

## **KEY REMUNERATION PRINCIPLES OF THE BOARD OF DIRECTORS, CHIEF EXECUTIVE OFFICER AND OTHER MANAGEMENT TEAM**

### **Remuneration of the Board of Directors**

Qt Group Plc compensates the work on the Board as follows:

- monthly remuneration of EUR 3,000 to the members of Qt Group Plc's Board of Directors,
- monthly remuneration of EUR 4,000 to the Vice Chairman, and
- monthly remuneration of EUR 6,000 to the Chairman of the Board.

In addition, a fee of

- EUR 1,000 is paid per committee meeting for the Chairman of the respective Board Committee, and
- EUR 500 is paid per Board or committee meeting for all other Board members of Qt Group Plc.

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

Members of the Board are not eligible for any compensation schemes the company has for its personnel or operative management and the company has not granted stock options or share-based remuneration for work on the Board.

### **Remuneration of Chief Executive Officer (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 monthly 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.

CEO's fixed monthly salary is EUR 34,060.

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.

Under the Company's short-term incentive scheme, the earning criteria for the bonus is the growth of Qt group's net sales. Bonus starts to accrue upon the net sales exceeding the set minimum level and 100% target level is reached upon fulfillment of the target set for net sales. At the 100% target level, the CEO is paid a bonus equal to 40 percent of his annual fixed salary. Between the minimum level and target level the bonus accrues linearly between 0-100% pursuant to realization. Upon exceeding the net sales target, the bonus will increase such that 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 bonus for the CEO under the bonus scheme is 120 percent of his annual fixed salary. The fulfillment of bonus criteria is evaluated and possible rewards are paid semi-annually.

The company has one valid long-term share-based incentive scheme for key personnel decided by the Board of Directors on February 16, 2022 called "Share bonus scheme 2022".

Under the share bonus scheme 2022 the CEO is entitled to a maximum reward equal to the value of 10,000 company shares. Scheme has one earning period covering 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 which is reached once net sales reach EUR 360 million. Rewards shall be paid after confirmation of 2024 financial statements in a combination of shares and cash. The cash portion of the reward will primarily be used to cover taxes and other comparable costs arising from the scheme. Received rewards are free from any restraints on disposability or otherwise.

The Company can give notice to the CEO with a 6 months' period of notice.

Should the Company give notice, the CEO is entitled to severance pay equivalent of 12 months' fixed salary. The CEO's retirement age is pursuant to the employment pension legislation and the CEO does not have additional pension contracts with the company.

#### **Remuneration of other Management Team**

The company's executive management consists of the Group Management Team, which comprises the CEO and eight (8) other function heads.

Board's Compensation and Nomination Committee prepares, in cooperation with the CEO, the remunerations and other rewards and benefits payable to the other management team members. If necessary, outside experts and market surveys can also be used in the preparation of remunerations. Same as with the CEO, the remuneration of the other Management team comprises both fixed and variable components.

Fixed remuneration components include the fixed monthly salary payable to each management team member pursuant to their respective director agreement. Fringe benefits, if any, are considered to be part of this fixed monthly salary.

Variable remuneration components comprise 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 earning criteria and conditions of the short-term incentive scheme for the other management team members are the same as those of the CEO, but the amount of the bonus at the target level varies between 30 and 44 percent of the individual's annual fixed salary. As with the CEO, the maximum bonus is three times the target level.

Same as with the CEO, the other management team members are eligible in the Company's long-term incentive scheme: Share bonus scheme 2022.



Under the Company's share bonus scheme 2022, the other management team members are, in aggregate, entitled to a total maximum reward equal to the value of 23,800 company shares under terms corresponding to those of the CEO.

The retirement age of the other management team members is stipulated by law and none of the executives has a supplementary pension agreement with the company.

In fiscal year 2022, the other management team was paid in total remuneration as follows:

Name	Fixed salary (including fringe benefits)/EUR	Short-term incentives/EUR	Long-term incentives/EUR	Total/EUR
Other management team (8 persons)	1 155 985	440 969	14 626 044	16 222 998