

Remuneration  
Report for  
Qt Group Plc's  
Governing Bodies  
2022

## Remuneration Report for Qt Group Plc's Governing Bodies 2022

This remuneration report for governing bodies describes the remuneration and other financial benefits paid to the governing bodies, i.e. Board members and President and CEO, of Qt Group Plc for the fiscal year 2022. The remuneration and other financial benefits are reported on a cash basis.

The remuneration report has been drafted in accordance with the remuneration-related guidelines of the Corporate Governance Code for Finnish listed companies 2020.

As a rule, the company has a remuneration policy extending to the 2024 Annual General Meeting, which was reviewed by the company's Annual General Meeting on 10 March 2020.

In accordance with the remuneration policy, the purpose of the Company's remuneration system is to provide both the Company management and the Company's personnel with a competitive, equal and encouraging revenue model, which incorporates the Company's strategic goals and their shareholders' interests.

The remuneration of governing bodies for the fiscal year 2022 took place in accordance with the Company's remuneration policy.

A significant part of the CEO's remuneration is based on variable pay components, or short-term and long-term incentives, with targets directly linked to the Company's business performance. In particular, business performance is measured by net sales growth rate.

The company's net sales have developed very strongly in recent years, which was also reflected in the compensation paid to the President and CEO for the fiscal year 2022.

The table below presents the development of the remuneration of the Company's governing bodies compared to the development of the average remuneration of the Group's

employees and the Group's financial development during the last five fiscal years.

EUR 1,000	2022	2021	2020	2019	2018
<b>Average remuneration of the Board of Directors</b>	<b>56</b>	<b>48</b>	<b>48</b>	<b>47</b>	<b>47</b>
<i>Change, %<sup>1</sup></i>	16.7%	0%	2.1%	0%	0%
<b>Remuneration of the President and CEO</b>	<b>15,945<sup>2</sup></b>	<b>27,473<sup>3</sup></b>	<b>6,994<sup>4</sup></b>	<b>327</b>	<b>444</b>
<i>Change, %<sup>1</sup></i>	-72.3%	>100%	>100%	-35.8%	2.8%
<b>Employee remuneration<sup>5</sup></b>	<b>107</b>	<b>117</b>	<b>105</b>	<b>103</b>	<b>97</b>
<i>Change, %<sup>1</sup></i>	-8.5%	11.4%	1.9%	6.2%	5.4%
<b>Net sales</b>	<b>155,318</b>	<b>121,139</b>	<b>79,455</b>	<b>58,373</b>	<b>45,590</b>
<i>Change, %<sup>1</sup></i>	28.2%	52.5%	36.1%	28.0%	25.7%
<b>Operating result</b>	<b>36,870</b>	<b>28,812</b>	<b>17,017</b>	<b>219</b>	<b>-2,322</b>
<i>Change, %<sup>1</sup></i>	28.0%	69.3%	>100%	-	-
<b>Qt Group Plc market capitalization, 31.12.</b>	<b>1,130,229</b>	<b>3,364,135</b>	<b>1,412,600</b>	<b>499,600</b>	<b>188,000</b>
<i>Change, %<sup>1</sup></i>	-66.4%	>100%	>100%	>100%	51.6%

- 1 Change compared to the previous year.
- 2 Of the remuneration paid to the President and CEO, a total of EUR 15,363,849 is income based on the Share Bonus Scheme 2019 and from the subscription of stock options received through the Company's 2016 option scheme.
- 3 Of the remuneration paid to the President and CEO, a total of EUR 26,821,800 is income from the sale of stock options received through the Company's 2016 option scheme.
- 4 Of the remuneration paid to the President and CEO, a total of EUR 6,508,418 is income from the sale of stock options received through the Company's 2016 option scheme.
- 5 Employee remuneration is calculated from the personnel expenses on the financial statements less any social security contributions and by dividing the resulting figure by the average number of personnel during the fiscal year.

## REMUNERATION OF THE BOARD OF DIRECTORS

During the 2022 fiscal year, the members of Qt Group Plc's Board of Directors were paid monthly remuneration of EUR 2,500, the Vice Chair EUR 3,500 and the Chair EUR 5,500 for their work on the Board until March 31, 2022. As of April 1, 2022, the members of Qt Group Plc's Board of Directors were paid monthly remuneration of EUR 3,000, the Vice Chair EUR 4,000 and the Chair EUR 6,000 for their work on the Board.

In addition, the chairs of the Board committees were paid a meeting fee of EUR 1,000 per committee meeting and each Board member a meeting fee of EUR 500 per Board meeting and Board committee meeting. Moreover, standard and reasonable costs resulting from work on the Board of Directors are reimbursed against invoice.

The Company's Board Members are not included in any incentive schemes intended for the Company's senior management or personnel, and the Company has not granted stock options or share-based remuneration for work on the Board of Directors.

The table below presents the remuneration of the members of the Board of Directors during the fiscal year 2022.

Name	Board	CNC <sup>1</sup>	AC <sup>2</sup>	Monthly compensation, EUR	Meeting fee, EUR	Total, EUR
Robert Ingman	CHAIR	Member	-	70,500	11,500	82,000
Jaakko Koppinen	Member	-	Member	34,500	8,000	42,500
Mikko Marsio <sup>3</sup>	Member	Member	CHAIR	34,500	10,000	44,500
Leena Saarinen <sup>4</sup>	Vice-chair	CHAIR	-	43,500	17,000	60,500
Tommi Uhari <sup>5</sup>	Vice-chair	Member	CHAIR	10,500	7,000	17,500
Mikko Välimäki <sup>6</sup>	Member	-	Member	27,000	6,000	33,000
<b>Total</b>				<b>220,500</b>	<b>59,500</b>	<b>280,000</b>

<sup>1</sup> Compensation and Nomination Committee

<sup>2</sup> Audit Committee

<sup>3</sup> Member of the Audit Committee until March 15, 2022, and Committee Chair as of March 15, 2022. Member of the Compensation and Nomination Committee as of March 15, 2022.

<sup>4</sup> Member of the Board until March 15, 2022, and Vice Chair of the Board as of March 15, 2022.

<sup>5</sup> Vice Chair of the Board, Member of the Compensation and Nomination Committee, and Chair of the Audit Committee until March 15, 2022.

<sup>6</sup> Member of the Board and Audit Committee as of March 15, 2022.

## REMUNERATION OF THE PRESIDENT AND CEO

The remuneration of the CEO is considered as a whole and it comprises both fixed and variable components.

Fixed remuneration components include the fixed annual salary payable to the CEO under the CEO's service contract. Fringe benefits, if any, are considered to be part of this fixed monthly salary.

The remuneration model includes two types of variable remuneration components: a cash bonus paid under the Company's short-term incentive scheme and a reward paid in shares and/or options (and, if applicable, in cash) under the Company's long-term incentive scheme. The CEO has no supplementary pension scheme from the Company.

Under the company's short-term incentive scheme, the earning criteria for the CEO's bonus is the growth of the Group's net sales. Bonuses will start accumulating once the net sales exceed the set threshold and reach the target level of 100% when the set net sales target is reached, at which time the President and CEO is paid an annual bonus amounting to 40 percent of his annual fixed salary. Between the minimum level and target level, the bonus is determined linearly between 0 and 100%, depending on actual performance. Upon exceeding the net sales target, the bonus will increase as follows: 20% of each euro that exceeds the net sales target is used for the CEO's and other company personnel's bonus rewards including social costs. The maximum annual bonus for the CEO is 120%

of his annual fixed salary. The fulfilment of bonus criteria is evaluated and possible rewards are paid semiannually.

For the fiscal year 2022, the President and CEO was paid bonuses under the short-term incentive scheme as follows:

- EUR 167,438 in February based on the achievement of the targets at a rate of 249.2 percent during the second half of 2021; and
- EUR 31,954 in August based on the achievement of the targets at a rate of 44.4 percent during the first half of 2022.

The Company has one valid long-term incentive scheme for key personnel based on the decision of the Board of Directors on February 16, 2022 ("Share-based incentive program 2022").

According to the terms and conditions of the incentive program, the President and CEO is entitled to a maximum reward equivalent to the value of 10,000 shares. The incentive program has one reward collection period covering the years 2022–2024. Rewards in the program are determined by Qt Group Plc's net sales in 2024. Rewards will start accumulating once the net sales for 2024 exceed EUR 240 million, and they then continue to increase in a linear manner up to a maximum value once net sales reach EUR 360 million. The rewards pursuant to the program will be paid upon the confirmation of the financial statements for 2024 as a combination of shares and cash, so that the cash amount will approximately cover

the taxes and other statutory fees resulting from the reward, and the rest of the reward will be paid to the recipient in shares. Shares paid out as rewards are not subject to any restrictions concerning e.g. their hand-over.

During the fiscal year 2022, two long-term incentive schemes ended. The share subscription with Qt Group's option rights 2016 ended on December 31, 2022, and the rewards based on Share Bonus Scheme 2019 were paid in spring 2022 after the confirmation of the Financial Statements for 2021.

During the fiscal year 2022, the President and CEO accumulated EUR 3,319,979 of income under the 2016 option scheme and EUR 12,043,870 income based on the Share Bonus Scheme 2019.

The table below presents the remuneration of the President and CEO Juha Varelius during the last five fiscal years.

Remuneration of the President and CEO, EUR	2022	2021	2020	2019	2018
Fixed salary and fringe benefits	381,619	353,554	320,847	305,639	305,364
Short-term incentives	199,392	297,758	164,530	21,807	138,358
Long-term incentives	15,363,849	26,821,800	6,508,418	-	-
<b>Total</b>	<b>15,944,860</b>	<b>27,473,112</b>	<b>6,993,795</b>	<b>327,446</b>	<b>443,722</b>



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