

Remuneration  
Report for  
Qt Group Plc's  
Governing Bodies  
2023

## Remuneration Report for Qt Group Plc's Governing Bodies 2023

This remuneration report for governing bodies describes the remuneration and other financial benefits paid to the governing bodies, i.e. Board members and the President and CEO, of Qt Group Plc for the fiscal year 2023. The remuneration and other financial benefits are reported on a cash basis.

The remuneration report has been written 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 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 the shareholders' interests.

The remuneration of governing bodies for the fiscal year 2023 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 the Company's net sales.

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.

The company's net sales have developed very strongly in recent years. The President and CEO remuneration for the fiscal years 2020–2022 include significant Long-Term Incentive payouts.

EUR 1,000	2023	2022	2021	2020	2019
<b>Average remuneration of the Board of Directors</b>	<b>53</b>	<b>56</b>	<b>48</b>	<b>48</b>	<b>47</b>
<i>Change, %<sup>1</sup></i>	-5.4%	16.7%	0%	2.1%	0%
<b>Remuneration of the President and CEO</b>	<b>524</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>
<i>Change, %<sup>1</sup></i>	-96.7%	-42.0%	>100%	>100%	-35.8%
<b>Employee remuneration<sup>5</sup></b>	<b>102</b>	<b>107</b>	<b>117</b>	<b>105</b>	<b>103</b>
<i>Change, %<sup>1</sup></i>	-4.5%	-8.5%	11.4%	1.9%	6.2%
<b>Net sales</b>	<b>180,743</b>	<b>155,318</b>	<b>121,139</b>	<b>79,455</b>	<b>58,373</b>
<i>Change, %<sup>1</sup></i>	16.4%	28.2%	52.5%	36.1%	28.0%
<b>Operating result</b>	<b>47,349</b>	<b>36,870</b>	<b>28,812</b>	<b>17,017</b>	<b>219</b>
<i>Change, %<sup>1</sup></i>	28.4%	28.0%	69.3%	>100%	-
<b>Qt Group Plc market capitalization, 31.12.</b>	<b>1,637,733</b>	<b>1,126,713</b>	<b>3,364,135</b>	<b>1,412,600</b>	<b>499,600</b>
<i>Change, %<sup>1</sup></i>	45.4%	-66.5%	>100%	>100%	>100%

<sup>1</sup> Change compared to the previous year.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> 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.

<sup>5</sup> 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 2023 fiscal year, the Qt Group Plc's Board of Directors were paid monthly remuneration

- EUR 3 000 for the Board members
- EUR 4 000 for the Vice-Chair of the Board
- EUR 6 000 for the Chair of the Board.

In addition, the meeting fees were paid

- EUR 500 for each Board member and the Chair of the Board per Board meeting
- EUR 1 000 for the Committee Chair per Board committee meeting
- EUR 500 for the Committee Member per Board committee meeting.

Moreover, standard and reasonable costs resulting from work on the Board of Directors were reimbursed against invoice.

The Company's Board Members are not included in any incentive schemes intended for the Company's management or personnel, and the Company has not granted stock options nor 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 2023.

Name	Board	CNC <sup>1</sup>	AC <sup>2</sup>	Annual compensation, EUR	Meeting fees, EUR	Total, EUR
Marika Auramo <sup>3</sup>	MEMBER		Member	30,000	4,500	34,500
Matti Heikkonen <sup>4</sup>	Member	Member		30,000	4,000	34,000
Robert Ingman	CHAIR	Member	-	72,000	7,500	79,500
Jaakko Koppinen <sup>5</sup>	Member		Member	9,000	1,500	10,500
Mikko Marsio <sup>6</sup>	Member	Member	CHAIR	36,000	9,500	45,500
Leena Saarinen	Vice-Chair	CHAIR	-	48,000	11,000	59,000
Mikko Välimäki	Member	-	Member	36,000	6,000	42,000
<b>Total</b>				<b>261,000</b>	<b>44,000</b>	<b>305,000</b>

1 Compensation and Nomination Committee

2 Audit Committee

3 Member of the Board and Member of the Audit Committee as of 14 March 2023.

4 Member of the Board and Member of the Compensation and Nomination Committee as of 14 March 2023

5 Member of the Board and Member of the Audit Committee until 14 March 2023.

6 Member of the Compensation and Nomination Committee until 14 March 2023.

## 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.

The following tables presents the remuneration of the President and CEO Juha Varelius during the last five fiscal years and during fiscal year 2023.

Remuneration of the President and CEO, EUR	2023	2022	2021	2020	2019
Fixed salary and fringe benefits	434,218	381,619	353,554	320,847	305,639
Short-term incentives	90,212	199,392	297,758	164,530	21,807
Long-term incentives	-	15,363,849 <sup>3</sup>	26,821,800 <sup>2</sup>	6,508,418 <sup>1</sup>	-
<b>Total</b>	<b>524,430</b>	<b>15,944,860</b>	<b>27,821,800</b>	<b>6,990,795</b>	<b>327,446</b>
Fixed vs. variable remuneration	79% / 21%	2% / 98%	1% / 99%	5% / 95%	93% / 7%

<sup>1</sup> Long-term incentives income from the sale of stock options received through the Company's 2016 option scheme.

<sup>2</sup> Long-term incentives income from the sale of stock options received through the Company's 2016 option scheme.

<sup>3</sup> Long-term incentives income based on the Share Bonus Scheme 2019 and from the subscription of stock options received through the Company's 2016 option scheme.

## Remuneration paid to Juha Varelius during fiscal year 2023, EUR

Salary	433,498
Fringe benefits	720
Short-term incentive	90,212
Long-term incentive	-
<b>Total</b>	<b>524,430</b>
Fixed vs. variable remuneration	79% / 21%

## Remuneration of the President and CEO

### SHORT-TERM INCENTIVE (STI)

Under the company's short-term incentive scheme, the earning criteria for the CEO's bonus is the Group's net sales. Incentive will start accumulating once the net sales exceed the set threshold and the Company EBIT is above the set threshold level.

Once the net sales target is reached, 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.

#### CEO STI 2022 H2, paid March 2023

Reward criteria	Net sales
Criteria weight	100%
Achievement	74%
<b>Payout, EUR</b>	<b>55,032</b>

#### CEO STI 2023 H1, paid August 2023

Reward criteria	Net sales
Criteria weight	100%
Achievement	44%
<b>Payout, EUR</b>	<b>35,180</b>

## Remuneration of the President and CEO

### LONG-TERM INCENTIVE (LTI)

Board of Directors sets the performance criteria for the performance share plan, including the performance requirements for threshold, target and maximum levels. The performance criteria are set for three-year period.

The Board of Directors nominates the CEO to the LTI plan and decides on the shares to be allocated to him. Shares will be delivered after the consolidated financial statements have been prepared, and performance criteria evaluation can be completed.

The Company has one valid long-term incentive scheme for key personnel based on the decision of the Board of Directors on 16 February 2022. The incentive program has one reward collection period covering the years 2022–2024. 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.

<b>Plan type</b>	<b>Performance Share Plan 2022–2024</b>
Performance criteria & weight	Net sales, 100%
<b>Share grant</b>	
Grant size as % of Annual Base Salary at the time of grant	300%
Maximum number of gross shares	10,000
<b>Share delivery</b>	<b>2025</b>



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