

The Future of Digital Experiences

Annual Report 2022



Transforming into a multi-product company is essential to our long-term growth strategy. With the acquisition of Axivion, we are better equipped to serve companies' growing needs for automated quality assurance.

Juha Varelius

CEO

Qt Group Plc

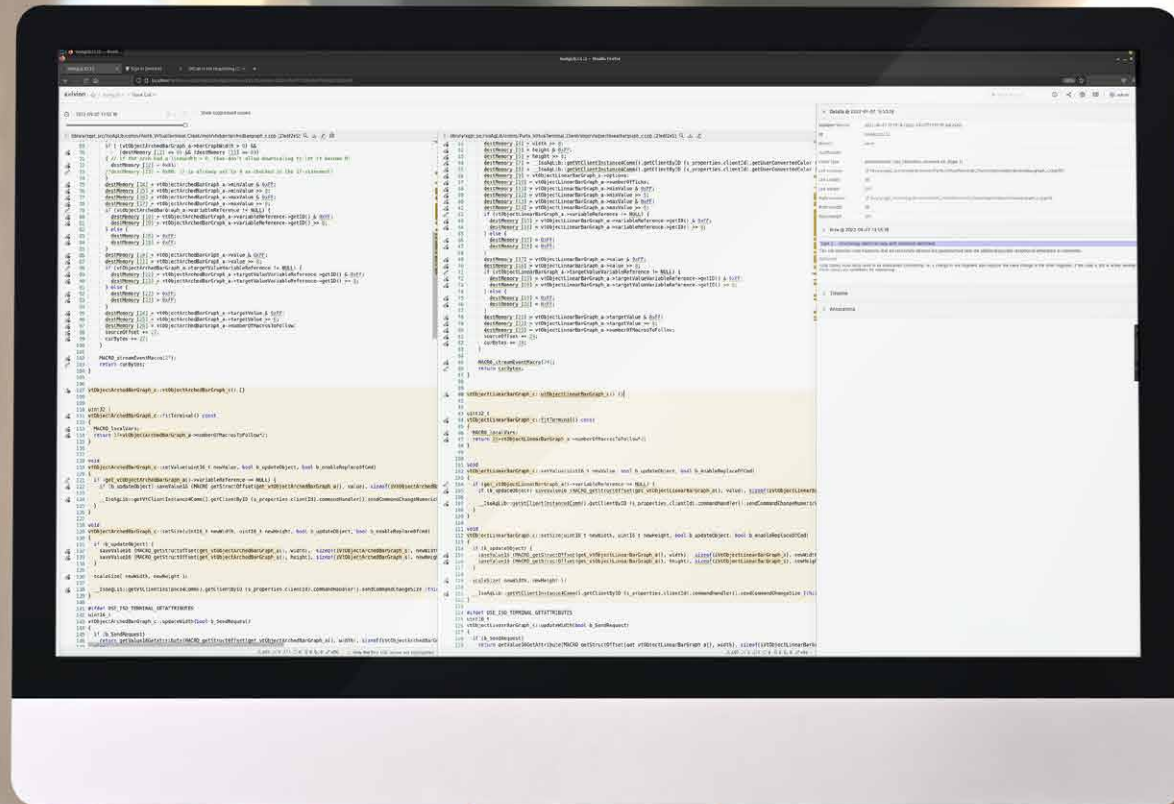


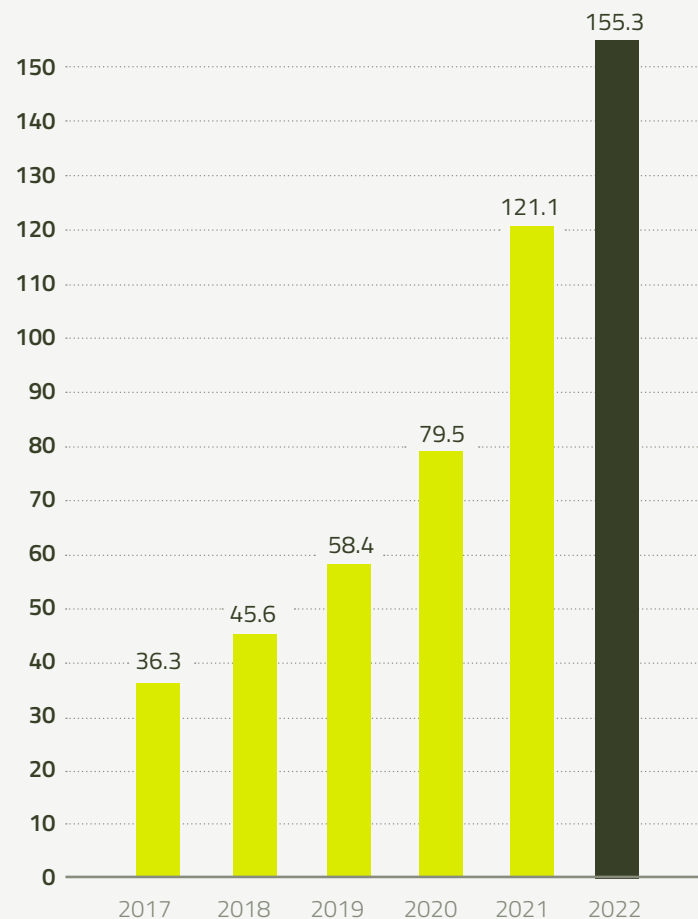
Table of Contents

Qt Group in 2022	04	Auditor's Report	66
CEO's Review	05	Corporate Governance Statement 2022	70
Board of Directors' Report	07	Board of directors	71
Consolidated Key Figures	20	Management Team	76
Financial Statements	21	Remuneration Report for	
Consolidated income statement	22	Qt Group Plc's Governing Bodies 2022	82
Consolidated statement of financial position	23	Information for Shareholders	85
Consolidated cash flow statement	24		
Consolidated statement of changes in shareholders' equity	25		
Notes to the Consolidated Financial Statements	26		
Parent company's income statement	57		
Parent company's balance sheet	58		
Parent company's cash flow statement	59		
Basic information on the parent company and accounting policies applied in the financial statements	60		
Notes to the parent company financial statements	61		
Signatures to the Financial Statements and the Board of Directors' Report	65		

This PDF report has been published voluntarily and is not an xHTML document compliant with the ESEF (European Single Electronic Format) regulation.

Qt Group in 2022

Net Sales
M€ **155.3**
121.1M€



Operating profit (EBITA)
M€

42.2
31.5M€

EBITA margin
% of net sales

27.2%
26.0%

Operating profit (EBIT)
M€

36.9
28.8M€

EBIT margin
% of net sales

23.7%
23.8%

Return
on Investment

41.5%
57.0%

Equity
Ratio

52.8%
51.1%

Earnings per Share
€

1.36
0.91 €

Personnel
on Average

603
445

CEO's Review

Qt Group successfully executed its growth strategy in 2022 despite the exceptionally challenging operating environment. A big thank you belongs to our personnel, the Open Source community, our partners, and our customers, who make sure that the solutions made with Qt are future-proofed and offer stunning user experiences.

Improving productivity is at the core of our product portfolio

Qt Group's mission is to help our customers improve productivity in the entire product development process, from UI design and software development to quality assurance and deployment. With Qt technology and tools, companies are able to meet the increasing software market requirements driven by the exponential growth of the embedded device market and the rapidly increasing speed of software development life cycles.

Users expect better user experiences from both embedded-devices and mobile and desktop applications, and want them to be easy to use. More devices designed to help everyday life are getting graphical user interfaces, and Qt is a crucial part of their user experience creation. Products succeed in the markets only if the companies have been able to build a visually stunning and seamless user experience. With Qt technology, original equipment manufacturers (OEMs) can create cinematic transitions, effects, and animations, and deploy and test the design with actual data and hardware. We



have added various 3D tools and functionalities from a material library to particle effects during 2022. The digital cockpit demo made for the automotive industry, **Outrun**, showcases an outstanding in-vehicle experience that can be achieved with Qt technology.

Qt development framework helps companies to improve productivity in the product development process in a cost-efficient way and shortens time-to-market. Qt development framework includes several, cross-platform and easy-to-use, features for creating various software functionalities. With our ready-made modules, our customers are able to develop efficiently cross-platform software to embedded-devices, and mobile and desktop applications.



Qt development framework helps companies to improve productivity in the product development process in a cost-efficient way and shortens time-to-market.

Customer satisfaction is very important to us. Leading experts from companies such as BricSys (Hexagon), Autodesk, Infineon, and GE Healthcare shared their experiences at the Qt World

Summit 2022 event. For example, BricSys, the global provider of engineering and architecture design software, estimates that by switching to Qt, they were able to build a better-looking and functioning UI and develop it faster.

Increasing demand for quality assurance and testing tools

As the amount of software in the world grows, product development teams turn increasingly to automating quality assurance and testing. In 2021 we acquired froglogic and its Squish, Coco, and Test Center products, which help developers and test engineers to ensure that UIs function perfectly and that the code is sufficiently tested. Last year we published new significant updates to our products: now it is possible to record user interface tests on video, developers are able to work with code coverage directly integrated in their development environment, and analysing testing process results is made easy with new test data analysis, statistics, and report distribution. Overall our quality assurance business developed well during 2022, and the growth in license sales was strong.

In August 2022, we acquired Axivion to strengthen our product portfolio with static code analysis and architecture analysis tools. Axivion's advanced solutions improve the product development process by detecting software erosion factors such as defects, cycles, and violations of programming rules. Our goal is to leverage our global sales network and offer Axivion products to new and existing customers, as well as expand sales to C/C++ software development markets outside the Qt ecosystem.

Qt Group continues its growth path

Although increased uncertainty in the operating environment and general economic slowdown impacted Qt Group's financial development in 2022, our net sales increased 20.0 percent at comparable exchange rates, and the EBIT margin was 23.7 percent. Net sales growth rate accelerated considerably in the second half of the year compared to the first half-year. We have executed significant growth investments and especially strengthened our sales and research and development organizations. Our personnel amounted to 688 at the end of December 2022, which means 38.7 percent growth compared to the previous year. The growth investments support our growth strategy until 2025 and strengthen our position as a meaningful partner in companies' product development processes for developing embedded devices and mobile and desktop applications.

Juha Varelius

President & CEO
Qt Group Plc

Report of the Board of Directors

Year 2022 in brief

- Net sales increased by 28.2 percent to EUR 155.3 million (EUR 121.1 million). At comparable exchange rates, net sales increased by 20.0 percent.
- Operating profit (EBITA) was EUR 42.2 (31.5) million, or 27.2 (26.0) percent of net sales.
- Operating profit (EBIT) was EUR 36.9 (28.8) million, or 23.7 (23.8) percent of net sales.
- The number of employees was 603 (445) on average and 688 (496) at the end of the year.
- Earnings per share were EUR 1.36 (0.91).

The figures in brackets refer to the comparison period, i.e. the corresponding period in the previous year. The reporting complies with the International Financial Reporting Standards (IFRS). The percentage of change in net sales at comparable exchange rates is calculated by translating the net sales from the comparison period of 2021 with the actual exchange rates of the reporting period of 2022 and by comparing the actual net sales in 2022 with the net sales of 2021 calculated at comparable exchange rates.

Financial reporting

NET SALES

Qt Group Plc's net sales in 2022 amounted to EUR 155.3 million (EUR 121.1 million), representing a growth of 28.2 percent. Net sales of distribution licenses grew by 37.7 percent to EUR 29.5 million. License sales and consulting increased by 35.8 percent, while maintenance revenue decreased by 8.6 percent. The decrease in maintenance revenue is due to Qt Group's transition into a subscription license model.

The effect of exchange rates on net sales for the January–December comparison period was EUR 8.3 million. At comparable exchange rates, net sales grew by 20.0 percent.

EUR 1,000	1–12/2022	1–12/2021	Change, %
License sales and consulting	136,355	100,384	35.8 %
Maintenance revenue	18,963	20,755	-8.6 %
Total	155,318	121,139	28.2 %
Share of distribution licenses	29,509	21,431	37.7 %

PROFIT PERFORMANCE

Qt Group's operating profit (EBITA) for 2022 amounted to EUR 42.2 million (EUR 31.5 million), representing 27.2 percent of net sales (26.0%). Operating profit (EBIT) was EUR 36.9 million (EUR 28.8 million), representing 23.7 percent of net sales (23.8%).

The company invested particularly in strengthening its sales and R&D organizations, which increased personnel expenses. Other operating expenses increased due to projects in the Ventures business unit, IT and recruitment services, and an increase in business travel.

Qt Group's profit before taxes was EUR 37.6 million (EUR 29.3 million) and profit amounted to EUR 34.3 million (EUR 22.4 million) in 2022. Taxes for the period under review came to EUR 3.3 million (EUR 6.9 million).

Earnings per share for 2022 amounted to EUR 1.36 (0.91).

EUR 1,000	1–12/2022	1–12/2021	Change, %
Net sales	155,318	121,139	28.2%
Other operating income	64	424	-84.9%
Materials and services	-6,915	-6,435	7.5%
Personnel expenses	-74,816	-60,595	23.5%
Depreciation, amortization and impairment	-3,003	-1,793	67.5%
Other operating expenses	-28,400	-21,206	33.9%
Operating profit (EBITA)	42,249	31,534	34.0%
EBITA margin, %	27.2%	26.0%	
Depreciation (Intangible assets arising from business combination)	-5,378	-2,722	97.6%
Operating profit (EBIT)	36,870	28,812	28.0%
EBIT margin, %	23.7%	23.8%	

FINANCING AND INVESTMENTS

Cash flow from operating activities was EUR -3.9 million (EUR 16.0 million) in the fiscal year, mainly due to the payment of share-based incentives to key personnel. Qt Group's cash and cash equivalents totaled EUR 8.8 million (EUR 17.4 million) at the end of December.

Qt Group's consolidated balance sheet total at the end of the fiscal year stood at EUR 178.1 million (EUR 117.2 million). Net cash flow from investments in the fiscal year was EUR -27.0 thousand (EUR -25.0 million), due to the acquisition of Axivion completed in August 2022 and the earn-out payment related to the froglogic acquisition in 2021.

The equity ratio was 52.8 percent (51.1%) and gearing was 22.3 percent (-0.7%). Interest-bearing liabilities amounted to EUR 28.2 million (EUR 17.0 million) of which short-term loans accounted for EUR 2.0 million (EUR 15.9 million).

During the fiscal year, return on investment was 41.5 percent (57.0%) and return on equity was 49.6 percent (55.0%).

ACQUISITIONS

Qt Group acquired the entire share capital of Axivion GmbH, a developer of quality assurance tools, on 11 August 2022. The acquisition complements Qt Group's quality assurance business with static analysis and software architecture analysis solutions. Axivion's state-of-the-art static analysis tools increase productivity in the software development process by detecting software erosion factors such as defects, cycles, and

violations of programming rules. Qt Group aims to leverage its global sales network to sell Axivion products to new and existing customers and C/C++ software development markets outside the Qt ecosystem. At the end of September, Axivion had approximately 41 employees in Germany and Austria. The company's head office is located in Stuttgart, Germany.

The purchase price consideration recognized at the time of acquisition was EUR 44.1 million, which includes an earn-out with an initial acquisition date fair value of EUR 10.0 million. Of the purchase price, EUR 8.3 million was paid in Qt Group shares and the remainder in cash. The fair value of the shares issued was based on the closing share price on the acquisition date, 11 August 2022, which was EUR 63.3 per share.

By virtue of the share issue authorization of the Annual General Meeting held on 15 March 2022, the Qt Group's Board of Directors has decided to pay the agreed share purchase price by way of issuing shares in a directed share issue to the sellers according to the agreement between the parties. Accordingly, a total of 130,700 new Qt Group's shares was subscribed by the sellers. The new shares were entered in the Trade Register on 12 August 2022 and they were admitted to public trading together with the company's old shares on the official list of Nasdaq Helsinki on 16 August 2022. After the registration of the shares subscribed for in the share issue, the total number of Qt Group's shares was 25,398,398. The number of shares subscribed for in the share issue corresponds to approximately

0.51 percent of Qt Group's share capital after the registration of the new shares.

Based on the initial accounting, the acquisition created goodwill of EUR 18.0 million from the technical expertise of the acquired company and the company's operating model. None of the goodwill recognized on the acquisition is tax-deductible. The expenses related to the acquisition, EUR 0.3 million thousand, are included in other operating expenses in the consolidated income statement.

More information on the acquisition is provided in Note 1 to the consolidated financial statements.

RESEARCH AND DEVELOPMENT

Product development expenses are included in the result for the financial year in their entirety and the company has no capitalized product development expenses on its balance sheet.

Product development expenses during the financial year totaled EUR 20.6 million (EUR 19.2 million), representing 13.3 percent (15.8%) of net sales. Product development expenses increased by 7.4 percent year-on-year.

There were, on average, 197 people working in product development during the financial year (147).

PERSONNEL

In 2022, the number of the Group's personnel was 603 (445) on average and 688 (496) at the end of the financial year. Personnel expenses during the financial year totaled EUR 74.8 million (EUR 60.6 million), representing an increase of 23.5 percent. Qt Group's acquisition of Axivion in August 2022 and growth investments in sales and R&D increased the total number of personnel.

At the end of the financial year, personnel working outside Finland represented 72 percent (71%) of the total.

Personnel, on average	1-12/2022	1-12/2021	Change, %
Finland	169	123	38.0%
Rest of Europe and APAC	336	258	30.5%
North America	97	64	50.5%
Total	603	445	35.5%

CHANGES IN THE MANAGEMENT TEAM

Mari Heusala, M.Sc. (Econ.), was appointed as Qt Group's Senior Vice President, Human Resources, effective from 15 August 2022. The previous SVP for Human Resources, Helena Telaranta, left the company. She was a member of the Management Team until 29 July 2022.

GROUP STRUCTURE

Qt Group Plc's subsidiary responsible for its operations in Finland is The Qt Company Oy, which has subsidiaries in Norway, Germany, the United Kingdom, France, the United States, India, China and South Korea, as well as a branch in Japan.

Reporting of non-financial information

QT GROUP'S BUSINESS MODEL

Qt Group is a globally operating software company whose technology and tools enable enterprises to enhance the product development of mobile and desktop applications and embedded devices through every stage of the process, from user interface design to software development, quality assurance and deployment. Qt Group's customers produce applications and embedded devices in more than 70 industries in over 180 countries.

The company's net sales are derived from on-premise, subscription-based developer licenses and quality assurance licenses, as well as distribution licenses and consulting services. In the second half of 2020, the company began to transition from term and perpetual license models to a subscription license model. In 2022, Qt Group's net sales amounted to EUR 155.3 million, and operating profit (EBIT) was EUR 36.9 million. The number of personnel was 688 at the end of 2022. Qt Group's strategy is focused on expanding its business and creating long-term growth opportunities. The company executes growth investments, particularly in R&D, sales, and the innovation of new solutions.

MAJOR RISKS AND RISK MANAGEMENT

Qt Group's risk management is a continuous process in which major risks are identified and assessed, after which the company determines the responsible persons and actions based on the potential significance of the risks. Risks are also assessed as part of the company's ISO 9001-certified quality assurance system. The Audit Committee of Qt Group's Board

of Directors reviews the company's risk assessment every six months. Risk management and the company's internal control are described in more detail in the Corporate Governance Statement included in the Annual Report.

Qt Group has identified various customer risks as one category of major operational risks. Examples of customer risks include changes in customers' payment behavior or solvency, and the potential weakening of the company's negotiating position, especially in the case of large customers. Qt Group manages customer risk through the active development of the customer structure and the proactive prevention of potential risk positions. None of Qt Group's customers account for more than 10 percent of the company's annual net sales. In addition, Qt Group monitors customer satisfaction by means of a quarterly customer satisfaction survey and takes customer feedback into account in its product development and other activities.

The execution of Qt Group's strategy requires success in recruiting experts, developing employee competence, and strengthening employee engagement. Personnel risks are managed by means of various employee benefits and incentive schemes, as well as a goal and development discussion process. Qt Group aims to promote the professional development of its personnel by investing in learning on the job and by maintaining descriptions of the responsibilities and requirements of different roles, which supports career planning within the company. The personnel's satisfaction and commitment to Qt Group are evaluated annually by a third-party survey that

measures the most significant issues from the personnel's perspective and the company's performance in those areas. The personnel survey provides employees with the opportunity to give anonymous feedback to the company's management. The results are used in developing the company's operations, particularly at the team and business unit levels.

Qt Group keeps a close eye on technology and IT trends in order to provide its customers with future-proof application development tools and maintain its competitive position in a rapidly changing industry. Qt technology is developed, and new features are added by both the R&D teams and the software developers in the open-source community. The active engagement of the open-source community steers development efforts and supports the quality assurance of Qt technology. Qt Group's strategy includes the possibility of acquisitions, where careful due diligence is carried out to ensure that any acquired technologies are of sufficiently high quality.

Risks typical to the software business, relating to the appropriate protection of intellectual property rights and the potential violation of the rights of other IPR holders, are managed through extensive internal policies, terms of conditions of all agreements, and appropriate follow-up and analysis.

Data security risk is managed through the continuous development of working models, security practices, and processes. The company has mandatory training for personnel on data security and data protection. Completion of the training

is monitored. Qt Group conducts regular vulnerability audits of critical systems and assesses data security risks and their management on a quarterly basis.

Risks and risk management related to the company's finances and financing are described in the Corporate Governance Statement and the notes to the consolidated financial statements.

QT GROUP'S CODE OF CONDUCT AND WHISTLEBLOWING CHANNEL

Qt Group's Code of Conduct applies to all of the company's employees. The Code of Conduct sets out the moral, ethical and legal standards that Qt Group observes in its business operations. The Code of Conduct describes socially responsible operating practices aimed at ensuring that the company's workplace environment is positive, equal and inclusive. The Code of Conduct prohibits the giving and receiving of bribes and requires personnel to avoid conflicts of interest in all circumstances. Understanding and acceptance of the Code of Conduct are included in the orientation plan for all newly recruited employees. Qt Group is preparing to update the Code of Conduct and organize virtual training for all of the company's personnel. The training is expected to be completed in 2023. Going forward, the company will report the percentage of employees who have completed training on the Code of Conduct.

In 2022, Qt Group introduced an anonymous whistleblowing channel maintained by a third party. The company's employees and anyone else can use the channel to anonymously report suspected misconduct, Code of Conduct violations, or criminal offenses. Whistleblowing reports are handled confi-

dentially by the company's CFO; SVP, Human Resources; and General Counsel, and they are responsible for any follow-up measures necessary to investigate the issue.

RESPECTING HUMAN RIGHTS

Qt Group is committed to respecting human rights and operating in accordance with the UN Guiding Principles on Business and Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. Qt Group has drawn up a human rights policy, which defines operating practices related to human rights. The policy applies to the company's employees, suppliers, customers and partners. Qt Group seeks to ensure that the company does not use or support child labor, modern slavery or human trafficking.

SOCIAL AND EMPLOYEE-RELATED ISSUES

Qt Group provides its employees with equal opportunities for career advancement and professional development regardless of gender, age, ethnicity, disability, nationality, sexual orientation or position. Recruitment decisions are based on the applicant's skills and aptitude and not on gender, ethnicity, marital status, or any other personal characteristic of the applicant. Qt Group actively promotes diversity and, where necessary, supports newly recruited employees with visa and immigration processes.

It is important for the company to create a safe, open and supportive workplace environment. Qt Group provides its employees with comprehensive occupational health care services that also cover mental health issues. Work-life balance is also supported by the opportunity to take remote workdays

weekly and have flexible working hours. The company considers the employees' various life circumstances by, for example, agreeing on study leave or part-time work according to the employees' wishes.

The company strives to ensure that the employees' salaries and remuneration are fair, equitable and competitive. The company conducts annual salary reviews to ensure that the remuneration of its employees is based on the demands of their work, their qualifications and contribution and that, for example, there are no unexplained differences between the genders with regard to remuneration. The company's employees are covered either by the global "One Qt" incentive scheme, which is based on the company's business performance and team-specific targets, or the sales incentive system, which is based on commissions.

Qt Group maintains open dialogue on issues related to employment and the workplace. The company also cooperates with personnel representatives in accordance with local practices. The company has a Works Council in Germany and a locally negotiated collective agreement in Finland.

The company actively promotes diversity and builds a culture based on innovation, collaboration and openness. At the end of 2022, Qt Group had a total of 21 offices in Finland, France, Norway, Germany, Japan, South Korea, India, China and the United States. In 2022, our employees represented a total of 42 (43) different nationalities, with Finnish, American, German, Chinese and Japanese nationals being the five largest.

The personnel survey was completed by 79 (79) percent of the company's employees in 2022. The results of the survey indicate that the employees are particularly satisfied with the professional competence of their direct supervisor, feel that work-life balance is appropriately supported, and they enjoy being part of a highly competent and international workplace community.

ENVIRONMENTAL ISSUES

Qt Group complies with the applicable environmental legislation in all of its operations. Qt Group's main business is based on licenses for software installed locally on the customers' servers, which means that the company's direct environmental and climate footprint is relatively small. As the company does not have significant cloud-based services or tools, Qt Group uses only a small number of servers and third-party data centers. An estimate of the data processing and memory capacity is provided in the ESG report published annually on the company's investor pages. The company assesses environmental and climate risks as part of its annual risk management process. These risks are not considered to be significant with regard to Qt Group's business operations.

The company's largest direct environmental and climate impacts are related to the emissions generated by offices, commuting and business travel. The annually published ESG report includes a number of sustainability indicators, such as the electricity and water consumption of the company's offices, as well as an estimate of annual carbon dioxide emissions.

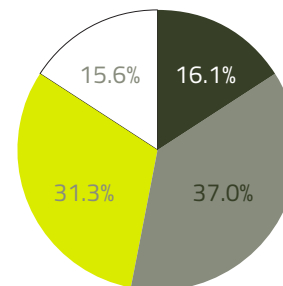
Non-financial indicators	2022	2021
Average age of employees, years	39	41
Number of different nationalities, pcs	42	43
Share of women and gender minorities among the personnel, %	21%	17%
Share of women and gender minorities in director positions, %	21%	17%
Share of permanent and full-time employees, %	97%	98%
Average duration of employment, years	4.1	4.7
Personnel satisfaction ¹	78/100	78/100
Number of whistleblowing reports leading to action, pcs	0	0
Emissions from air travel, tCO2e ¹	290	17

¹ Qt Group measures employee satisfaction annually by a third party survey. The non-financial indicator is based on the responses for the question "On a scale of 1-100, rate how satisfied you currently are with your workplace?"
² According to the Group's travel system. The system is used in the Group's offices in Finland, Norway, Germany, France, the US, China, Japan and South Korea.

Personnel by age in 2022

years

- Under 30
- 31-40
- 41-50
- Over 50



ENVIRONMENTALLY SUSTAINABLE ACTIVITIES AS DEFINED IN THE EU TAXONOMY

Qt Group complies with Regulation (EU) 2020/852 of the European Parliament and of the Council concerning the assessment of the company's environmentally sustainable activities based on the EU taxonomy criteria, and related reporting. Qt Group has assessed the requirements of the EU's taxonomy regulation with regard to the company's turnover, capital expenditure and operating expenditure. The company's interpretation is that Qt Group's business activities do not fall within the EU taxonomy definition of environmentally sustainable economic activities. The company will monitor the development of EU regulations on sustainability reporting and, if necessary, reassess the EU taxonomy eligibility of its activities.

	Turnover	Capital expenditure (CapEx)	Operating expenditure (OpEx)
Share of EU taxonomy eligible activities, %	0%	0%	0%
Share of EU taxonomy non-eligible activities, %	100%	100%	100%
Total, M€	155.3	47.4	118.5

THE TEN LARGEST SHAREHOLDERS ON DECEMBER 30, 2022

Shareholder	Shares and votes, pcs	% of shares and votes
Ingman Development Oy Ab	5,450,000	21.5
Skandinaviska Enskilda Banken Ab (Publ) Helsinki branch*	4,253,533	16.7
Ilmarinen Mutual Pension Insurance Company	1,149,000	4.5
Varma Mutual Pension Insurance Company	759,491	3.0
Karvinen Kari	700,049	2.8
Citibank Europe Plc*	559,317	2.2
Savolainen Matti	452,785	1.8
Danske Invest Finnish Equity Fund	452,764	1.8
Uhari Tommi	400,620	1.6
Elo Mutual Pension Insurance Company	365,000	1.4

* Nominee register

DISTRIBUTION OF HOLDINGS BY NUMBER OF SHARES HELD ON DECEMBER 30, 2022

Number of shares	% of shareholders	% of shares and votes
1–100	79.9	4.1
101–1 000	17.9	9.3
1,001–10,000	1.9	8.5
10,001–100,000	0.2	11.2
100,001–1,000,000	0.0	24.2
1,000,001–9,999,999	0.0	42.7
Total	100.0	100.0

SHAREHOLDING BY SECTOR ON DECEMBER 30, 2022

Shareholder by sector	% of shareholders	% of shares and votes
Non-financial corporations	4.3	26.2
Finance and insurance companies*	0.2	25.4
General government	0.0	10.2
Not-for-profit institutions	0.3	0.5
Households	94.9	34.1
Foreign holding	0.3	3.5
*including nominee-registered	0.1	20.5

Share and shareholders

At the end of the financial year, Qt Group held 79,000 treasury shares, representing 0.3 percent of the total number of listed shares.

On December 30, 2022, the number of Qt Group Plc shares outstanding was 25,319,398 (24,782,648). On December 30, 2022, the company had a total of 45,842 shareholders, including nominee-registered shares, according to Euroclear Finland Oy.

The company did not receive any flagging notifications during the financial year 2022.

Share price and turnover

Qt Group Plc's share (trading code: QTCOM) is listed on the main list of the Nasdaq Helsinki stock exchange. A total of 33,408,059 shares were traded in Nasdaq Helsinki during the reporting period. This accounts for 132 percent of the total number of shares. After Nasdaq Helsinki, Qt Group was most traded in Cboe Global Markets and LSE Group marketplaces.

The volume-weighted average price of the share was EUR 69.3, with the lowest price being EUR 35.6 (October 13, 2022) and the highest price EUR 137.6 (January 3, 2022). The closing price at the end of December was EUR 44.5 per share, and Qt Group's market capitalization was EUR 1,130 million.

Governance

Qt Group Plc's Annual General Meeting (AGM), held on March 15, 2022, adopted the company's annual accounts, including the consolidated annual accounts for the accounting period 1 January–31 December 2021, reviewed the Remuneration Report for the company's governing bodies and discharged the Members of the Board and the Chief Executive Officer from liability. The AGM decided that based on the balance sheet to be adopted for the accounting period ended December 31, 2021, no dividend will be paid.

The AGM decided to elect five members to the Board. Robert Ingman, Leena Saarinen, Jaakko Koppinen and Mikko Marsio were re-elected and Mikko Välimäki was elected as a Board member. At the Organizing Meeting held after the General Meeting, Robert Ingman was elected as Chair of the Board and Leena Saarinen was elected as Vice Chair of the Board.

The AGM authorized the Board to decide on the repurchase and/or acceptance as pledge of a maximum of 2,000,000 of the company's own shares by using funds in the unrestricted equity. The Board shall decide on how the shares will be repurchased. The shares may be repurchased otherwise than in proportion to the shareholdings of 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.

The shares may be repurchased in order to improve the capital structure of the company, to finance or carry out acquisitions or other arrangements, to carry out the company's 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 shall be valid for 18 months from the issue date of the authorization, i.e. until September 15, 2023 and it replaces any earlier authorizations on repurchase and/or acceptance as pledge of company's own shares.

The AGM authorized the Board to decide on share issue and 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 authorization is 2,000,000. The authorization concerns both the issuance of new shares as well as the transfer of treasury shares. By virtue of the authorization, the Board of Directors is entitled to decide on share issues and 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 sub-

scription price, its payment and its entry into the company's balance sheet. The authorization shall be valid for 18 months from the issue date of the authorization, i.e. until September 15, 2023 and it replaces any earlier authorizations on share issue and granting of special rights.

By virtue of the authorization granted to it by the general meeting, the Board of Directors of Qt Group Plc resolved at its meeting on February 16, 2022, on the program for key persons' share rewards. Within this program, a reward corresponding to the value of 130,000 shares of the company at a maximum can be granted to key persons in the company or its group companies. The governance, security and execution of the incentive scheme has been outsourced to Evli Awards Management Oy. According to the outsourcing arrangement, the company shall fund the acquisition of shares required for paying out rewards in the manner permitted by Chapter 13, Section 10, Clause 2 of the Limited Liability Companies Act, and Evli Awards Management shall independently perform the acquisition of such shares in the stock market. In relation to the company's previous incentive scheme, Evli Awards Management still holds 79,000 of the company's shares to be used for the payment of rewards under the company's future incentive schemes.

Qt Group Plc announced via stock exchange release on January 3, 2022, May 16, 2022, and June 15, 2022, that between September 14 and December 9, 2021 a total of 550 new shares;

between 5 February and 6 May 2022, a total of 85,010 new shares, and between 7 and 23 May 2022, a total of 1,490 new shares has been subscribed for with the company's stock options 2016. For subscriptions made between September 14–December 9, 2021, the entire subscription price of EUR 2,662.00, between 5 February and 6 May 2022, the entire subscription price of EUR 411,448.40, and for subscriptions made between 7 and 23 May 2022, the entire subscription price of EUR 7,211.60 was entered in the reserve for invested unrestricted equity.

SHARE-BASED INCENTIVE PROGRAM

On February 17, 2022, the Board of Directors of Qt Group decided to establish a new share-based incentive program for the company's President and CEO and other key persons. Objective of the program is to bring together the key persons' targets based on the company growth strategy and shareholders' goals for enhancing the company's value, commit the key persons to the company, and offer them a competitive incentive program based on company shares. The incentive program has one reward collection period covering the years 2022–2024. More information on the share-based incentive program is available in the Remuneration report.

CORPORATE GOVERNANCE STATEMENT

Qt Group Plc has published on its website a Corporate Governance Statement report concerning the corporate governance system in accordance with Chapter 7, Section 7 of the Securities Markets Act (746/2012). Statement has been issued separately from the Board of Directors' Report

Events after the review period

On January 3, 2023, Qt Group issued a release to disclose that, during the period September 13–December 9, 2022, a total of 66,187 new shares in the company had been subscribed for with the company's stock options 2016. For subscriptions made with the stock options, the subscription price of EUR 320,345.08 will be entered in its entirety in the reserve for invested unrestricted equity. After the new shares are entered in the Trade Register, the total amount of shares is 25,464,585. The shares subscribed for under the stock options were entered in the Trade Register on January 2, 2023. The new shares carry shareholder rights from the date they were entered in the Trade Register. The shares are traded on Nasdaq Helsinki Oy together with the old shares starting from January 3, 2023.

The company had no other significant events deviating from normal business operations after the end of the review period.

Risks and business uncertainties

Qt Group's risks and uncertainties are related to potential significant changes in the operating environment of the company and its customers, and Qt Group's ability to execute its strategy.

Qt Group's solutions increase productivity in the product development process of mobile and desktop applications,

and embedded devices with graphical user interfaces from user interface design to software development, quality assurance and deployment. Qt Group operates in a highly competitive industry that is characterized by the rapid emergence and development of various new technologies. The emergence and widespread adoption of significant new technology can potentially reduce the demand for Qt's technology.

Qt Group's distribution license revenue depends on the ability and capacity of the company's customers to manufacture products and devices with graphical user interfaces for the market. Disruptions in the customers' global supply chains may create delays in the production processes of equipment manufacturers and reduce their production volume, which particularly affects net sales accrued from distribution licenses.

In addition to organic growth, the company also actively pursues inorganic growth through acquisitions that support its strategy. Qt Group may be subject to risks related to new markets as a result of acquisitions. The integration of acquired products, business operations and personnel also involves various risks.

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.

Future outlook

OPERATING ENVIRONMENT AND MARKET OUTLOOK

The company estimates the growth prospects for its business in the next few years as very promising. Qt Group expects that there will be strong demand for software design, development and quality assurance tools, especially in the automotive, consumer electronics, medical devices and industrial automation industries.

Qt's solutions for improving the productivity of software development and user interface design provide companies with the ability to respond to the growing requirements in the software market, driven by the exponential growth of the IoT market and the increasing speed of software development life cycles. As software becomes increasingly complex and incorporated into millions of everyday devices, the demand for quality assurance tools will grow. Qt Group expects that the quality assurance and testing automation markets will continue to grow in the future.

Growth in the sales of developer licenses for devices with graphical user interfaces will also be reflected in the growth of net sales from distribution licenses. Distribution license revenue is based on the customer's production volume, which is why Qt Group's net sales can vary significantly from one quarter to the next.

The company estimates that the logistics problems in world trade and the global component shortage will continue to affect at least some of the company's customers, which can

be reflected in project delays and reduced production volumes. These challenges in the operating environment may slow down the accumulation of net sales from distribution licenses, in particular.

Russia's armed attack on Ukraine, combined with the EU's sanctions against Russia, add to the general uncertainty in the operating environment. The war has not had significant impacts on the company's business, at least for the time being.

Increasing energy prices and a general economic slowdown may reduce the demand for the products of Qt's customers and, consequently, slow the growth of Qt Group's business. The weakening of the global economic situation may also affect the solvency of the company's customers.

OUTLOOK FOR 2023

We estimate that the company's 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.

The percentage of change in net sales at comparable exchange rates is calculated by translating the net sales from the comparison period of 2022 with the actual exchange rates of the reporting period of 2023 and by comparing the actual net sales in 2023 with the net sales of 2022 calculated at comparable exchange rates.

Board of Directors' dividend proposal

Qt Group Plc's distributable funds on December 31, 2022 were EUR 44,911,314.45 of which the net profit for 2022 was EUR 3,285,430.16. The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the fiscal year that ended on December 31, 2022.

Espoo, February 15, 2023

The Board of Directors of Qt Group

Consolidated Key Figures

EUR thousand	31.12.2022	31.12.2021	31.12.2020
Net sales	155,318	121,139	79,455
Operating profit (EBITA)	42,249	31,534	17,422
EBITA, %	27.2%	26.0%	21.9%
Operating profit (EBIT)	36,870	28,812	17,017
EBIT, %	23.7%	23.8%	21.4%
Net profit	34,301	22,410	12,826
- % of net sales	22.1%	18.5%	16.1%
Return on equity, %	49.6%	55.0%	54.8%
Return on investment, %	41.5%	57.0%	63.6%
Interest-bearing liabilities	28,159	17,028	2,655
Cash and cash equivalents	8,815	17,374	22,046
Net gearing, %	22.3%	-0.7%	-64.9%
Equity ratio, %	52.8%	51.1%	66.6%
Earnings per share (EPS), EUR	1.36	0.91	0.53
EPS adjusted for dilution, EUR	1.36	0.88	0.51

Calculation formulas for key figures

RETURN ON EQUITY

$$\frac{\text{Profit/loss before taxes - taxes}}{\text{Shareholders' equity + minority interest (average)}} \times 100$$

RETURN ON INVESTMENT:

$$\frac{(\text{Profit/loss before taxes + interest and other financing costs})}{\text{Balance sheet total - non-interest bearing liabilities (average)}} \times 100$$

GEARING

$$\frac{\text{Interest-bearing liabilities - cash, bank receivables and financial securities}}{\text{Shareholders' equity}} \times 100$$

EQUITY RATIO

$$\frac{\text{Shareholders' equity + minority interest}}{\text{Balance sheet total - advance payments received}} \times 100$$



Financial Statements 2022

Consolidated income statement	22
Consolidated statement of financial position	23
Consolidated statement of cash flows	24
Consolidated statement of changes in shareholders' equity	25
Notes to the Consolidated Financial Statements	26
Parent company income statement	57
Parent company balance sheet	58
Parent company cash flow statement	59
Basic information on the parent company and accounting policies applied in the financial statements	60
Notes to the parent company financial statements	61
Signatures to the Financial Statements and the Board of Directors' Report	65
Auditor's Report.....	66

Consolidated income statement

EUR thousand	Notes	1.1.–31.12. 2022	1.1.–31.12. 2021
Net sales	2	155,318	121,139
Other operating income	3	64	424
Materials and services	4	-6,915	-6,435
Personnel expenses	5, 18, 22	-74,816	-60,595
Depreciation, amortization and impairment	7	-8,382	-4,515
Other operating expenses	8	-28,400	-21,206
Operating result		36,870	28,812
Financial income	9	5,368	2,138
Financial expenses	9	-4,592	-1,665
Earnings before tax		37,646	29,284
Income taxes	10	-3,345	-6,873
Net profit		34,301	22,410
Distribution of net profit:			
Parent company shareholders		34,301	22,410
Net profit attributable to parent company shareholders, earnings per share			
Undiluted earnings per share (EUR/share)	11	1.36	0.91
Diluted earnings per share (EUR/share)	11	1.36	0.88

Consolidated statement of comprehensive income

EUR thousand	Notes	1.1.–31.12. 2022	1.1.–31.12. 2021
Other comprehensive income			
Items which may be reclassified subsequently to profit or loss			
Translation difference		-162	176
Total comprehensive income		34,138	22,587
Distribution of comprehensive income:			
Parent company shareholders		34,138	22,587

Consolidated statement of financial position

Assets

EUR thousand	Notes	31.12.2022	31.12.2021
Non-current assets			
Goodwill	12	43,383	25,412
Other intangible assets	12	55,362	26,489
Tangible assets	13	5,430	3,046
Long-term receivables	2	6,569	338
Deferred tax assets	14	760	1,351
Total non-current assets		111,505	56,635
Current assets			
Trade receivables	15	39,916	29,116
Other receivables	15	17,866	14,091
Cash and cash equivalents	16	8,815	17,374
Total current assets		66,597	60,581
Total assets		178,102	117,216

Equity and liabilities

EUR thousand	Notes	31.12.2022	31.12.2021
Shareholders' equity			
Share capital	17	500	500
Unrestricted shareholders' equity reserve	17	54,742	36,072
Own shares	17	-9,960	-18,351
Translation difference	17	445	607
Retained earnings	17, 18	6,700	10,331
Net profit		34,301	22,410
Total shareholders' equity		86,727	51,570
Long-term liabilities			
Deferred tax liabilities	14	16,237	7,504
Long-term interest-bearing liabilities	20	26,135	1,166
Other long-term liabilities	19	12,567	4,836
Total long-term liabilities		54,939	13,506
Short-term liabilities			
Short-term interest-bearing liabilities	19, 20	2,024	15,862
Accounts payable	19	2,575	2,169
Other short-term liabilities	19	31,838	34,109
Total short-term liabilities		36,436	52,140
Total liabilities		91,375	65,646
Shareholders' equity and liabilities		178,102	117,216

Consolidated cash flow statement

EUR thousand	1.1.–31.12. 2022	1.1.–31.12. 2021
Profit before taxes	37,646	29,284
Adjustments to net profit		
Depreciation and amortization	8,382	4,515
Other adjustments	1,029	2,350
Settlement of share-based payments	-23,314	
Change in working capital		
Change in trade and other receivables	-15,331	-16,784
Change in accounts payable and other liabilities	-5,763	1,566
Interest paid	-260	-149
Other financial items	527	222
Taxes paid	-6,812	-4,967
Cash flow from operations	-3,896	16,035

EUR thousand	1.1.–31.12. 2022	1.1.–31.12. 2021
Purchases of tangible and intangible assets	-1,190	-1,014
Payment for acquisition of subsidiary, net of cash acquired*	-25,826	-23,985
Cash flow from investments	-27,016	-25,000
Change in lease liabilities	-2,238	-1,349
Share subscriptions based on stock options 2016	739	1,358
Purchase of treasury shares		-11,067
Issue of treasury shares	14,511	
Repayment of short-term borrowings	-15,000	
Proceeds from long-term borrowings	24,000	
Proceeds from short-term borrowings		15,000
Cash flow from financing	22,012	3,941
Change in cash and cash equivalents	-8,900	-5,023
Cash and cash equivalents at beginning of period	17,374	22,046
Net foreign exchange difference	341	350
Cash and cash equivalents at end of period	8,815	17,374

* In 2022, EUR 2,851 thousand was paid as part of the earn-out from the froglogic acquisition in 2021.

Consolidated statement of changes in shareholders' equity

EUR thousand	Share capital	Unrestricted shareholders' equity reserve	Own shares	Translation difference	Retained earnings	Total shareholders' equity
Shareholders' equity 1 January 2021	500	28,714	-7,284	431	7,516	29,878
Comprehensive income for the period						
Net profit					22,410	22,410
Comprehensive income				176		176
Stock option program and equity incentive program		1,358	-11,067		2,815	-6,894
Issue of shares as consideration for a business acquisition		6,000				6,000
Shareholders' equity 31 December 2021	500	36,072	-18,351	607	32,742	51,570
Shareholders' equity 1 January 2022	500	36,072	-18,351	607	32,742	51,570
Comprehensive income for the period						
Net profit					34,301	34,301
Comprehensive income				-162		-162
Stock option program and equity incentive program		739	3,537		-26,042	-21,766
Issue of shares as consideration for a business acquisition		8,273				8,273
Issue of treasury shares		9,657	4,854			14,511
Shareholders' equity 31 December 2022	500	54,742	-9,960	445	41,001	86,727

Notes to the Consolidated Financial Statements

Accounting policies applied in the consolidated financial statements

BASIC INFORMATION ON THE GROUP

Qt Group is a globally operating software company whose technology and tools enable enterprises to enhance the product development of mobile and desktop applications and smart devices through every stage of the process, from user interface design to software development, quality assurance and deployment. Qt Group's customers produce applications and smart devices in more than 70 industries in over 180 countries. Qt Group's strategy is focused on expanding its business and creating long-term growth opportunities. The company executes growth investments, particularly in R&D, sales, and the innovation of new solutions.

Qt has operating locations in Finland, Norway, Germany, United States, Japan, China, South Korea, France, United Kingdom and India. The Group had 688 employees at the end of 2022.

The company is listed on the Nasdaq Helsinki Stock Exchange. The parent company's domicile is Espoo and its registered address is Miestentie 7, FI-02150 Espoo, Finland. A copy of the financial statements is available at investors.qt.io.

ACCOUNTING POLICIES APPLIED IN THE CONSOLIDATED FINANCIAL STATEMENTS

This section describes the general accounting policies applied in the consolidated financial statements and the use of management judgment and estimates. More detailed accounting policies are presented below in connection with each item.

Basis of preparation

The consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS), observing the IAS and IFRS standards as well as the SIC and IFRIC interpretations valid on 31 December 2022.

The IFRS standards and amendments that took effect in 2022 did not have material impact on the result or the financial position of the Group or on the presentation of the financial statements.

The consolidated financial statements are drawn up for the calendar year, which is the fiscal period for the Group's parent company and other Group companies. The financial statements are presented in thousands of euros.

Consolidation principles

The consolidated financial statements include the parent company, Qt Group Plc, and all of its subsidiaries. Acquired subsidiaries are consolidated using the acquisition method, according to which the assets and liabilities of the acquired company are measured at fair value on the date of acquisition, and the remaining difference between the consideration transferred and the acquired shareholders' equity constitutes goodwill. Subsidiaries acquired during the fiscal period are included in the consolidated financial statements as of the date of acquisition, while divested subsidiaries are included until the date of divestment. Intra-Group transactions, receivables, liabilities, unrealized margins and internal profit distribution are eliminated in the consolidated financial statements.

All subsidiaries included in the consolidated financial statements are fully owned and the Group does not have minority interests. The Group does not have associated companies or joint ventures.

FOREIGN CURRENCY TRANSLATION

Items referring to the earnings and financial position of the Group's units are recognized in the currency that is the main currency of the unit's primary operating environment ("functional currency"). The consolidated financial statements are given in euros, which is the operating and presentation currency of the parent company.

Receivables and liabilities denominated in foreign currencies have been converted into euro at the exchange rate in effect on the balance sheet date. Gains and losses arising from foreign currency transactions are recognized through profit or loss. Foreign exchange gains and losses from operations are included in the corresponding items above operating profit.

The income statements of non-Finnish consolidated companies have been converted into euro at the weighted average exchange rate for the period, and their balance sheets have been converted at the exchange rate quoted on the balance sheet date. Translation differences arising from the application of the cost method are treated as items adjusting consolidated shareholders' equity.

Notes to the Consolidated Financial Statements

Accounting policies requiring consideration by management and crucial factors of uncertainty associated with estimates

Estimates and assumptions regarding the future have to be made during the preparation of the financial statements, and the outcome may differ from the estimates and assumptions. Furthermore, the application of accounting policies requires consideration. These estimates and assumptions are based on historical experience and other justifiable assumptions that are believed to be reasonable under the circumstances and that serve as a foundation for evaluating the items included in the financial statements.

CONSIDERATION BY MANAGEMENT RELATED TO THE SELECTION AND APPLICATION OF ACCOUNTING POLICIES

The Group's goodwill is allocated entirely to one cash-generating unit. According to the estimate of the Group's management, the Group does not have separate independent businesses and, under the current structure, business operations can be monitored most reliably as a single cash-generating unit. In the view of the management, the Group does not have separate itemizable asset groups whose generated cash flows would be largely independent of the cash flows generated by other asset items or asset groups. Accordingly, the Group's management does not consider it possible to independently allocate asset items to smaller cash-generating units.

Business acquisitions and applying acquisition method requires making certain estimates and assessments concerning especially the fair value of the acquired intangible assets and

liabilities assumed and the useful lives of the acquired intangible assets. Value measurement is based on anticipated cash flows. Estimating cash flows for customer relationships, technology-based assets, and trademarks and brand names is based on assessments that include for example:

- assessments related to long term sales forecast and development of margins
- defining appropriate discount rates
- estimations related to customer loyalty
- estimations related to appropriate market-based royalty percentages.

CRUCIAL FACTORS OF UNCERTAINTY ASSOCIATED WITH ESTIMATES

Impairment testing is carried out annually to test goodwill and intangible assets with an unlimited useful life and evaluate any indications of impairment. Recoverable amounts from cash generating units are determined as calculations based on value in use. The preparation of these calculations requires the use of estimates.

License revenue is recognized in accordance with the factual substance of the agreement. Income recognition requires a binding contract and complete delivery of the product. Income is recognized based on the time of delivery. License maintenance fees are allocated evenly over the agreement period. The most significant decision requiring judgment is related to the ratio between the license and maintenance fee components of the products.

Notes to the Consolidated Financial Statements

1. BUSINESS COMBINATIONS

Acquisitions in 2022

Qt Group acquired the entire share capital of Axivion GmbH on August 11, 2022. The acquisition expands Qt Group's quality assurance offering with solutions for static analysis and software architecture analysis. The state-of-the-art quality assurance solutions from Axivion improve productivity in the software development process by detecting software erosion factors such as defects, cycles, and violations of programming rules. Qt Group aims to leverage its global sales network to sell Axivion products to new and existing customers, and to expand its sales to the C/C++ software development markets outside the Qt ecosystem.

Axivion was founded in 2006 as a spin-off company at the University of Stuttgart. At the end of September, the company employed approximately 41 people in Germany and Austria, and is headquartered in Stuttgart, Germany. The Company's net sales in 2021 amounted to EUR 5,007 thousand and its operating profit for the same period was EUR 1,520 thousand. The purchase price consideration recorded at the time of acquisition, EUR 44,082 thousand, includes an earn-out, the preliminary estimated fair value of which as of the acquisition date is EUR 9,984 thousand. EUR 8,273 thousand of the purchase price is paid in Qt group shares and the rest is paid in cash.

The acquisition price calculations prepared for Axivion are still preliminary as of December 31, 2022. Based on the initial accounting, the acquisition created goodwill of EUR 17,971 thousand from the technical expertise of the acquired company and the company's operating model. None of the goodwill recognized on the acquisition is tax-deductible.

The expenses related to the acquisition, EUR 316 thousand, are included in other operating expenses in the consolidated income statement.

Had the company been consolidated from January 1, 2022, the income statement would show revenue of EUR 160,896 thousand and operating profit of EUR 39,930 thousand.

Acquisitions in 2022

EUR thousand

Purchase price

Cash consideration	25,825
Directed share issue	8,273
Earn-out	9,984

Total purchase price consideration	44,082
---	---------------

Assets and liabilities

Tangible assets	22
Intangible assets: customer relationship	13,400
Other intangible assets	20,815
Trade and other receivables	2,935
Cash and cash equivalents	2,849

Total assets	40,021
---------------------	---------------

Short-term liabilities	3,651
Deferred tax liability	10,260

Total liabilities	13,911
--------------------------	---------------

Net assets	26,111
------------	--------

Goodwill	17,971
-----------------	---------------

Purchase price	44,082
-----------------------	---------------

Notes to the Consolidated Financial Statements

1. BUSINESS COMBINATIONS

Acquisitions in 2021

On April 13, 2021, Qt Group acquired the entire share capital of froglogic GmbH, a company that develops quality assurance tools. The acquisition makes it possible to incorporate froglogic's test automation tools into the Qt product portfolio to provide customers with a more comprehensive product range that encompasses the entire software development process, from design to development and deployment and now also including testing and quality assurance. The acquisition also makes it possible for Qt's global sales network to be used as a distribution channel for froglogic's products. Froglogic is a developer of testing automation tools for graphical user interfaces (GUI) that specializes in the test automation of applications based on the Qt GUI framework. Froglogic GmbH's head office is located in Hamburg, Germany, and the company employs 36 professionals. The company's net sales in 2020 amounted to EUR 6,479 thousand and its operating profit for the same period came to EUR 2,657 thousand.

The purchase price consideration recognized at the time of acquisition, EUR 37,448 thousand, includes an earn-out of EUR 4,685 thousand. EUR 31,448 thousand of the purchase price will be paid in cash and EUR 6,000 thousand in Qt Group shares.

The acquisition created goodwill of EUR 18,849 thousand based on the technical expertise of the acquired company and the company's operating model. None of the goodwill recognized on the acquisition is tax-deductible. The following table shows the preliminary amounts of the purchase price consideration as well as the acquired assets and liabilities.

The expenses related to the acquisition, EUR 208 thousand, are included in other operating expenses in the consolidated income statement.

Had the company been consolidated from January 1, 2021, the income statement would show revenue of EUR 123,382 thousand and operating profit of EUR 29,952 thousand.

Acquisitions in 2021

EUR thousand

Purchase price

Cash consideration	26,762
Directed share issue	6,000
Earn-out	4,685

Total purchase price consideration	37,448
---	---------------

Assets and liabilities

Tangible assets	33
Intangible assets: customer relationship	7,300
Other intangible assets	18,100
Trade and other receivables	1,296
Cash and cash equivalents	2,777

Total assets	29,507
---------------------	---------------

Short-term liabilities	3,288
Deferred tax liability	7,620

Total liabilities	10,908
--------------------------	---------------

Net assets	18,599
------------	--------

Goodwill	18,849
-----------------	---------------

Purchase price	37,448
-----------------------	---------------

Notes to the Consolidated Financial Statements

2. NET SALES BREAKDOWN

Revenue recognition principles

Qt group revenue consists of net sales from licenses, maintenance, and consulting.

Revenue from license sales includes developer licenses and distribution licenses sales. License revenue is recognized in accordance with the contract criteria fulfilled. Revenue from the license sales is recognized when there is a binding contract and when the license has been delivered to the customer.

In addition to the license component, contracts from licenses sales might also include maintenance services such as new version releases and customer support, which are recognized over the contract period. Revenue of consulting services are recognized during the reporting period in which service is provided. Revenue of fixed-price consulting projects are recognized as revenue and expenditure based on the percentage of completion when the outcome of the project can be reliably estimated. The Group does not have a significant financing component in its contracts with customers or sale with a right of return.

The Group has elected to use the practical expedient in IFRS 15.121 and not to disclose the transaction price allocated to performance obligations that are unsatisfied as at the end of the reporting period or the estimated timing of satisfaction as the unsatisfied performance obligations are either part of contracts that have an original expected duration of one year or less or the Group has the right to invoice a customer at an amount that corresponds directly with its performance to date.

EUR thousand	2022 Net Sales	2021 Net Sales
License sales and consulting*	136,355	100,384
Maintenance revenue	18,963	20,755
Total net sales	155,318	121,139
*of which distribution licenses	29,509	21,431

EUR thousand	2022 Net Sales	2021 Net Sales
Finland	1,306	1,147
Rest of Europe and APAC	92,444	73,634
North America	61,568	46,358
Total net sales	155,318	121,139

The Group does not have customers that represent more than 10% of its net sales.

Assets and liabilities related to contracts with customers

The timing of invoicing may differ from the timing of revenue recognition. The Group recognizes a contract asset when revenue is recognized prior to invoicing, and a contract liability when revenue is recognized after invoicing.

At the end of the financial year 2022 the value of contract assets was EUR 13,210 (EUR 9,960) thousand. In 2022, the reporting of contract assets has been refined and the related balances was divided into long-term and short-term receivables. As of December 31, 2022, the amount of contract assets presented in long-term receivables was EUR 6,207 thousand, and the corresponding amount in short-term receivables was EUR 7,003 thousand. During 2021–2022 the Group has not recognized significant impairment losses on contract assets.

Contract liabilities are typical for the Group because of timing of revenue recognition: revenue for licenses in general is recognized at a point in time whereas maintenance revenue is recognized evenly over the contract period. Contract liabilities are mainly short-term (12 months or less) and more information relating to maturity of contract liabilities has been given on note 19. Short-term liabilities.

Notes to the Consolidated Financial Statements

2. NET SALES BREAKDOWN

Operating segments

The Group reports one business segment that provides its customers with software development tools. The Group's highest operational decision-maker is the President and CEO together with the Group Management Team. Due to Qt Group's business model, nature of operations and governance structure, the reported segment covers the entire Group, and its figures are congruent with the consolidated figures.

EUR thousand	2022	2021
Revenue recognized from amounts included in contract liabilities at the beginning of the period:	9,477	11,437

Notes to the Consolidated Financial Statements

3. OTHER OPERATING INCOME

Other operating income consists of income that is not attributable to the Group's actual business. Other operating income is primarily comprised of public grants and income from organized events.

Public grants are recognized once it is reasonably certain that they will be received and the Group meets the conditions for receiving the grant.

Public grants are recognized through profit or loss for the period during which the right to receive the grant arises. The Group's public grants are presented in other operating income.

Other operating income

EUR thousand	2022	2021
Grants		316
Other income	64	107
Total	64	424

Other income is generated by admissions to events organized by the company, and by compensations paid by partners.

4. MATERIALS AND SERVICES

EUR thousand	2022	2021
External services	6,915	6,435
Total	6,915	6,435

External services are mainly comprized of outsourcing services and subcontracting.

Notes to the Consolidated Financial Statements

Employee benefits

Pension liabilities

Pension plans are categorized as defined benefit or defined contribution plans. In defined contribution plans, the Group makes fixed contributions to a pension insurance company, and the Group does not have a legal or factual obligation to make additional contributions. Payments made to defined contribution plans are recognized through profit or loss as personnel expenses for the period to which the payment applies. The Group's pension schemes are categorised as defined contribution plans.

5. PERSONNEL EXPENSES

EUR thousand	2022	2021
Wages and salaries	63,640	49,154
Pension costs (defined contribution plans)	4,822	3,856
Equity incentive program	809	2,815
Other personnel expenses	5,546	4,770
Total	74,816	60,595

Information on equity incentive program is presented in Note 18, Share-based payments.

Group's personnel on average	2022	2021
Finland	169	123
Europe & APAC	336	258
North America	97	64
Total	603	445

Notes to the Consolidated Financial Statements

6. RESEARCH AND DEVELOPMENT COSTS

Research expenses are expensed through profit or loss for the period during which they occur.

Development expenses are capitalized only if the Group meets the requirements of IAS 38 for the capitalization of development expenses. Capitalized development expenses are depreciated over their useful lives. An asset is depreciated starting from when it is ready to use. An asset that is not yet ready to use is tested annually for impairment. Capitalized development expenses are measured at cost less accumulated depreciation and impairment after the initial recognition. Other development expenses are recognized as expenses. The Group did not have capitalized development costs on 31 December 2022.

Development costs previously recognized as expenses are not capitalized in subsequent periods. Research and development costs recognized as expenses are included in personnel expenses and other operating expenses in the consolidated income statement.

6. RESEARCH AND DEVELOPMENT COSTS

EUR thousand	2022	2021
Research and development costs	20,585	19,163
Total	20,585	19,163

7. DEPRECIATION AND AMORTIZATION

EUR thousand	2022	2021
Depreciation and amortization by asset category		
Intangible assets		
Software and licenses	39	3
Intellectual property rights	5,409	2,743
Other intangible assets	30	41
Property, plant and equipment		
Buildings	2,114	1,163
Machinery and equipment	789	564
Total depreciation, amortization and impairment	8,382	4,515

During the financial year 2022 and 2021, no impairment was identified on intangible assets or tangible assets.

No regular amortization is booked on goodwill. Instead, goodwill is tested for impairment annually and when there are indications of impairment. More information on the impairment testing of goodwill is provided in Note 12, Intangible assets.

Notes to the Consolidated Financial Statements

8. OTHER OPERATING EXPENSES

EUR thousand	2022	2021
Personnel expenses	3,589	1,652
Travel and representation expenses	2,774	755
Marketing and communications	3,264	2,577
External services	9,881	8,612
Costs of premises	2,442	1,923
IT expenses	5,044	3,540
Other expenses	1,405	2,148
Total	28,400	21,206
Auditor's fees		
Audit, KPMG Oy Ab	37	32
Other specialist services, KPMG Oy Ab	24	6
Audit, KPMG network	30	19
Other specialist services, KPMG network	361	208
Total	452	264

The Group's auditor for 2021 and 2022 was KPMG Oy Ab.

During financial year 2022, services that were rendered by KPMG Oy Ab to the Qt Group companies and that were not related to auditing amounted to EUR 24 (6) thousand.

9. FINANCIAL INCOME AND EXPENSES

Financial income EUR thousand	2022	2021
Exchange rate gains	5,365	1,705
Other financial income	3	432
Total	5,368	2,138
Financial expenses EUR thousand	2022	2021
Interest expenses for loans from financial institutions	413	149
Exchange rate losses	3,651	1,069
Other financial expenses	529	447
Total	4,592	1,665

Notes to the Consolidated Financial Statements

10. INCOME TAXES

The Group's tax expense is comprised of the tax based on the taxable profit of each Group company for the period and change in deferred tax assets and liabilities. The tax based on the taxable income for the period is calculated using the tax rate prescribed or practically confirmed by the closing date of the reporting period. Deferred tax assets or liabilities are recognized for temporary differences between the taxation and accounting values of assets and liabilities using the tax rate prescribed or practically confirmed by the closing date of the reporting period. Temporary differences arise from, among other things, confirmed tax losses, depreciation difference, provisions and adjustments to the fair values of assets and liabilities made in connection with business acquisitions. Deferred tax liabilities are recognized for the undistributed earnings of subsidiaries if the distribution of profits is probable and will result in tax consequences. Deferred tax liabilities are included in the balance sheet in full, and deferred tax assets in the amount of the estimated probable tax benefit.

The tax expense in the income statement is comprised of tax based on the taxable income for the period and deferred taxes. Taxes are recognized through profit or loss, except when they are associated with business combinations or items recognized directly in shareholders' equity or other comprehensive income. Tax assets or liabilities based on the taxable income for the period are presented under current items in the balance sheet, while deferred tax liabilities and assets are presented under non-current items.

EUR thousand	2022	2021
Taxes for the period	4,315	7,814
Taxes for previous periods	-33	-13
Other items	0	360
Deferred tax	-937	-1,288
Total	3,345	6,873
Reconciliation of tax expenses with the tax rate of the Group's home country (20%)		
Earnings before tax	37,646	29,284
Taxes calculated at the parent company's tax rate	7,529	5,857
Effect of deviating tax rates of foreign subsidiaries	229	383
Income not subject to tax	0	-187
Share-based payment related expenses	-4,696	0
Non-deductible expenses and other differences	206	350
Withholding taxes	0	360
Other items	111	123
Taxes for previous periods	-33	-13
Total	3,345	6,873
Effective tax rate	9%	23%

Notes to the Consolidated Financial Statements

11. EARNINGS PER SHARE

Undiluted earnings per share

Undiluted earnings per share are calculated by dividing the profit for the period attributable to parent company shareholders by the weighted average number of outstanding shares.

Diluted earnings per share

In calculating the diluted earnings per share, the dilution effect of all potential dilutive equity shares is taken into account in the weighted average number of shares. Stock options included in the incentive scheme are conditionally issued, and they are taken into account in calculating the diluted earnings per share. The options have a dilution effect when their subscription price is lower than the average market price of the share during the financial period or a shorter period of execution. The dilution effect is the difference between the number of shares issued and the number of shares that would have been issued at the average market price of the shares during the period.

	2022	2021
Net profit attributable to parent company shareholders (EUR thousand)	34,301	22,410
Weighted average number of shares during the financial period, 1,000 shares	25,168	24,667
Undiluted earnings per share (EUR/share)	1.36	0.91
The diluted weighted number of shares for the calculation of earnings per share, 1,000 shares	25,308	25,507
Diluted earnings per share (EUR/share)	1.36	0.88

Notes to the Consolidated Financial Statements

12. INTANGIBLE ASSETS

Goodwill

Goodwill corresponds to the proportion of the acquisition cost of an acquired entity that exceeds the Group's share of the net amount of the identifiable assets, liabilities and contingent liabilities of the business entity's net assets on the date of acquisition. Goodwill is recognized at the original cost less accumulated impairment losses. No regular amortization is booked on goodwill but it is tested annually for impairment. For this purpose, goodwill is allocated to cash generating unit. The recoverable amount of the unit is tested annually or more frequently if there are indications of impairment to determine any impairment of its carrying amount.

Research and development costs

Development costs are capitalized only if the Group meets the requirements of IAS 38 for the capitalization of development costs. Capitalized development costs are depreciated over their useful lives. Capitalized development costs are measured at cost less accumulated depreciation and impairment after the initial recognition. Other development costs are recognized as expenses. The Group did not have capitalized development costs on 31 December 2022.

Other intangible assets

An intangible asset is recognized in the balance sheet at the original cost in case the cost can be determined reliably and it is probable that the expected economic benefit from the asset will flow to the Group. Intangible assets with a limited useful life are recognized as expenses in the income statement by straight-line depreciation over their useful life and tested for impairment if there are indications of any impairment.

The depreciation periods of other intangible assets:

Software and licenses	3–8 years
Intellectual property rights	3–8 years

Notes to the Consolidated Financial Statements

Intangible assets 2022

EUR thousand	Goodwill	Other intangible assets	Total
Acquisition cost, 1 January	25,412	32,651	58,063
Translation differences and other adjustments		1	1
Acquisition of subsidiary	17,971	34,215	52,186
Additions		140	140
Disposals			
Acquisition cost, 31 December	43,383	67,007	110,390
Accumulated depreciation and impairment, 1 January		-6,163	-6,163
Translation differences and other adjustments		-2	-2
Depreciation for the period		-5,479	-5,479
Disposals			
Accumulated depreciation and impairment, 31 December		-11,644	-11,644
Book value, 1 January	25,412	26,489	51,900
Book value, 31 December	43,383	55,362	98,746

Intangible assets 2021

EUR thousand	Goodwill	Other intangible assets	Total
Acquisition cost, 1 January	6,562	7,156	13,718
Translation differences and other adjustments		-6	-6
Acquisition of subsidiary	18,849	25,400	44,249
Additions		163	163
Disposals		-62	-62
Acquisition cost, 31 December	25,412	32,651	58,063
Accumulated depreciation and impairment, 1 January		-3,450	-3,450
Translation differences and other adjustments		14	14
Depreciation for the period		-2,787	-2,787
Disposals		61	61
Accumulated depreciation and impairment, 31 December		-6,163	-6,163
Book value, 1 January	6,562	3,706	10,268
Book value, 31 December	25,412	26,489	51,900

Notes to the Consolidated Financial Statements

IMPAIRMENT TESTING

On each balance sheet date, the company estimates whether there is evidence that the value of an asset may have been impaired. If there is evidence of impairment, the amount recoverable from the asset is estimated. In addition, the recoverable amount is estimated annually on the following assets regardless of whether there is an indication of impairment or not: goodwill and intangible assets with an unlimited useful life.

The need for impairment is reviewed at the level of cash generating unit, which refers to the lowest level of unit that is mainly independent of other units and whose cash flows can be separated from other cash flows. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized in the income statement. An impairment loss recognized for goodwill will not be reversed under any circumstances. Qt Group is the cash generating unit to which the entire tested asset is allocated in the testing.

The following tables show the distribution of goodwill and values subject to testing at the end of the reporting period.

Impairment testing in 2022

Impairment testing is carried out at the Qt Group level, which is determined as the lowest level of cash generating unit (CGU). In addition to this, goodwill related to acquisition of Axivion was tested in 2022.

During the 2022 financial period, identified intangible assets were depreciated by EUR 5,378 thousand. Based on the impairment testing calculations by the management, no need for recognizing impairment losses was found during the 2022 financial period.

The present values for Qt Group's assets were calculated for the five-year forecast period based on the following assumptions in the testing: net sales and operating profit for 2023 according to budget. Over the five-year forecast period, the average annual growth in net sales is 25–35 percent and terminal period growth is 1 percent thereafter, operating profit 20–30 percent and a pre-tax discount rate 12.6 percent.

Based on sensitivity analyses, the company's management considers it improbable that a change in the key parameters used in testing (growth in net sales, total expenses, interest rates) would result in a situation in which the value of the tested asset exceeds the recoverable amount.

Based on the sensitivity analysis made, the amount of Qt Group's tested assets requires an average growth of 2.0 percent over the five-year forecast period, even if the costs for 2023 were allowed to grow according to the budget and moderately even after that with profitability being 3.7 percent at the end of the forecast period.

EUR thousand	Identified intangible assets	Goodwill	Other items	Total value subject to testing
	55,162	43,383	16,887	115,432

Notes to the Consolidated Financial Statements

Impairment testing in 2021

Impairment testing is carried out at the Qt Group level, which is determined as the lowest level of cash generating unit (CGU). In addition to this, goodwill related to acquisition of froglogic was tested in 2021.

During the 2021 financial period, identified intangible assets were depreciated by EUR 2,731 thousand. Based on the impairment testing calculations by the management, no need for recognizing impairment losses was found during the 2021 financial period.

The present values for Qt Group's assets were calculated for the five-year forecast period based on the following assumptions in the testing: net sales and operating profit for 2022 according to budget. Over the five-year forecast period, the average annual growth in net sales is 30–40 percent and terminal period growth is 1 percent thereafter, operating profit 20–30 percent and a pre-tax discount rate 9.6 percent.

Based on sensitivity analyses, the company's management considers it improbable that a change in the key parameters used in testing (growth in net sales, total expenses, interest rates) would result in a situation in which the value of the tested asset exceeds the recoverable amount.

Based on the sensitivity analysis made, the amount of Qt Group's tested assets requires an average growth of 2.0 percent over the five-year forecast period, even if the costs for 2022 were allowed to grow according to the budget and moderately even after that with profitability being 1.8 percent at the end of the forecast period.

EUR thousand	Identified intangible assets	Goodwill	Other items	Total value subject to testing
	26,280	25,411	9,613	61,304

Notes to the Consolidated Financial Statements

13. TANGIBLE ASSETS

Property, plant and equipment (PPE) are carried at cost less accumulated planned depreciation and impairment. Assets are depreciated over their estimated useful lives. The estimated useful lives are as follows:

Machinery and equipment 3–8 years

The useful life and depreciation method of assets is reviewed at least at each balance sheet date and, if necessary, adjusted to reflect any changes in the expected economic value.

Property, plant and equipment is derecognized when it is disposed of or no future economic benefit is expected from its use or disposal. Capital gains and losses on elimination and the transfer of tangible assets are recognized through profit or loss and included either in other operating income or expenses for the period in which they emerge.

Lease liabilities are measured at the present value of the lease payments that are not paid at that date. Lease payments are discounted using the Group's incremental borrowing rate.

In case of lease agreements where the lease term is defined valid until further notice or with extension options, the expected lease term is based on management judgement: for example, for lease agreements that continue indefinitely after an initial non-cancellable period, the lease term is estimated to the date on which the lease is mostly likely to expire; and the period covered by an option to extend the lease is included into the lease term if it is reasonably certain that the option will be exercised.

The Group uses its incremental borrowing rate to calculate the present value of lease payments as the interest rate implicit in the lease is not readily determinable. The Group estimates its incremental borrowing rate based on the reference rate, credit spread adjustment, duration of the lease term, possible currency, and country risk premiums.

Short-term leases that have a lease term of 12 months or less and leases of low value assets are elected not to recognize as right-of-use assets.

Tangible assets 2022

EUR thousand	Right-of-use-assets, buildings	Right-of-use-assets, machinery and equipment	Machinery and equipment	Total
Acquisition cost, 1 January	5,642	1,827	2,779	10,248
Translation differences and other adjustments			4	4
Acquisition of subsidiary			22	22
Increases	4,041	173	1,057	5,271
Disposals	-2,188		-180	-2,367
Acquisition cost, 31 December	7,495	2,000	3,683	13,177
Accumulated depreciation and impairment, 1 January	-3,876	-1,640	-1,685	7,202
Translation differences and other adjustments			2	2
Depreciation for the period	-2,114	-166	-623	-2,903
Disposals	2,188		169	2,357
Accumulated depreciation and impairment, 31 December	-3,803	-1,806	-2,138	-7,746
Book value, 1 January	1,765	186	1,095	3,046
Book value, 31 December	3,692	194	1,544	5,430

Tangible assets 2021

EUR thousand	Right-of-use-assets, buildings	Right-of-use-assets, machinery and equipment	Machinery and equipment	Total
Acquisition cost, 1 January	5,014	1,732	2,046	8,793
Translation differences and other adjustments			77	77
Acquisition of subsidiary			33	33
Increases	628	95	813	1,536
Disposals			-190	-190
Acquisition cost, 31 December	5,642	1,827	2,779	10,248
Accumulated depreciation and impairment, 1 January	-2,713	-1,465	-1,435	-5,613
Translation differences and other adjustments			-47	-47
Depreciation for the period	-1,163	-176	-388	-1,728
Disposals			185	185
Accumulated depreciation and impairment, 31 December	-3,876	-1,640	-1,685	-7,202
Book value, 1 January	2,301	267	612	3,180
Book value, 31 December	1,765	186	1,095	3,046

Notes to the Consolidated Financial Statements

14. DEFERRED TAX ASSETS AND LIABILITIES**Changes in deferred tax during 2022:**

EUR thousand	1.1.2022	Acquisition of subsidiary	Recognized in the income statement	31.12.2022
Deferred tax assets:				
Other items	1,351		-591	760
Total	1,351		-591	760
Deferred tax liabilities:				
From allocation of the fair values of acquisitions	7,470	10,260	-1,493	16,237
Other items	34		-34	0
Total	7,504	10,260	-1,528	16,237

The accounting principles relating to income taxes are presented in Note 10 Income taxes.

Changes in deferred tax during 2021:

EUR thousand	1.1.2021	Acquisition of subsidiary	Recognized in the income statement	31.12.2021
Deferred tax assets:				
Confirmed losses	189		-189	0
Other items	494		857	1,351
Total	683		668	1,351
Deferred tax liabilities:				
From allocation of the fair values of acquisitions	487	7,620	-636	7,470
Other items	17		17	34
Total	504	7,620	-619	7,504

Notes to the Consolidated Financial Statements

15. TRADE AND OTHER RECEIVABLES

EUR thousand	2022	2021
Trade receivables	39,916	29,116
Lease security deposits	152	77
Accrued income	12,536	2,616
VAT receivable	1,608	1,990
Other receivables	3,570	9,408
Total	57,782	43,207

The Group has recognized a credit loss provision of EUR 2,912 thousand in trade receivables in the 2022 financial statements (2021: EUR 2,659 thousand). The carrying amount of the trade receivables is a moderate estimate of their fair value.

EUR thousand	2022	2021
Undue trade receivables	30,399	21,177
Trade receivables 1–30 days overdue	4,819	2,724
Trade receivables 31–60 days overdue	1,755	1,707
Trade receivables over 60 days overdue	2,943	3,508
Total	39,916	29,116

Notes to the Consolidated Financial Statements

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of cash assets, short-term bank deposits and other very liquid short-term investments with a period of maturity of no more than three months.

EUR thousand	2022	2021
Bank accounts	8,815	17,374
Total	8,815	17,374

17. NOTES TO SHAREHOLDERS' EQUITY

	Number of shares	Share capital (EUR thousand)
1 January 2022	24,782,648	500
31 December 2022	25,319,398	500

Share capital and number of shares

The share subscription price received in connection with the share issues shall be entered in the share capital to the extent that the subscription price has not been decided in the share issue resolution to be entered in the unrestricted shareholders' equity reserve.

Translation difference

Translation difference includes the exchange rate differences from the translation of the financial statements of foreign units.

Unrestricted shareholders' equity reserve

Unrestricted shareholders' equity reserve contains other equity type investments and the subscription price of shares to the extent that they are not, based on a specific decision, recognized in the share capital. For the option programs that have been decided on after the new Companies Act (21.7.2006/624) entered into force (September 1, 2006), the fees for subscriptions are recognized in full in the unrestricted shareholders' equity reserve.

Own shares

Own shares reserve includes the purchase costs of own shares in Qt Group's possession. The purchase and disposal of own shares is disclosed as separate fund in equity. At the end of December 2022, the Group held 79,000 of its own shares as treasury shares, which represents 0.31% of the entire stock.

Notes to the Consolidated Financial Statements

18. SHARE-BASED PAYMENTS

The Group has a share-based incentive scheme where payments are made in equity instruments. The share-based program is a market-based incentive scheme pursuant to IFRS 2. The rewards granted through the scheme are measured at fair value on the date of them being granted and recognized as expenses evenly during the vesting period. The impact of these arrangements on the financial results is shown under personnel expenses with retained earnings as the counter-item.

Equity incentive program 2022–2024

The Board of Directors of Qt Group Plc has decided on 16 February 2022 to establish a new equity incentive program for the company's President and CEO and other key persons. Objective of the program is to bring together the company owners' and key persons' goals for enhancing the company's value, commit the key persons to the company and to offer them a competitive incentive program based on company shares.

The incentive program has one reward collection 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 then continue to increase in a linear manner up to a maximum value equivalent to 130,000 shares once net sales reach EUR 360 million. Of the maximum reward equivalent to the value of 130,000 shares, the President and CEO's share is 10,000 and for other key persons it is equivalent to the value of 120,000 shares. 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.

Equity incentive program 2022–2024

Grant date	16 February 2022
Nature of the scheme	Shares and cash
Target group	Key personnel
Share-based remuneration, maximum number of shares	130,000
Earning period begins, date	1 January 2022
Earning period ends, date	31 December 2024
Vesting conditions	Development of Qt Group Plc's share price
Execution	As shares and cash

EFFECT OF OPTION PROGRAM ON THE NET PROFIT

EUR thousand	2022	2021
Equity incentive program 2022–2024	809	0
Equity incentive program 2019–2021	0	2,815
Total	809	2,815

Equity incentive program 2019–2021

The Board of Directors of Qt Group Plc has decided on 14 February 2019 to establish a new equity incentive program for the company's President and CEO and other key persons. Objective of the program is to bring together the company owners' and key persons' goals for enhancing the company's value, commit the key persons to the company and to offer them a competitive incentive program based on company shares.

The incentive program has one reward collection period covering years 2019–2021. Rewards in the program are determined by Qt Group Plc's net sales in 2021. Rewards will start accumulating once the net sales for 2021 exceed EUR 80 million, and then continue to increase in a linear manner up to a maximum value equivalent to 530,000 shares once net sales reach EUR 120 million. Of the maximum reward equivalent to the value of 530,000 shares, the President and CEO's share is 100,000 and for other key persons it is equivalent to the value of 430,000 shares. The rewards pursuant to the program will be paid upon the confirmation of the financial statements for 2021 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.

Equity incentive program 2019–2021

Grant date	14 February 2019
Nature of the scheme	Shares and cash
Target group	Key personnel
Share-based remuneration, maximum number of shares	530,000
Earning period begins, date	1 January 2019
Earning period ends, date	31 December 2021
Vesting conditions	Development of Qt Group Plc's share price
Execution	As shares and cash

Notes to the Consolidated Financial Statements

19. SHORT-TERM LIABILITIES

EUR thousand	2022	2021
Loans from financial institutions	155	15,000
Earn-out liabilities	3,125	2,829
Lease liabilities	1,868	862
Accounts payable	2,575	2,169
Advances received	10,234	13,441
Accrued charges and deferred credits	15,176	13,791
Other liabilities	3,302	4,048
Total	36,436	52,140

The carrying amount of accounts payable and other liabilities is a moderate estimate of their fair value. The terms of payment of the Group's accounts payable comply with the ordinary terms of payment of companies.

Accrued charges and deferred credits are primarily comprised of allocations of wages and salaries and personnel expenses.

Besides the aforementioned, EUR 3,542 thousand (2021: EUR 2,980 thousand) of the advances received have been presented in Other long-term liabilities due to their maturity.

Notes to the Consolidated Financial Statements

20. FINANCIAL LIABILITIES AND FINANCIAL RISK MANAGEMENT

Financial liabilities are initially measured at fair value. Financial liabilities are subsequently measured at cost allocated using the effective rate method if the transaction cost is not immaterial. Financial liabilities are included in long- and short-term liabilities. Financial liabilities are categorized as long-term liabilities when they mature in more than 12 months. Liabilities maturing in less than 12 months are categorized as short-term.

Financial liabilities

EUR thousand	2022		2021		Fair value hierarchy
	Asset values	Fair values	Asset values	Fair values	
Long-term					
Loans from financial institutions	24,000	24,000			2
Earn-out liabilities	9,025	9,025	1,856	1,856	3
Lease liabilities	2,135		1,166		
Total	35,160		3,022		
Short-term					
Loans from financial institutions	155	155	15,000	15,000	2
Earn-out liabilities	3,125	3,125	2,829	2,829	3
Lease liabilities	1,868		862		
Total	5,149		18,691		

All of the financial liabilities are denominated in euros.

Fair value hierarchy

Financial instruments measured at fair value are classified according to the following fair value hierarchy: instruments measured using quoted prices in active markets (level 1), instruments measured using inputs other than quoted prices included in level 1 observable either directly or indirectly (level 2), and instruments measured using inputs that are not based on observable market data (level 3).

Notes to the Consolidated Financial Statements

Maturity of liabilities

2022

EUR thousand	2023	2024	2025	Total
Loans from financial institutions	155	24,000		24,155
Earn-out liabilities	3,125	2,832	6,192	12,150
Lease liabilities	1,868	1,669	466	4,004
Total	5,149	28,501	6,659	40,309

2021

EUR thousand	2022	2023	2024	Total
Loans from financial institutions	15,000	-	-	15,000
Earn-out liabilities	2,829	1,856	-	4,685
Lease liabilities	862	647	519	2,028
Total	18,691	2,503	519	21,713

Notes to the Consolidated Financial Statements

FINANCIAL RISK MANAGEMENT

The Group is exposed to certain financial risks during the normal course of its business. The Group's management regularly monitors the financial risks associated with business operations. The objective of the Group's risk management is to minimize the adverse effects of the financial risks on the Group's earnings and balance sheet. The financial risks are mainly comprised of the credit risk and liquidity risk related to counterparties and fluctuation of market interest rates and exchange rates. The Group does not apply hedge accounting pursuant to IAS 39, and the Group has not held any derivative instruments during the financial period or the previous financial period.

Credit risk

Credit risk management and credit control are coordinated by the Group's financial function, which acts in cooperation with the business units. The Group's policy defines creditworthiness requirements for customers in order to minimize the amount of credit losses. A credit loss is recognized for trade receivables when there is objective evidence that the receivables will not be received in full under the original terms and conditions. A sufficient provision was made for uncertain accounts receivable at the end of the fiscal period.

The maturity breakdown of trade receivables is presented in Note 15 Trade and other receivables.

Foreign exchange rate risk

The existing foreign exchange rate risk is comprised of currency-denominated commercial transactions, monetary items on the balance sheet and net investments in foreign subsidiaries. Of the Group's cash flows, the biggest currency exposures arise from EUR and USD. The Group has both income and expenses in both main currencies, which significantly limits the foreign exchange risk. The company monitors the development of currency exposure as its operations expand and as non-USD-denominated currency items increase, which might lead to the adoption of an active hedging policy in the company. At the end of the financial year, the company had no existing hedging instruments and the Group does not apply hedge accounting.

Liquidity risk

Liquidity risk is associated with the sufficiency of financing required by the Group's working capital, repayment of loans, investment expenses and growth, and maintaining its continuity. The purpose of liquidity risk management is to continuously maintain a sufficient level of liquidity. To manage the risk, the Group continuously assesses the amount of financing required by business operations so that the Group has sufficient liquid assets for financing its operations and repaying maturing loans.

Interest rate risk

The Group has a variable interest rate bank loan due to which the Group is exposed to changes in market interest rates and hence interest risk. During the financial year 2022, the Group has not applied hedge accounting against interest rate risk. The Group will follow the development of the situation, and it is possible that it will adopt an active hedging policy in the future.

Notes to the Consolidated Financial Statements

21. THE GROUP'S CONTINGENT LIABILITIES

Contingent liabilities

EUR thousand	2022	2021
Pledges given on own behalf		
Guarantees	615	580
Pledges and contingent liabilities total	615	580

Notes to the Consolidated Financial Statements

22. TRANSACTIONS WITH RELATED PARTIES

The Group's related parties include the parent company and its subsidiaries. In addition, related parties are considered to include the members of the parent company's Board of Directors and the Group Management Team, including the President and CEO and persons and companies in which the management or Board of Directors exercise control or significant influence.

THE GROUP'S PARENT COMPANY AND SUBSIDIARY RELATIONSHIPS ARE AS FOLLOWS: Group companies 31 December 2022

Name	Group's holding	Domicile	Country
Qt Group Oyj	Parent company	Espoo	Finland
The Qt Company Oy	100%	Espoo	Finland
The Qt Company	100%	San Jose	United States
The Qt Company AS	100%	Oslo	Norway
The Qt Company GmbH	100%	Berlin	Germany
The Qt Company LLC	100%	Seoul	South Korea
The Qt Company Ltd	100%	Shanghai	China
The Qt Company UK	100%	Norwich	United Kingdom
The Qt Company France	100%	Issy-les-Moulineaux	France
Digia Software Ltd	100%	Chengdu	China
Digia Hong Kong Ltd*	100%	Hong Kong	China
Qt India Technology Pvt Ltd	100%	Bangalore	India
froglogic GmbH**	0%	Hamburg	Germany
Axivion GmbH	100%	Stuttgart	Germany
The Qt Company Japan***	100%	Tokyo	Japan

* The company did not engage in business operations

** froglogic GmbH was merged into The Qt Company GmbH in 2022.

*** A branch of The Qt Company Oy in Japan

Salaries and fees of the Board of Directors and President and CEO

EUR thousand		1.1.–31.12.2022	1.1.–31.12.2021
Varelius Juha	President and CEO	11,660	1,432
Ingman Robert	Chairman of the Board of Directors	82	73
Uhari Tommi	Vice Chairman of the Board of Directors until 15 March 2022	18	53
Saarinen Leena	Vice Chairman of the Board of Director from 15 March 2022	61	40
Koppinen Jaakko	Member of the Board of Directors	43	36
Marsio Mikko	Member of the Board of Directors	45	36
Välimäki Mikko	Member of the Board of Directors	33	
Total		11,940	1,670

Management's employee benefits

EUR thousand		1.1.–31.12.2022	1.1.–31.12.2021
Salaries and other short-term employee benefits		13,889	1,877
Option and Equity incentive program		148	792
Total		14,037	2,669

CEO and other key persons' 2022 salaries included 2019-2021 accumulated one-time share bonuses, of which share-based payments amounted to EUR 23,594 thousand.

Notes to the Consolidated Financial Statements

23. EVENTS AFTER THE CLOSING DATE OF THE REPORTING PERIOD

On January 3, 2023, Qt Group issued a release to disclose that, during the period September 13–December 9, 2022, a total of 66,187 new shares in the company had been subscribed for with the company's stock options 2016. For subscriptions made with the stock options 2016, the entire subscription price of EUR 320,345.08 will be entered in the reserve for invested unrestricted equity. After the new shares are entered in the Trade Register, the total amount of shares is 25,464,585. The shares subscribed for under the stock options 2016 have been registered in the Trade Register on January 2, 2023, as of which date the new shares established shareholder rights.

The company had no other significant events deviating from normal business operations after the end of the review period.

Parent company's income statement FAS

EUR	Notes	2022	2021
Net sales		4,827,604.28	422,878.52
Personnel expenses	1	-7,046,581.08	-1,025,635.85
Other operating expenses	2	-1,699,298.16	-1,025,887.45
Operating profit		-3,918,274.96	-1,628,644.78
Financial expenses	3	-358,336.05	-101,386.28
Earnings before appropriations and taxes		-4,276,611.01	-1,730,031.06
Appropriations			
Group contributions received		7,562,041.17	2,273,401.32
Total appropriations		7,562,041.17	2,273,401.32
Income taxes		0.00	0.00
Net profit		3,285,430.16	543,370.26

Parent company's balance sheet (FAS)

EUR	Notes	31.12.2022	31.12.2021
Non-current assets			
Investments			
Holdings in group companies	4	17,406,928.24	17,406,928.24
Total		17,406,928.24	17,406,928.24
Non-current assets total			
		17,406,928.24	17,406,928.24
Current assets			
Accounts receivable from group companies		0,00	188,987.20
Current receivables from group companies		88,365,972.95	32,394,743.46
Other receivables		883,101.03	38,259.80
Cash in hand and at banks		278,495.04	230,559.43
Total		89,527,569.02	32,852,549.89
Total assets			
		106,934,497.26	50,259,478.13

EUR	Notes	31.12.2022	31.12.2021
Shareholders' equity			
Share capital	5	500,000.00	500,000.00
Unrestricted shareholders' equity reserve	5	55,127,153.89	36,457,747.23
Own shares		-9,959,968.64	-18,351,075.90
Retained earnings		-3,541,300.96	-547,773.61
Net profit	5	3,825,430.16	543,370.26
Total		45,411,314.45	18,602,267.98
Long-term liabilities			
Long-term interest-bearing liabilities		24,000,000.00	0.00
Total		24,000,000.00	0.00
Short-term liabilities			
Accounts payable		22,248.12	143,606.60
Other liabilities		1,167,383.89	134,334.26
Short-term interest-bearing liabilities		3,636,095.57	17,092,778.17
Accrued charges and deferred credits	6	32,697,454.83	14,286,491.12
Total		37,523,182.81	31,657,210.15
Total shareholders' equity and liabilities			
		106,934,497.26	50,259,478.13

Parent company's cash flow statement FAS

EUR	2022	2021
Net profit before tax	-4,276,611.01	-1,730,031.06
Adjustments to net profit	358,336.05	101,386.28
Change in working capital	-20,592,543.94	-6,911,667.44
Interest paid	-137,759.72	-66,278.17
Other financial items	-65,190.47	-35,108.11
Income taxes paid	-876,533.15	0.00
Cash flow from financial items and taxes	-1,079,483.34	-101,386.28
Cash flow from operations	-25,590,302.24	-8,641,698.50
Repayment of current borrowings	-15,000,000.00	0.00
Proceeds from non-current borrowings	24,000,000.00	0.00
Proceeds from current borrowings	0.00	15,000,000.00
Net changes in bank overdrafts	1,387,931.54	2,092,778.17
Issue of treasury shares	14,511,301.23	0.00
Purchase of treasury shares	0.00	-11,067,212.12
Share subscriptions based on stock options 2016	739,005.08	1,357,900.72
Cash flow from financing	25,638,237.85	7,383,466.77
Change in cash and cash equivalents	47,935.61	-1,258,231.73
Cash and cash equivalents at beginning of period	230,559.43	1,488,791.16
Cash and cash equivalents at end of period	278,495.04	230,559.43

Basic information on the parent company and accounting policies applied in the financial statements

BASIC INFORMATION ON THE COMPANY

Qt Group Plc is the parent company of Qt Group, and its domicile is Espoo and its registered address is Miestentie 7, FI-02150 Espoo, Finland. Qt Group Plc's subsidiary responsible for its operations in Finland is The Qt Company Oy.

ACCOUNTING POLICIES APPLIED IN THE FINANCIAL STATEMENTS

The parent company's financial statements have been prepared in accordance with the Finnish Accounting Standards (FAS). The financial statements are based on original acquisition costs. Acquisition cost-based accounting is discounted to correspond to the fair value, if necessary.

PENSION ARRANGEMENTS

The pension cover of the company's personnel is provided through statutory pension insurance. Pension contributions and expenses allocated to the financial period are based on confirmation received from the insurance company. Pension expenses are recognized as expenses for the year during which they are incurred.

TAXES

Taxes recognized in the income statement include taxes based on the net profit for the financial period, and adjustments to taxes for previous periods.

TANGIBLE AND INTANGIBLE ASSETS

Tangible and intangible assets are recognized in the balance sheet at direct acquisition cost less planned depreciation. Planned depreciation is based on the following useful lives:

Intangible assets	3–5 years
-------------------	-----------

Acquisitions of fixed assets with a useful life of less than three years are recognized as annual expenses.

CASH AND CASH EQUIVALENTS AND LOANS FROM FINANCIAL INSTITUTIONS

Cash and cash equivalents include cash assets and bank accounts. Overdraft facilities of accounts are presented in current liabilities on the balance sheet. Loans from financial institutions are included in long- and short-term liabilities on the balance sheet. Interest expenses are recognized as expenses for the period during which they are incurred.

SHAREHOLDERS' EQUITY AND DIVIDENDS

The Board of Directors' proposal for dividend payout is not recognized in the distributable shareholders' equity in the financial statements before the approval of the Annual General Meeting.

Notes to the parent company financial statements FAS

1. INFORMATION ON PERSONNEL AND RELATED PARTIES

EUR	2022	2021
Wages and salaries	6,952,592.25	915,437.01
Pension expenses	83,978.19	98,184.08
Other personnel expenses	10,010.64	12,014.76
Total	7,046,581.08	1,025,635.85

The company's personnel expenses are comprised of the salaries and fees paid to the President and CEO and the Board of Directors. More detailed information about the related parties is presented in Note 22 Transactions with related parties to the consolidated financial statements.

2. OTHER OPERATING EXPENSES

EUR	2022	2021
IT expenses	4,588.45	4,737.95
Expert services	970,154.87	609,913.79
Other expenses	724,554.84	411,235.71
Total	1,699,298.16	1,025,887.45
Auditor's fees		
Audit	21,927.75	17,588.48
Other services	1,450.00	5,498.00
Total	23,377.75	23,086.48

The company's auditor for 2021 and 2022 was KPMG Oy Ab.

3. FINANCIAL INCOME AND EXPENSES

EUR	2022	2021
Other financial expenses	358,336.05	101,386.28
Total	358,336.05	101,386.28

Notes to the parent company financial statements

4. INVESTMENTS**Holdings in group companies**

EUR	2022
Acquisition cost, 1 January	17,406,928.24
Acquisition cost, 31 December	17,406,928.24
Book value, 1 January	17,406,928.24
Book value, 31 December	17,406,928.24
EUR	2021
Acquisition cost, 1 January	17,406,928.24
Acquisition cost, 31 December	17,406,928.24
Book value, 1 January	17,406,928.24
Book value, 31 December	17,406,928.24

Itemization of shares

Group companies	Domicile	Country	Holding	Share of votes
Digia Hong Kong Ltd	Hong Kong	China	100%	100%
The Qt Company Oy	Espoo	Finland	100%	100%

Notes to the parent company financial statements

5. CHANGES IN SHAREHOLDERS' EQUITY

EUR	2022	2021
Share capital, 1 January	500,000.00	500,000.00
Share capital, 31 December	500,000.00	500,000.00
Unrestricted shareholders' equity reserve, 1 January	36,457,747.23	29,099,846.51
Issue of shares	8,273,310.00	6,000,000.00
Issue of treasury share	9,657,091.58	0.00
Share subscriptions based on stock options	739,005.08	1,357,900.72
Unrestricted shareholders' equity reserve, 31 December	55,127,153.89	36,457,747.23
Own shares, 1 January	-18,351,075.90	-7,283,863.78
Purchase of treasury shares	0.00	-11,067,212.12
Decrease of treasury shares	8,391,107.26	0.00
Own shares, 31 December	-9,959,968.64	-18,351,075.90
Retained earnings	-4,403.35	-547,773.61
Decrease of treasury shares	-3,536,897.61	0.00
Net profit (loss)	3,285,430.16	543,370.26
Total shareholders' equity	45,411,314.45	18,602,267.98
Calculation of distributable funds		
Unrestricted shareholders' equity reserve	55,127,153.89	36,457,747.23
Treasury shares	-9,959,968.64	-18,351,075.90
Retained earnings	-3,541,300.96	-547,773.61
Net profit (loss)	3,285,430.16	543,370.26
Total distributable funds	44,911,314.45	18,102,267.98

Notes to the parent company financial statements

6. ACCRUED CHARGES AND DEFERRED CREDITS

EUR	2022	2021
Accrued charges and deferred credits to group companies	32,396,053.01	14,015,040.21
Personnel expense allocations	173,730.73	258,337.50
Other accrued charges and deferred credits	127,671.09	13,113.41
Total	32,697,454.83	14,286,491.12

Board of Directors' dividend proposal

Parent company's net result showed a profit of EUR 3,285,430.16. The Board of Directors of the Qt Group Plc proposes to the Annual General Meeting that no dividend be paid for the fiscal year that ended on 31 December 2022.

Signatures to the Financial Statements and the Board of Directors' Report

ESPOO, 15 FEBRUARY 2023

Robert Ingman

Chairman of the Board of Directors

Mikko Marsio

Member of the Board of Directors

Leena Saarinen

Vice Chairman of the Board of Directors

Mikko Välimäki

Member of the Board of Directors

Jaakko Koppinen

Member of the Board of Directors

Juha Varelius

President and CEO

AUDITORS' NOTE

The report of the audit has been issued today.

Espoo, 15 February 2023

KPMG Oy Ab

Authorized Public Accountants

Kim Järvi, Authorized Public Accountant

Auditor's Report

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

To the Annual General Meeting of Qt Group Plc

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Qt Group Plc (business identity code 2733394-8) for the year ended December 31, 2022. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 8 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assess-

ment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial state-

ments as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

The key audit matter

How the matter was addressed in the audit

**Revenue Recognition and Valuation of Accounts Receivable
– Refer to Accounting Principles and Notes 2 and 15 in the Consolidated Financial Statements**

Revenue recognition is one of the key areas of focus, in respect of the risk of management override and timing of revenue for license, maintenance and consulting income.	We have tested controls over revenue recognition, including timing of revenue recognition, as well as performed substantive testing.
Accounts receivable includes management estimate relating to valuation of overdue accounts receivable.	We have assessed the recoverability of overdue accounts receivable and the related evidence as well as challenged the management's assessment of the bad debt provision.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing

an opinion on the effectiveness of the parent company's or the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER REPORTING REQUIREMENTS

Information on our audit engagement

We were first appointed as the auditors of Qt Group Plc by the Annual General Meeting on May 1, 2016, when the company was founded as the result of de-merger from Digia Plc. We were appointed as auditors of Digia Plc for the financial year 2015.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, February 15, 2023
KPMG OY AB

Kim Järvi
Authorized Public Accountant, KHT

Corporate Governance Statement 2022

I. Introduction

This Corporate Governance Statement has been prepared in accordance with the Governance Code for Listed Finnish Companies 2020 ("Governance Code") and chapter 7, section 7 of Finnish Securities Market Act (746/2012). This Statement has been issued separately from the Board's operating and financial review.

The Governance Code is available on the Finnish Securities Market Association website at www.cgfinland.fi.

II. Governance

Qt Group Plc's (hereinafter referred to as the "company") corporate governance system is based on the Companies Act, the Securities Markets Act, general corporate governance recommendations, and the company's Articles of Association and in-company rules and regulations on corporate governance.

The company's corporate governance principles are integrity, accountability, fairness and transparency. This means, among other things, that:

- The company complies with the applicable laws, rules and regulations.
- The company organizes, plans and manages its operations, and does business abiding by the applicable professional requirements approved by Board members, who demonstrate due care and responsibility in performing their duties.
- The company demonstrates special prudence with respect to the management of its capital and assets.
- The company's policy is to keep all market participants actively, openly and equitably informed of its business operations.
- The company's management, administration and personnel are subject to the appropriate internal and external audits and supervision.

SHAREHOLDERS' MEETING

The company's highest decision-making body is the Shareholders' Meeting at which shareholders exercise their voting rights regarding company matters. Each company share entitles the holder to one vote at the Shareholders' Meeting.

The AGM will be held annually within three (3) months of the end of the financial year. An Extraordinary General Meeting will be held if the Board of Directors deems it necessary or if requested in writing by a company auditor or shareholders holding a minimum of 10 per cent (1/10) of the company's shares, for the purpose of discussing a specific issue.

The Finnish Limited Liability Companies Act and the company's Articles of Association define the responsibilities and duties of the Shareholders' Meeting. Extraordinary General Meetings decide on the matters for which they have been specifically convened.

Board of Directors

Operations and duties

Elected by the Shareholders' Meeting, the Board of Directors is in charge of company administration and the appropriate organisation of company operations. Under the Articles of Association, the Board of Directors consists of four (4) to eight (8) members. The Compensation and Nomination Committee prepares a proposal for the Shareholders' Meeting regarding the composition of the new Board of Directors to be appointed.

The majority of Board members must be independent of the company and a minimum of two (2) of those members must also be independent of the company's major shareholders. The President and CEO or other company employees under the President and CEO's direction may not be elected members of the Board.

The term of all Board members expires at the end of the Annual General Meeting following their election. A Board member can be re-elected without limitations on the number of successive terms. The Board of Directors elects its Chairman and Vice Chairman from amongst its members.

The Board of Directors has determined the principles regarding the diversity of the Board of Directors. Accordingly, the requirements of company size, market position and business industry should be duly reflected when composing the Board of Directors. When composing the Board of Directors, the objective

is that the Board of Directors will always include necessary expertise especially in the following key areas:

- the company's field of business,
- management of a similar-sized company,
- the specific nature of a publicly listed company,
- accounting,
- risk management, and
- Board activity.

The aim for the composition the Board of Directors is to have both genders represented. The defined diversity principles were well fulfilled in the company's Board of Directors during financial year 2022.

The Board has prepared and approved a written agenda for its work. In addition to Board duties prescribed by the Companies Act and other rules and regulations, the Board of Directors is responsible for issues on its agenda, observing the following guidelines:

- Good board practices require that the Board of Directors, instead of needlessly interfering in the details involved in day-to-day operations, concentrate on elaborating the company's short- and long-term strategies.
- The Board's general duty is to steer the company's business with a view to maximizing shareholder value in the long term, while taking account of expectations set by various stakeholder groups; and
- Board members are required to perform on the basis of sufficient, relevant and updated information, in order to serve the company's interests.

In addition, the Board's agenda:

- defines the Board's annual action plan and provides a preliminary meeting schedule and framework agenda for each meeting;
- provides guidelines for the Board's annual self-assessment;
- provides guidelines for distributing notices of meetings and advance information to the Board and procedures for keeping and adopting minutes;
- defines job descriptions for the Chairman, members and secretary of the Board of Directors (the secretary is the Company's General Counsel or, if absent, the CEO); and
- defines the framework within which the Board may set up special committees or working groups.

The Board evaluates its activities and working methods annually, employing an external consultant for this evaluation, if necessary.

Board of Directors



Robert Ingman

b. 1961

M.Sc. (Eng.), M.Sc. (Econ.)

Chairman of the Board of Directors of Qt Group Plc since 2016. Member of the Compensation and Nomination Committee.

Full-time Chairman of the Board of Ingman Group Oy Ab.

His previous posts include Managing Director at Arla Ingman Oy Ab (2007–2011) and Ingman Foods Oy Ab (1997–2006). Chairman of the Board of Etteplan Oyj, Digia Plc and Halti Ltd. Member of the Board of Evli Pankki Plc.

Independent of the Company.



Leena Saarinen

b. 1960

M.Sc. (Food technology)

Member of the Board of Directors of Qt Group Plc since 2016. Chair of the Compensation and Nomination Committee.

Currently works as a board professional. Chairman of the Board at Palmia Ltd and Helsinki School of Business AB. Board member at Handelsbanken Finland, Etteplan Oyj and Reka Industrial Oyj.

Her previous posts include Managing Director at Suomen Lähikauppa Ltd (2007–2010), President and CEO at Altia Corporation (2005–2007) and various positions at Unilever (1990–2005).

Independent of the Company and major shareholders.



Mikko Välimäki

b. 1976

PhD, LL.M

Member of the Board of Directors of Qt Group Plc since 2022. Member of the Audit Committee.

Entrepreneur and investor. Contributing to a number of start-ups including Ellie Technologies Inc. executive chairman and IQM Finland Oy board member.

Previously co-founder and CEO of Tuxera Inc. (2009–2019) and other start-up companies.

Independent of the company and major shareholders.



Jaakko Koppinen

b. 1969

M.Sc. (Eng.)

Member of the Board of Directors of Qt Group Plc since 2018. Member of the Audit Committee.

Currently Vice President, EMEA and member of the Executive Team at Normet Oy. Strategic advisor in several companies.

Has served as Global Division President and member of the Board at Sandvik Mining and Construction Oy (2017–2020). He has also previously served as Managing Director of Orica Finland Oy (2016–2017), and as General Manager of Wihuri Oy Witraktor (2012–2015). He also has held several senior management roles at Konecranes Plc (2008–2012) and at Sandvik Group (1995–2008).

Independent of the Company and major shareholders.



Mikko Marsio

b. 1971

M.Sc. (Eng.)

Member of the Board of Directors of Qt Group Plc since 2018. Chair of the Audit Committee and member of the Compensation and Nomination Committee.

Currently Chief Revenue Officer and member of the Executive Team at Cadmatic Oy.

Has worked as SVP, Digital business and Software in Process Industries division at ABB (2017–2020) and in various managerial positions e.g. at Empower Group (2016–2017), Dovre Group Plc (2012–2015), Hewlett-Packard (2005–2008) and Fortum Plc (1996–2001).

Independent of the Company and major shareholders.

Composition of Board of Directors

THE BOARD OF DIRECTORS OF QT GROUP PLC 2022

Name	Education	Year of Birth	Main Activity	Shareholding, pcs*
Robert Ingman	M.Sc. (Eng.), M.Sc. (Econ.)	1961	Chairman of the Board of Directors at Ingman Group Oy Ab	5,475,000
Jaakko Koppinen	M.Sc. (Eng.)	1969	Director, Normet Oy	0
Mikko Marsio	M.Sc. (Eng.)	1971	Chief Revenue Officer, Cadmatic Oy	800
Leena Saarinen	M.Sc. (Food Technology)	1960	Board professional	2,844
Tommi Uhari**	M.Sc. (Eng.)	1971	Partner at venture capital fund Karma Ventures	-
Mikko Välimäki***	Ph.D, LL.M	1976	Investor	0

* Company shares held directly or through legal entities under person's control/influence as of 31 December 2022.

** Board member until March 15, 2022

*** Board member as of March 15, 2022

No Board Member owns any stock-options or other share-based rights in the company.

Of the aforementioned Members of the Board, Jaakko Koppinen, Mikko Marsio, Leena Saarinen and Mikko Välimäki are independent of the company and its major shareholders. Robert Ingman is independent of the company. Robert Ingman is not independent of the company's major shareholders due to his role as a Chairman of the Board of the company's biggest shareholder Ingman Development Oy Ab.

During the financial year 2022, the Board of Directors held 14 meetings. The participation rate in the meetings was the following:

Member	PARTICIPATION
Robert Ingman (Chair)	14/14
Jaakko Koppinen	14/14
Mikko Marsio	14/14
Leena Saarinen	14/14
Tommi Uhari	2/2
Mikko Välimäki	12/12
Total	100%

Committees of the Board of Directors

The company's Board of Directors had two (2) committees in financial year 2022: the Compensation and Nomination Committee and the Audit Committee.

These committees do not hold powers of decision or execution. They assist the Board in decision-making concerning their own areas of expertise. The committees report regularly on their work to the Board, which governs and assumes collective responsibility for the committees' work.

The purpose of the Compensation and Nomination Committee is to prepare and follow-up the remuneration policy and remuneration report for the company's governing bodies as well as compensation and remuneration schemes for the company management in order to ensure that the company's targets are met, to guarantee the objectivity of decision-making, and to see to it that the schemes are transparent and systematic. The Compensation and Nomination Committee also prepares a proposal for the Annual General Meeting concerning the number of members of the Board of Directors, the members of the Board of Directors, the remuneration of the Chairman, Vice Chairman and members of the Board and the remuneration of the chairmen and members of the committees of the Board of Directors.

During 2022, the members of the Compensation and Nomination Committee and their participation in the meetings were as follows:

Member	PARTICIPATION
Robert Ingman	5/5
Mikko Marsio*	2/2
Leena Saarinen (Chair)	5/5
Tommi Uhari**	3/3
Total	100%

* Committee member as of March 15, 2022

** Committee member until March 15, 2022

The purpose of the Audit Committee is to assist the Board of Directors in ensuring that the company's financial reporting, accounting methods, financial statements and other reported financial information are legitimate, balanced, transparent and clear.

During 2022, the members of the Audit Committee and their participation in the meetings were as follows:

Member	PARTICIPATION
Jaakko Koppinen	4/4
Mikko Marsio (Chair)*	4/4
Tommi Uhari (Chair)**	1/1
Mikko Välimäki***	3/3
Total	100%

* Committee Chair as of March 15, 2022

** Committee Chair until March 15, 2022

*** Committee member as of March 15, 2022

Management Team

The company has a Management Team, chaired by the Chief Executive Officer (CEO) of the company. The Board of Directors appoints the CEO and, upon the CEO's proposal, confirms the appointment of Management Team members and their essential terms of their employment. The CEO, together with the other members of the Management Team, is in charge of company's business operations and administration in accordance with the instructions and regulations issued by the Board of Directors, and as defined by the Finnish Limited Liability Companies Act.

The CEO may take exceptional and far-reaching measures, in view of the nature and scope of the company's activities, only if so authorised by the Board of Directors. The CEO is not a member of the Board of Directors but attends Board meetings.

DURING THE FINANCIAL YEAR 2022, THE MANAGEMENT TEAM OF THE COMPANY WAS AS FOLLOWS:

Name	Education	Year of Birth	Responsibility	Shareholding, pcs*
Juha Varelius	M.Sc. (Econ.)	1963	Chief Executive Officer	350,776
Mari Heusala**	M.Sc (Econ)	1966	SVP, Human Resources	0
Petteri Holländer	M.Sc. student (Eng.)	1974	SVP, Ventures	10,000
Marko Kaasila	M.Sc. (Eng), MBA	1972	SVP, Product Management	0
Katja Kumpulainen	eMBA	1973	SVP, Marketing	12,000
Jouni Lintunen	M.Sc. (Eng.)	1971	Chief Financial Officer	2,500
Juhapekka Niemi	M.Sc. (Computer Sciences)	1968	EVP, Sales and Business Development	51,211
Mika Pälsi	LL.M.	1970	General Counsel	2,500
Helena Telaranta***	M.Sc. (Econ.)	1973	SVP, Human Resources	-
Tuukka Turunen	M.Sc. (Computer Sciences), Licentiate of Technology	1974	SVP, R&D	141,786

* Company shares held directly or through legal entities under control/influence by a person as of December 31, 2022.

** Member of the Management Team since August 15, 2022

*** Member of the Management Team until July 29, 2022

Management Team



Juha Varelius

b. 1963

Master of Economic Sciences

CEO of Qt Group Plc since 2016.

Previously acted as the CEO of Digia Oyj (2008–2016) and in various managerial positions at Everypoint Inc and Yahoo! (2002–2007) as well as Sonera (1993–2002).



Juhapekka Niemi

b. 1968

Information Technology Engineer

Executive Vice President of Qt Group Plc since 2016.

Previously acted as Chief Business Officer at Digia Oyj (2013–2016) as well as in various managerial and directorial positions at Nokia Oyj (2000–2013).



Jouni Lintunen

b. 1971

Master of Science in Technology

Chief Financial Officer of Qt Group Plc since 2020.

Previously acted as Finance Director (2016–2020) and Business Controller (2013–2015) at PaloDEX Group Oy, and in various directorial and expert positions at Vaisala Oyj (1998–2013).



Katja Kumpulainen

b. 1973

eMBA

Senior Vice President, Marketing of Qt Group Plc since 2016.

Previously acted as Chief Marketing Officer at Digia Oyj (2015–2016) and Nervogrid Oy (2012–2015) as well as in various managerial, directorial and expert positions at Lite-On Mobile Oy (prev. Perlos) (2007–2012) and Basware Oyj (1995–2007).

Management Team



Mika Pälsi

b. 1970
Master of Laws

General Counsel of Qt Group Plc since 2016.

Previously acted as General Counsel of Digia Oyj (2009–2016), Senior Legal Counsel at Tieto Oyj (2005–2009) and as an attorney at Castrén & Snellman (1999–2005).



Petteri Holländer

b. 1974
M.Sc. student (Eng)

Senior Vice President, Ventures of Qt Group Plc since 2021.

Member of the Management team of Qt Group since 2016, previously SVP, Product Management. Prior to that acted as Chief Product Officer, Business Development Officer and in other managerial positions at Digia Oyj and its predecessors (2001–2016), and as Product Development Officer at Sonera SmartTrust Oy (1999–2001).



Tuukka Turunen

b. 1974
Master of Science in Technology, Licentiate in Technology

Senior Vice President, Research and Development of Qt Group Plc since 2016.

Previously acted in various managerial and directorial positions at Digia Oyj (2001–2016), as a software developer at Nokia Mobile Phones (1997–1998) and in teaching and research positions at the University of Oulu (1996–1997 and 1998–2000).



Mari Heusala

b. 1966
Master of Economic Sciences

Senior Vice President, Human Resources of Qt Group Plc since 2022.

Previously acted as Executive Vice President, Human Resources at Vaisala Corporation (2019–2021), F-Secure Corporation (2015–2018), and Basware Corporation (2009–2015), as well as in various directorial and managerial positions at Nokia Corporation (1997–2009).



Marko Kaasila

b. 1972
Master of Science in Technology, MBA

Senior Vice President, Product Management of Qt Group Plc since 2021.

Previously acted as CEO of Bitbar Technologies and Head of Product following the acquisition of the company by Smartbear Software (2009–2020), as Director of Business Unit at On2 Technologies (2005–2008) and in product and project management roles at Flextronics, Telefonica and Nokia (1998–2005).

III. Financial Reporting Related Internal Control and Risk Management Systems

CONTROL FUNCTIONS AND CONTROL ENVIRONMENT

The company has a finance unit tasked with verifying monthly reports. The finance unit reports to the management, the Board of Directors and the Board's Audit Committee regarding the financial performance of the company.

The company uses a reporting system which compiles separate subsidiaries' reports into the consolidated financial statements. The accuracy of accounting and the financial statements is monitored by the finance unit. The company also has the necessary separate reporting and information systems for monitoring business operations and asset management.

The Group's finance unit provides instructions for drawing up financial statements and interim financial statements, and compiles the consolidated financial statements. The finance unit has centralised control over the Group's funding and asset management, and is in charge of managing interest rate and currency risk.

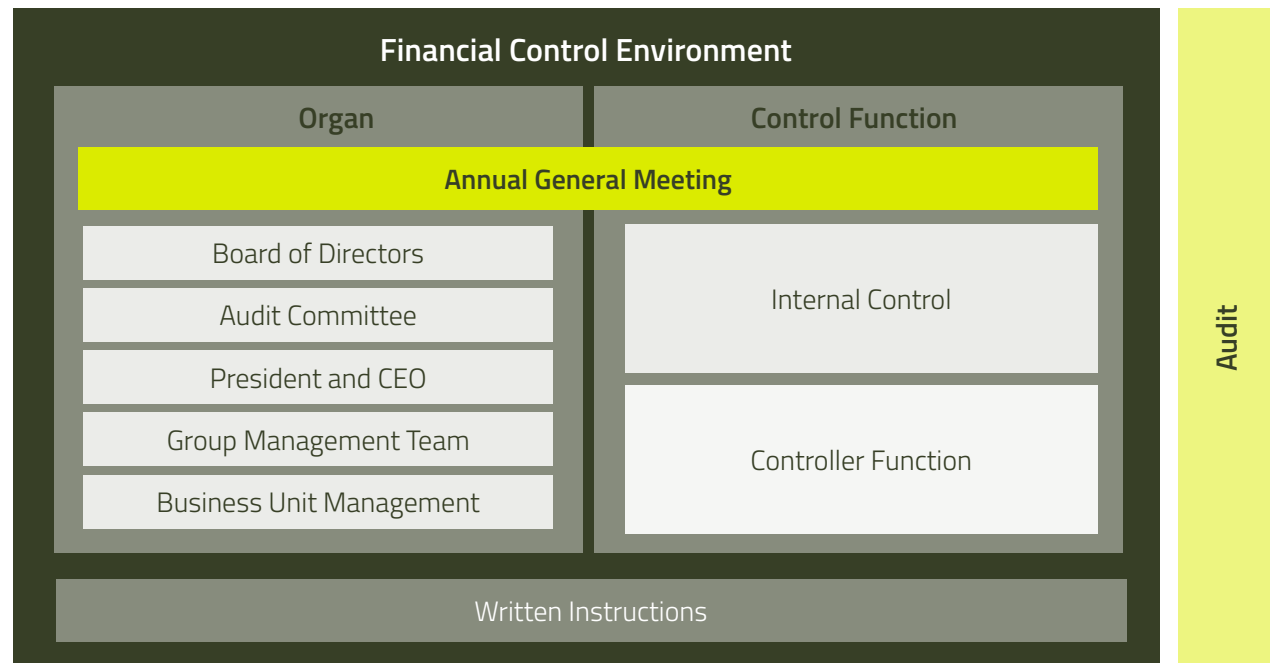
INTERNAL RISK CONTROL

As a general principle, authorisation is distributed in the company in such a way that no individual may independently perform measures unbeknown to at least one other individual. For example, the company's bookkeeping and asset management are managed by separate persons, and two authorised persons are needed to sign on behalf of the company.

Group-level reporting and supervision are based on monthly income reporting led by the CFO and on updates of the latest forecasts.

The company's operations are divided into function-specific areas of responsibility, with the Senior Vice Presidents in charge of each function reporting to the CEO. The Senior Vice Presidents responsible for the company's functions report to the Management Team on development matters, strategic and annual planning, investments and internal organisational matters related to their areas of responsibility.

The company's operational management and supervision take place according to the corporate governance system described hereinabove. The Group's administration unit is in charge of HR management and policy. The legal affairs unit provides instructions for and monitors contracts made by the company and ensures the legality of the Group's operations.



COMMUNICATIONS

The Group's General Counsel is in charge of the company's external communications and their correctness. External communications include financial reports and other stock exchange communications. The General Counsel is responsible for the publication of interim reports and financial statements, as well as for actions related to convening and holding Shareholders' Meetings. Most communications take place through the company's website and using stock exchange releases.

RISK MANAGEMENT

The purpose of the company's risk management process is to identify and manage risks in such a way that the company is able to meet its strategic and financial targets. Risk management is a continuous process, by which the major risks are identified, listed and assessed, the key persons in charge of risk management are appointed and risks are prioritised according to an assessment scale in order to compare the effects and mutual significance of risks.

The main operational risks handled by the company's risk management function are customer risk, personnel risk, data security risk, IPR risk and goodwill risk.

Customer risks include for example a change in customer payment behavior or their ability to pay and a weakening of the Company's negotiation position with significant customer accounts in particular. Qt Group manages customer risk by actively managing its customer portfolio and avoiding poten-

tial risk positions. Personnel risks are managed with various personnel benefits, incentive schemes, and a goal and development discussion framework. Qt Group strives to advance its personnel's professional development by focusing on learning on the job and keeping an up-to-date job description archive to help with career planning within the Company. Data security risk is managed through the continuous development of working models, security practices and processes. Qt Group has established mandatory personnel trainings for information and cyber security, data protection and privacy, and the company monitors the training completion rate. Qt Group has regular vulnerability scans and has implemented a quarterly security review. In addition, the Group's certified quality systems are regularly evaluated. Risks associated with shared operating models and best practices, as well as their integrated development, are managed according to plan under the supervision of the Group Management Team. Risks typical to software business, especially to international product business, relating to appropriate protection of company's own IPRs and violation of IPRs of third parties are managed through extensive internal policies, standard contracts and appropriate follow-up and analysis. With respect to IFRS-compliant accounting policies, the Group actively monitors goodwill and the related impairment tests, as part of prudent and proactive risk management practices within financial management.

In addition to operational risks, the company is subject to financial risks. The company's internal and external financing

and the management of financial risks are coordinated by the finance function of the Group's parent company. This function is responsible for the Group's liquidity, sufficiency of financing, and the management of interest rate and currency risk. The Group is exposed to several financial risks during the normal course of its business. The objective of the Group's risk management is to minimise the adverse effects of changes in the financial markets on the Group's earnings. The primary types of financial risks are interest rate risk, currency risk, credit risk and funding risk. The general principles of risk management are approved by the Board of Directors, and the Group's finance function is responsible for their practical implementation together with the business divisions.

IV. Other Information

INTERNAL AUDIT

The tasks of internal audit include, among other things, the assessment of the company's internal control systems and risk management, as well as evaluation of the appropriateness and efficiency of management and administration processes.

Internal audit does not form a function of its own in the company but is the responsibility of the company's Financial and Legal functions.

To follow business activities and financial administration, the company has necessary reporting systems in use. As part of the legality control of the company's activities, the company's Auditor evaluates the functionality of this internal control system.

AUDITOR

KPMG Oy Ab, Authorised Public Accountants, serves as the auditor of the company, with Authorised Public Accountant Kim Järvi as the principal auditor.

During financial year 2022, the auditor's fees for auditing services was EUR 37 thousand and EUR 24 thousand for services that were not related to auditing.

INSIDER ADMINISTRATION

The company follows the Guidelines for Insiders by Nasdaq Helsinki Oy.

The company's General Counsel is responsible for the compliance with the Insider Guidelines and the follow-up of the disclosure obligation, regarding training.

RELATED PARTY TRANSACTION GUIDELINES

Related parties of the company mean the related parties of a listed company in accordance with the Limited Liability Companies Act (IAS 24).

Related party transaction means an agreement or other legal act between the company and a related party.

The Board of Directors shall monitor and evaluate related party transactions and decide on all such transaction whenever they are outside the scope of company's ordinary activities or are not concluded on arm's-length terms.

According to company's related party transaction guidelines the members of the Board and management team are obliged to provide the company's General Counsel, who is company's nominated responsible person for related party matters, with advance notice of any transactions concluded with the company by them personally or by their respective related parties.

On the other hand, company's General Counsel will follow-up all transactions the company concludes outside the scope of company's ordinary activities or that are not concluded on arm's-length terms.

In the event General Counsel becomes aware of a related party transaction, which is outside the scope of company's ordinary activities or which is not concluded on arm's-length terms, General Counsel shall bring such transaction for the approval by the Board of Directors before such transaction is concluded.

With the exception of transactions between different group companies, company does not ordinarily conclude any transactions with its related parties. As a main rule, all agreements and business transactions of the company are concluded on arm's length terms.

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
Average remuneration of the Board of Directors	56	48	48	47	47
<i>Change, %¹</i>	16.7%	0%	2.1%	0%	0%
Remuneration of the President and CEO	15,945²	27,473³	6,994⁴	327	444
<i>Change, %¹</i>	-72.3%	>100%	>100%	-35.8%	2.8%
Employee remuneration⁵	107	117	105	103	97
<i>Change, %¹</i>	-8.5%	11.4%	1.9%	6.2%	5.4%
Net sales	155,318	121,139	79,455	58,373	45,590
<i>Change, %¹</i>	28.2%	52.5%	36.1%	28.0%	25.7%
Operating result	36,870	28,812	17,017	219	-2,322
<i>Change, %¹</i>	28.0%	69.3%	>100%	-	-
Qt Group Plc market capitalization, 31.12.	1,130,229	3,364,135	1,412,600	499,600	188,000
<i>Change, %¹</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 ¹	AC ²	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 ³	Member	Member	CHAIR	34,500	10,000	44,500
Leena Saarinen ⁴	Vice-chair	CHAIR	-	43,500	17,000	60,500
Tommi Uhari ⁵	Vice-chair	Member	CHAIR	10,500	7,000	17,500
Mikko Välimäki ⁶	Member	-	Member	27,000	6,000	33,000
Total				220,500	59,500	280,000

¹ Compensation and Nomination Committee

² Audit Committee

³ 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.

⁴ Member of the Board until March 15, 2022, and Vice Chair of the Board as of March 15, 2022.

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

⁶ 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	-	-
Total	15,944,860	27,473,112	6,993,795	327,446	443,722

Information for Shareholders

Qt Group Plc's investor communications produce reliable and up-to-date information on the company's business operations in a timely and equal manner for all interested parties.

The company's annual reports, interim reports, stock exchange releases and press releases are available in Finnish and English at investors.qt.io.

To subscribe to stock exchange releases, please send your e-mail contact information to pr@qt.io.

Qt Group Plc's Annual General Meeting is planned to be held on Tuesday, 14 March 2023 at 10 a.m. EET. More information on registering for the AGM and the AGM documents are available at investors.qt.io.

Financial calendar 2023

16 February	Financial Statements Bulletin for 2022 and Annual Report
28 April	Interim Statement January–March
3 August	Half-Year Financial Report
26 October	Interim Statement January–September

BASIC INFORMATION ON THE SHARE

Listed (2016) on Nasdaq Helsinki Ltd

Trading code: QTCOM

Number of shares (Dec 31, 2022) 25,398,398

IR CONTACT

Heli Jämsä, IR Manager

Tel: +358 9 8861 8040

E-mail: heli.jamsa@qt.io

HEAD OFFICE

Qt Group Plc (The Qt Company)

Miestentie 7

02150 Espoo, Finland



Qt Group Oyj (The Qt Company) / Miestentie 7, 02150 Espoo, Finland / +358 9 8861 8040 / pr@qt.io / www.qt.io