			
Contract assets	4,066	6,247	6,207
Other non-current assets	101,642	57,290	105,298
Total non-current assets	105,707	63,537	111,505
Current assets			
Trade receivables	41,073	26,971	39,916
Other receivables	8,746	5,033	10,863
Contract assets	7,507	6,139	7,003
Cash and cash equivalents	26,821	18,615	8,815
Total current assets	84,148	56,759	66,597
Total assets	189,855	120,296	178,102
Total shareholders' equity	99,057	55,472	86,727
Total long-term liabilities	51,615	13,751	54,939
Short term liabilities			
Interest-bearing liabilities	2,666	17,295	2,024
Accounts payable	2,095	1,966	2,575
Other short-term liabilities	34,422	31,812	31,838
Total short-term liabilities	39,183	51,073	36,436
Total shareholders' equity and liabilities	189,855	120,296	178,102

■ Assets

- Operative cashflow +21.3MEUR, ending cash balance 26.8MEUR
- Trade receivables at the level of end 2022
- Contract assets slightly down

■ Equity and liabilities

- Only minor movement

Market outlook and guidance for 2023



Market outlook

- Our long-term growth prospects are very promising
 - Increasing demand for devices with software-enabled displays across different industries is a major growth driver for Qt Design and Development tools
 - As the amount of software in the world grows and the pace of software releases quickens, product development teams are increasingly turning to automated testing and Quality Assurance
- Challenging market environment causes uncertainty in short-term
 - Inflation and increasing interest rates decrease household consumption and affect demand for Qt's customers' products



Guidance for 2023



- We estimate that

- our net sales for 2023 will increase by 20-30 percent year-on-year at comparable exchange rates, and
- our operating profit margin (EBITA-%) will be 20-30 percent.

Thank you!

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Qt Group

