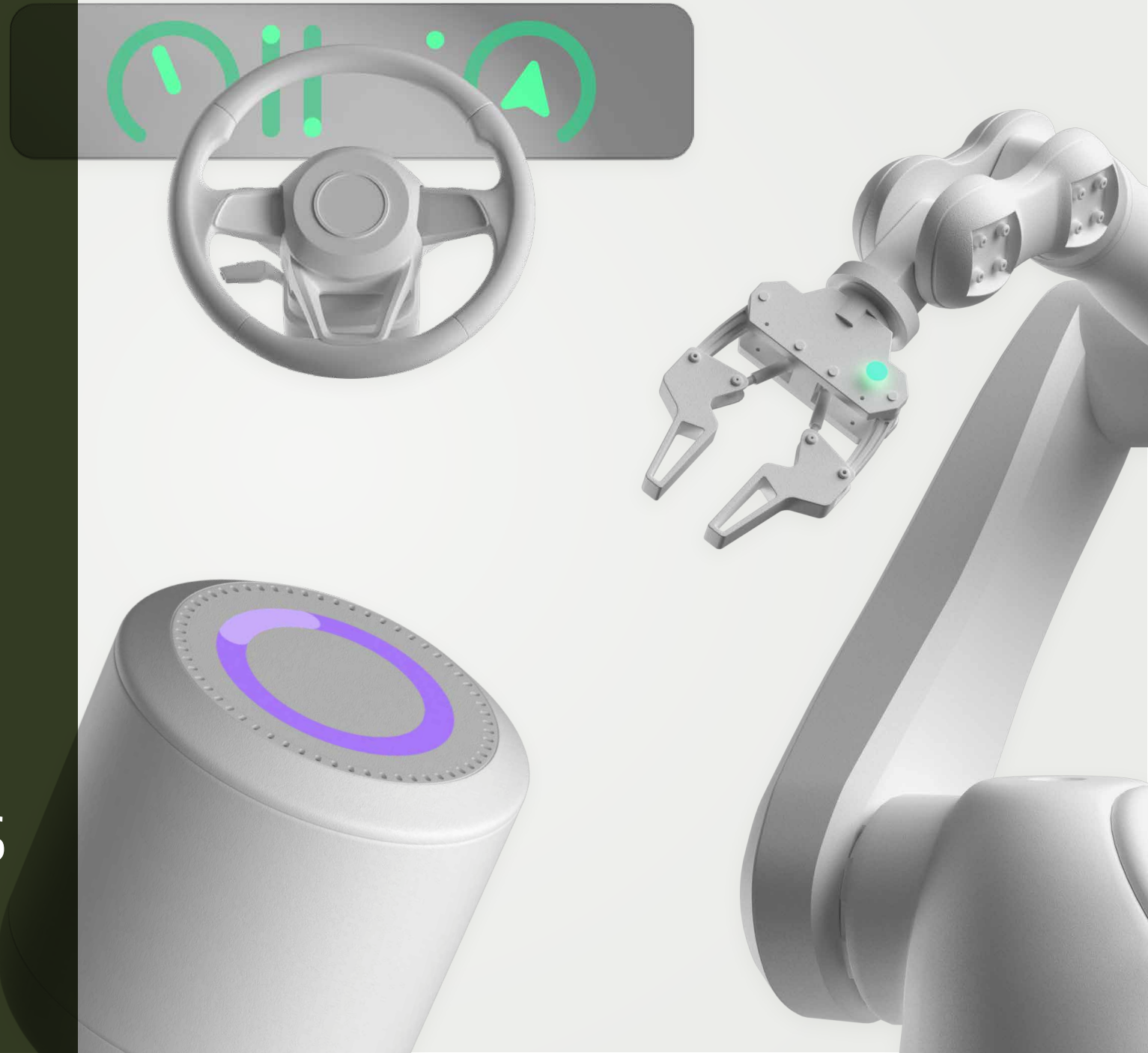


# The Future of Digital Experiences

Annual Report 2023



With Qt technology, we were able to develop and test the UI on PC while a second team was developing the hardware from bare metal. At the time we moved to integration, the UI graphics and functionality were already tested and only needed to be verified on the actual hardware. Such parallel workflow reduced our delivery time by over 50%.

Amilcare Franciosi  
AUTOMOTIVE TEAM LEADER  
EGICON S.R.L.  
TIER 1 PARTNER OF DUCATI



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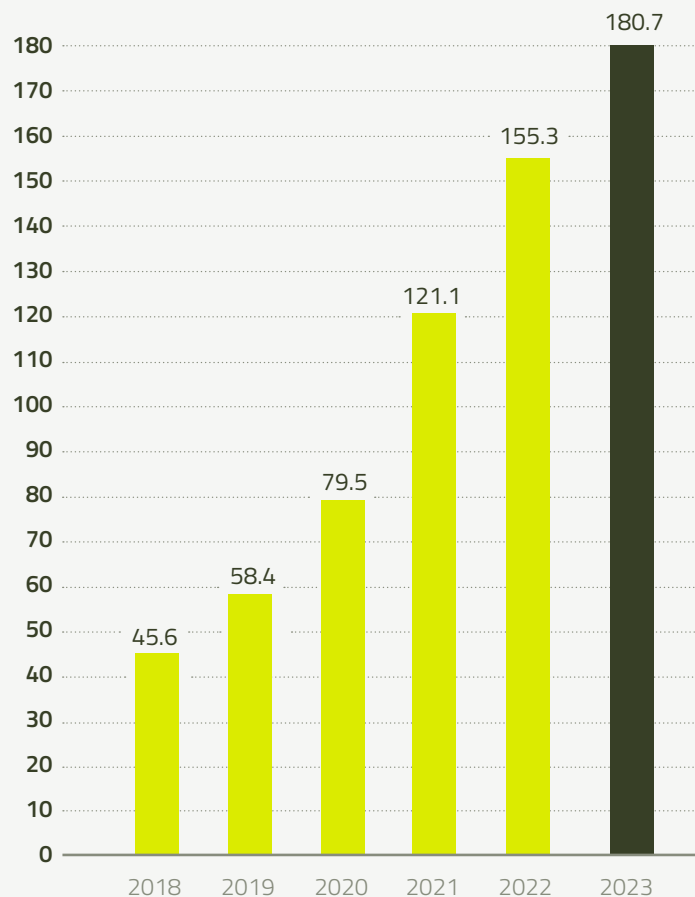
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# Qt Group in 2023

Net Sales  
M€

**180.7**

155.3M€



Operating profit (EBITA)  
M€

**55.4**

42.2M€

EBITA margin  
% of net sales

**30.6%**

27.2%

Operating profit (EBIT)  
M€

**47.3**

36.9M€

EBIT margin  
% of net sales

**26.2%**

23.7%

Return  
on Investment

**35.6%**

41.5%

Equity  
Ratio

**64.4%**

52.8%

Earnings per Share  
€

**1.40**

1.36 €

Personnel  
on Average

**732**

603

## CEO's Review

The year 2023 was a successful one for Qt Group's growth strategy. Although we fell slightly short of our net sales growth targets, our overall growth and profitability were at a good level. We achieved our quantitative targets in terms of both developer and distribution license sales. At the same time, the challenges in the market situation were particularly evident in the consulting business and the maturity of new developer licenses, which were more focused than expected on one-year licenses rather than multi-year contracts. I want to take this opportunity to extend my warmest thanks for the past year to our personnel, developer community, partners, and customers, who have been building world-class software with us year after year.

### **Focus on continued growth and the transformation into a multi-product company**

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. Qt Group is uniquely positioned in the global embedded software markets, which have tremendous future potential.



In 2023, we continued to invest in growth and our transformation into a multi-product company. These investments support our growth strategy, which was published in October 2023 and extends to 2027. We strengthened our product portfolio by launching Qt Insight, an analytics solution that provides product usage data. We further developed our product portfolio of quality assurance tools and expanded sales to software development markets outside the Qt ecosystem.

Our solutions are suitable for both affordable and high value-added customer products. They enable our customers to accelerate product development and launches, mitigate risks, and help reduce costs. Above all, our solutions enable our customers to create products of even higher quality. We want to be part of building the solutions of the future and next-generation user experiences.

Customer satisfaction is particularly important to us. Global leaders in their respective industries, such as B/S/H, Ducati, General Motors, Fresenius Kabi, and Hasselblad, have shared their positive experiences of the benefits offered by the Qt development environment in terms of their efficiency, productivity, and product development processes.

#### **Continued growth in the demand for a comprehensive product development process**

As the amount of software in the world grows, product development teams turn increasingly to automating quality assurance and testing. In addition to the existing Qt Development

tools for development and design, we have developed our Qt Quality Assurance product portfolio. We provide our customers with tools that solve even the most complex quality assurance needs. The prevailing trend in the market is Shift-Left, which refers to using automation for software quality assurance right from the start of the process. This saves both resources and time for developers, and we want to be involved in the quality assurance and testing of our customers' product development right from the first stages.



We want to be part of building the solutions of the future and next-generation user experiences.

Our ambition is to ensure that each of our products is independently competitive in the market. With our new products, we can also offer world-class solutions for product development processes that do not use the Qt development environment and tools.

#### **Qt Group continues its growth path**

Qt Group continued its highly profitable growth in 2023. Our net sales increased by 18.5% at comparable exchange rates,

and our operating profit margin (EBITA) was 30.6%. The fourth quarter of 2023 was the best in the company's history. Our growth investments and the strengthening of our sales and R&D organizations were reflected in substantial growth, particularly with regard to larger contracts. At the end of 2023, we had 775 employees, representing an increase of 12.6% compared to the end of 2022. Investments are an important part of our growth strategy, which extends to 2027. By providing our customers with even higher value-added solutions, we can capture a larger share of their product development budgets.

#### **Juha Varelius**

President & CEO  
Qt Group Plc

# Report of the Board of Directors

## Year 2023 in brief

- Net sales increased by 16.4 percent to EUR 180.7 million (EUR 155.3 million). At comparable exchange rates, net sales increased by 18.5 percent.
- Operating profit (EBITA) was EUR 55.4 (42.2) million, or 30.6 (27.2) percent of net sales.
- Operating profit (EBIT) was EUR 47.3 (36.9) million, or 26.2 (23.7) percent of net sales.
- The number of employees was 732 (603) on average and 775 (688) at the end of the year.
- Earnings per share were EUR 1.40 (1.36).

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 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.

## Financial reporting

### NET SALES

Qt Group Plc's net sales in 2023 amounted to EUR 180.7 million (EUR 155.3 million), representing a growth of 16.4 percent. Net sales of distribution licenses grew by 49.5 percent to EUR 44.1 million. License sales and consulting increased by 23.0 percent, while maintenance revenue decreased by 31.6 percent. The decrease in maintenance revenue is due to Qt Group's transition into a subscription license model. The conversion was finalized during the first half of 2023.

The effect of exchange rates on net sales for the January–December comparison period was EUR -2.8 million. At comparable exchange rates, net sales grew by 18.5 percent.

EUR 1,000	1–12/2023	1–12/2022	Change, %
License sales and consulting	167,776	136,355	23.0%
Maintenance revenue	12,967	18,963	-31.6%
<b>Total</b>	<b>180,743</b>	<b>155,318</b>	<b>16.4%</b>
Share of distribution licenses	44,115	29,509	49.5%

## PROFIT PERFORMANCE

Qt Group's operating profit (EBITA) for 2023 amounted to EUR 55.4 million (EUR 42.2 million), representing 30.6 percent of net sales (27.2%). Operating profit (EBIT) was EUR 47.3 million (EUR 36.9 million), representing 26.2 percent of net sales (23.7%).

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

Qt Group's profit before taxes was EUR 44.8 million (EUR 37.6 million) and profit amounted to EUR 35.5 million (EUR 34.3 million) in 2023. Taxes for the period under review came to EUR 9.4 million (EUR 3.3 million).

Earnings per share for 2023 amounted to EUR 1.40 (1.36).

EUR 1,000	1-12/2023	1-12/2022	Change, %
<b>Net sales</b>	<b>180,743</b>	<b>155,318</b>	<b>16.4%</b>
Other operating income	356	64	455.7%
Materials and services	-4,544	-6,915	-34.3%
Personnel expenses	-87,739	-74,816	17.3%
Depreciation, amortization and impairment	-3,161	-3,003	5.2%
Other operating expenses	-30,277	-28,400	6.6%
<b>Operating profit (EBITA)</b>	<b>55,379</b>	<b>42,249</b>	<b>31.1%</b>
EBITA margin, %	30.6%	27.2%	
Depreciation (Intangible assets arising from business combination)	-8,030	-5,378	49.3%
<b>Operating profit (EBIT)</b>	<b>47,349</b>	<b>36,870</b>	<b>28.4%</b>
EBIT margin, %	26.2%	23.7%	



## FINANCING AND INVESTMENTS

Cash flow from operating activities was EUR 40.0 million (EUR -3.9 million) in the fiscal year. Cash flow from operating activities in the comparison period was affected especially by the payment of share-based incentives to the key personnel. Qt Group's cash and cash equivalents totaled EUR 33.6 million (EUR 8.8 million) at the end of December.

Qt Group's consolidated balance sheet total at the end of the fiscal year stood at EUR 206.5 million (EUR 178.1 million). Cash flow from investments in the fiscal year was EUR -4.9 million (EUR -27.0 million), mainly consisting of payments from 2022 acquisition of Axivion and 2021 acquisition of froglogic.

The equity ratio was 64.4 percent (52.8%) and gearing was -10.7 percent (22.3%). Interest-bearing liabilities amounted to EUR 20.5 million (EUR 28.2 million) of which short-term loans accounted for EUR 18.5 million (EUR 2.0 million).

During the fiscal year, return on investment was 35.6 percent (41.5%) and return on equity was 33.9 percent (49.6%).

## ACQUISITIONS

Qt Group did not carry out acquisitions in 2023.

## 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 22.4 million (EUR 20.6 million), representing 12.4 percent (13.3%) of net sales. Product development expenses increased by 8.7 percent year-on-year.

There were, on average, 206 people working in product development during the financial year (197 people).

## PERSONNEL

In 2023, the number of the Group's personnel was 732 (603) on average and 775 (688) at the end of the financial year. Personnel expenses during the financial year totaled EUR 87.7 million (EUR 74.8 million), representing an increase of 17.3 percent.

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

<b>Personnel, on average</b>	<b>1-12/2023</b>	<b>1-12/2022</b>	<b>Change, %</b>
Finland	212	169	24.9%
Rest of Europe and APAC	405	336	20.5%
North America	115	97	18.4%
<b>Total</b>	<b>732</b>	<b>603</b>	<b>21.4%</b>

### CHANGES IN THE MANAGEMENT TEAM

Steffan Schumacher (b. 1975, Bachelor of IT), was appointed as Qt Group's Senior Vice President, Sales, and member of the Management Team effective from June 1, 2023. The SVP Product Management, Marko Kaasila moved to other position outside the Company from August 31, 2023. The previous Senior Vice President, Sales, Juhapekka Niemi, (b. 1968, IT Engineer) moved on to interim Senior Vice President, Business Development effective from June 1, 2023 and to interim Senior Vice President, Product Management from September 1, 2023. He continues as a Management Team member.

### 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. The transition was finalized during the first half of 2023. In 2023, Qt Group's net sales amounted to EUR 180.7 million, and operating profit (EBIT) was EUR 47.3 million. The number of personnel was 775 at the end of 2023. 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 surveys 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 acqui-

sitions, 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. In 2023 Qt Group updated and released a virtual Code of Conduct training for all of the company's personnel. At the end of the year, the completion rate of the training was 81.3 percent.

Qt Group has 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 confidentially 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 2023, Qt Group had a total of 21 offices in Finland,

France, Norway, Germany, Japan, South Korea, India, China and the United States. In 2023, our employees represented a total of 54 (42) different nationalities, with Finnish, American, German, Chinese and Indian nationals being the five largest.

The personnel survey was completed by 86 (79) percent of the company's employees in 2023. The results of the survey indicate that the employees are particularly satisfied with the professional competence of their direct supervisor, valued the career development and growth opportunities, and felt the work itself was interesting and meaningful.

#### **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.

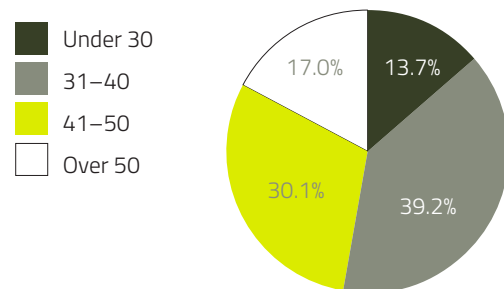
Non-financial indicators	2023	2022
Average age of employees, years	39	39
Number of different nationalities, pcs	54	42
Share of women and gender minorities among the personnel, %	22%	21%
Share of women and gender minorities in director positions, %	22%	21%
Share of permanent and full-time employees, %	98%	97%
Average duration of employment, years	4.3	4.1
Personnel satisfaction <sup>1</sup>	78/100	78/100
Number of whistleblowing reports leading to action, pcs	0	0
Emissions from air travel, tCO <sub>2</sub> e <sup>1</sup>	586	290

<sup>1</sup> 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?"

<sup>2</sup> 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 2023

years



## **ENVIRONMENTALLY SUSTAINABLE ACTIVITIES AS DEFINED IN THE EU TAXONOMY**

As a company subject to the European Union's (EU) regulation on the taxonomy of sustainable financing (2023/2486), it is company's obligation to report the percentages of net sales ('turnover' in the regulation), capital expenditures and operating expenditures that constitute operations that are recognized by the taxonomy as economic activity that is potentially sustainable in terms of the environment, or that meet the relevant technical screening criteria. The EU Taxonomy is a classification system, the purpose of which is to steer funding toward activities that substantially contribute to the achievement of environmental objectives.

The current taxonomy includes six environmental objectives. To be eligible for the taxonomy, an activity must meet the description of an economic activity included in the taxonomy classification. To be aligned with the taxonomy, an activity must be classified as having a substantial contribution to at least one of the six environmental objectives without harming the others.

To define the taxonomy eligibility and alignment and to gather evidence of potential substantial contribution, Qt Group has assessed the taxonomy eligibility of the Group activities. Through this process, the aim was to identify potentially eligible activities and review the technical screening criteria for each of the environmental objectives for all relevant business activities.

It has been found that the significance of Qt Group's taxonomic functions is negligible in terms of indicators. According to the company's estimate, 0% of Qt Group's revenue, operating costs and investments are eligible under the current taxonomy and 100% are non-eligible. Furthermore, 0% of Qt Group's revenue, operating costs and investments are taxonomy-aligned and 100% are non-taxonomy-aligned. The required information is presented in the tables on the next pages.

**Turnover,  
Financial year 2023**

	2023		Substantial contribution criteria					DNSH criteria					Minimum safeguards	Proportion of taxonomy aligned (A.1) or eligible (A.2) turnover, year 2022	Category "enabling activity"	Category "transitional activity"	
	Code	Turnover, MEUR	Proportion of turnover, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water					Pollution
<b>2 Economic activities</b>																	
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																	
<b>A.1 Environmentally sustainable activities (taxonomy-aligned)</b>																	
No activity		0	0%													0%	
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)		-	0%	0%	0%	0%	0%	0%	0%							0%	
Of which Enabling		0	0%	0%	0%	0%	0%	0%	0%							0%	E
Of which Transitional		0	0%	0%												0%	T
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																	
No activity		0	0%													0%	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	0%	0%	0%	0%	0%	0%	0%							0%	
<b>A. Turnover of Taxonomy eligible activities (A.1 + A.2)</b>		<b>-</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>							<b>0%</b>	
<b>B. TAXONOMY-NON ELIGIBLE ACTIVITIES</b>																	
Turnover of Taxonomy-non-eligible activities		180.7	100%														
<b>TOTAL (A+B)</b>		<b>180.7</b>	<b>100%</b>														



## Capital Expenditure (CapEx), Financial year 2023

	2023			Substantial contribution criteria					DNSH criteria					Minimum safeguards	Proportion of taxonomy aligned (A.1) or eligible (A.2) CapEx, year 2022	Category "enabling activity"	Category "transitional activity"	
	Code	CapEx	Proportion of CapEx, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution					Circular economy
<b>Economic activities</b>																		
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																		
<b>A.1 Environmentally sustainable activities (taxonomy-aligned)</b>																		
No activity		0	0%														0%	
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		-	0%	0%	0%	0%	0%	0%	0%								0%	
Of which Enabling		0	0%	0%	0%	0%	0%	0%	0%								0%	E
Of which Transitional		0	0%	0%													0%	T
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																		
No activity		0	0%														0%	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	0%	0%	0%	0%	0%	0%	0%								0%	
<b>A. CapEx of Taxonomy eligible activities (A.1 + A.2)</b>		-	0%	0%	0%	0%	0%	0%	0%								0%	
<b>B. TAXONOMY-NON ELIGIBLE ACTIVITIES</b>																		
CapEx of Taxonomy-non-eligible activities		4.3	100%															
<b>TOTAL (A+B)</b>		<b>4.3</b>	<b>100%</b>															

## Operating Expenses (OpEx), Financial year 2023

	2023			Substantial contribution criteria					DNSH criteria					Minimum safeguards	Proportion of taxonomy aligned (A.1) or eligible (A.2) OpEx, year 2022	Category "enabling activity"	Category "transitional activity"	
	Code	OpEx	Proportion of OpEx, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution					Circular economy
<b>Economic activities</b>																		
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																		
<b>A.1 Environmentally sustainable activities (taxonomy-aligned)</b>																		
No activity		0	0%														0%	
<b>OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)</b>		-	0%	0%	0%	0%	0%	0%	0%								0%	
Of which Enabling			0%	0%	0%	0%	0%	0%									0%	E
Of which Transitional			0%	0%													0%	T
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																		
No activity		0	0%														0%	
<b>OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		-	0%	0%	0%	0%	0%	0%	0%								0%	
<b>A. OpEx of Taxonomy eligible activities (A.1 + A.2)</b>		-	0%	0%	0%	0%	0%	0%	0%								0%	
<b>B. TAXONOMY-NON ELIGIBLE ACTIVITIES</b>																		
OpEx of Taxonomy-non-eligible activities		133.0	100%															
<b>TOTAL (A+B)</b>		<b>133.0</b>	<b>100%</b>															

## Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Row	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

**THE TEN LARGEST SHAREHOLDERS ON DECEMBER 29, 2023**

Shareholder	Shares and votes, pcs	% of shares and votes
Ingman Development Oy Ab	5,460,000	21.4
Skandinaviska Enskilda Banken Ab (Publ) Helsinki branch*	4,079,632	16.0
Ilmarinen Mutual Pension Insurance Company	1,512,655	5.9
Citibank Europe Plc*	1,062,503	4.2
Varma Mutual Pension Insurance Company	759,491	3.0
Karvinen Kari	600,049	2.4
Savolainen Matti	452,785	1.8
Elo Mutual Pension Insurance Company	412,000	1.6
Varelius Juha	400,982	1.6
Uhari Tommi	400,620	1.6

\* Nominee register

**DISTRIBUTION OF HOLDINGS BY NUMBER OF SHARES HELD ON DECEMBER 29, 2023**

Number of shares	% of shareholders	% of shares and votes
1–100	80.9	3.8
101–1 000	17.0	8.2
1,001–10,000	1.9	7.3
10,001–100,000	0.2	10.5
100,001–1,000,000	0.0	22.6
1,000,001–9,999,999	0.0	47.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

**SHAREHOLDING BY SECTOR ON DECEMBER 29, 2023**

Shareholder by sector	% of shareholders	% of shares and votes
Non-financial corporations	4.3	25.9
Finance and insurance companies*	0.2	24.3
General government	0.0	12.0
Not-for-profit institutions	0.4	1.0
Households	94.8	31.4
Foreign holding	0.3	5.4
*including nominee-registered	0.1	21.7

## 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 29, 2023, the number of Qt Group Plc shares outstanding was 25,391,211 (25,319,398). On December 29, 2023, the company had a total of 42,712 shareholders, including nominee-registered shares, according to Euroclear Finland Oy.

**The company received the following flagging notifications during the financial year 2023:**

On November 2, 2023, Qt Group Plc received a flagging notification of a change in shareholding when the overall holding of Qt Group Plc shares and voting rights within the funds managed by Ilmarinen Mutual Pension Insurance Company exceeded the 5% flagging threshold. The change in shareholding took place on November 1, 2023.

## 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 21,764,259 shares were traded in Nasdaq Helsinki during the reporting period. This accounts for 85.7 percent of the total number of shares.

The volume-weighted average price of the share was EUR 62.74, with the lowest price being EUR 40.96 (October 26, 2023) and the highest price EUR 87.58 (June 13, 2023 and June 16, 2023). The closing price at the end of December was EUR 64.50 per share, and Qt Group's market capitalization was EUR 1,638 million.

## Governance

Qt Group Plc's Annual General Meeting (AGM) held on March 14, 2023, adopted the company's financial statements, including the consolidated financial statements for the accounting period 1 January–31 December 2022, reviewed the Remuneration Report for 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, 2022, no dividend will be paid.

The AGM decided to elect six members to the Board. Robert Ingman, Leena Saarinen, Mikko Marsio and Mikko Välimäki were re-elected and Marika Auramo and Matti Heikkonen were elected as Board members. 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 14, 2024 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 subscription 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 14, 2024 and it replaces any earlier authorizations on share issue and granting of special rights.

Qt Group Plc announced via stock exchange release on January 3, 2023 and February 27, 2023, that between September 13 and December 9, 2022 a total of 66,187 new shares; between December 10 and December 31, 2022, a total of 5,626 new shares have been subscribed for with the company's stock options 2016. For subscriptions made between September 13 and December 9, 2022, the entire subscription price of EUR 320,345.08 and between December 10 and December 31 2022, the entire subscription price of EUR 27,229.84 were entered in the reserve for invested unrestricted equity.

### 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

The company does not have any significant events after the end of the fiscal year that would have affected the financial statements.

## 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 involve 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 automo-

tive, consumer electronics, security, defense and aerospace, 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.

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 2024**

We estimate that the company's net sales for 2024 will increase by 20–30 percent year-on-year at comparable exchange rates, and our operating profit margin (EBITA-%) will be 25–35 percent.

The percentage of change in net sales at comparable exchange rates is calculated by translating the net sales from the comparison period of 2023 with the actual exchange rates of the reporting period of 2024 and by comparing the actual net sales in 2024 with the net sales of 2023 calculated at comparable exchange rates.

## Board of Directors' dividend proposal

Qt Group Plc's distributable funds on December 31, 2023 were EUR 44,803,542.16 of which the net result for 2023 was EUR -135,002.13. The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the fiscal year that ended on December 31, 2023.

Espoo, February 15, 2024

The Board of Directors of Qt Group

# Consolidated Key Figures

EUR thousand	31.12.2023	31.12.2022	31.12.2021
Net sales	180,743	155,318	121,139
Operating profit (EBITA)	55,379	42,249	31,534
EBITA, %	30.6%	27.2%	26.0%
Operating profit (EBIT)	47,349	36,870	28,812
EBIT, %	26.2%	23.7%	23.8%
Net profit	35,455	34,301	22,410
- % of net sales	19.6%	22.1%	18.5%
Return on equity, %	33.9%	49.6%	55.0%
Return on investment, %	35.6%	41.5%	57.0%
Interest-bearing liabilities	20,513	28,159	17,028
Cash and cash equivalents	33,595	8,815	17,374
Net gearing, %	-10.7%	22.3%	-0.7%
Equity ratio, %	64.4%	52.8%	51.1%
Earnings per share (EPS), EUR	1.40	1.36	0.91
EPS adjusted for dilution, EUR	1.39	1.36	0.88

## 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:

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

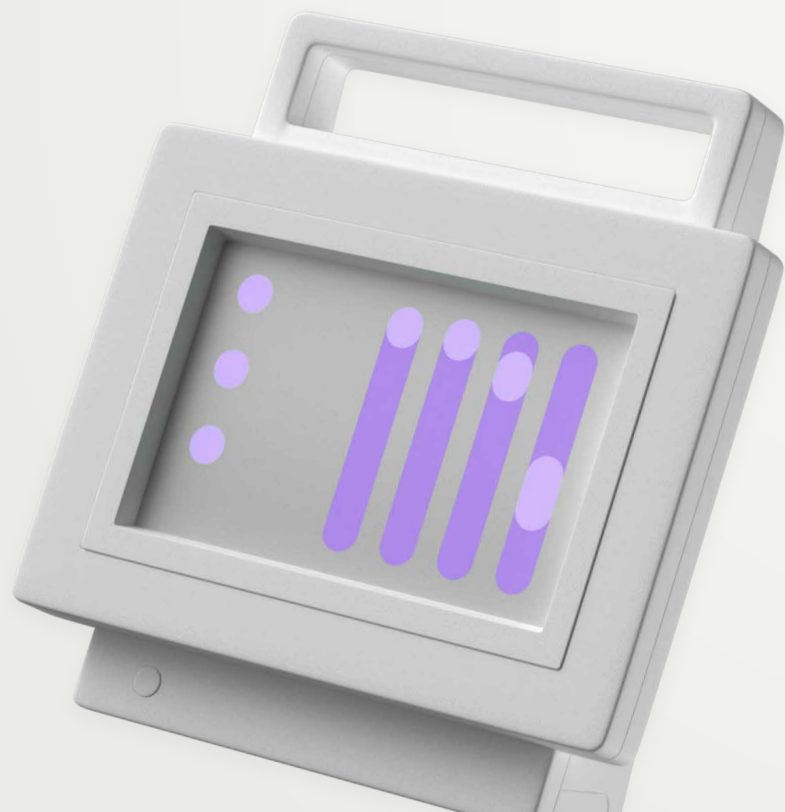
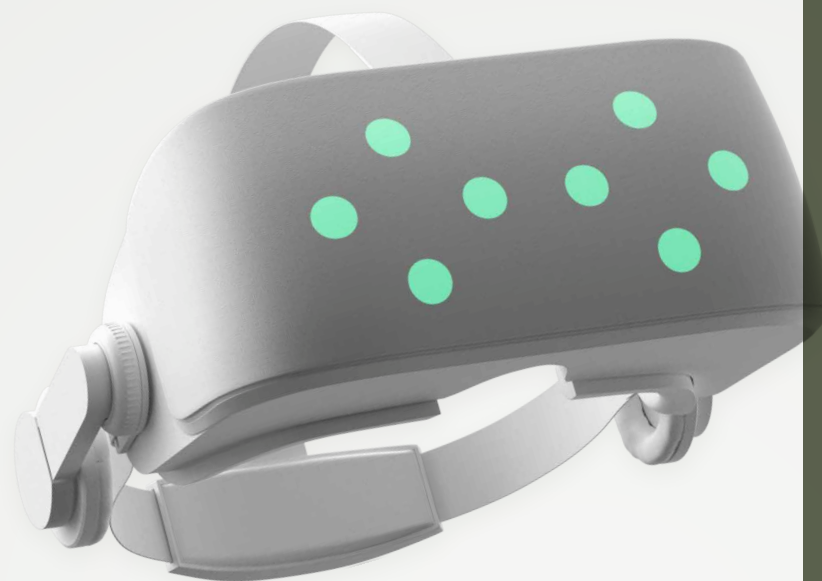
### GEARING

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

### EQUITY RATIO

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





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## Consolidated income statement

EUR thousand	Notes	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
<b>Net sales</b>	2	<b>180,743</b>	<b>155,318</b>
Other operating income	3	356	64
Materials and services	4	-4,544	-6,915
Personnel expenses	5, 18, 22	-87,739	-74,816
Depreciation, amortization and impairment	7	-11,191	-8,382
Other operating expenses	8	-30,277	-28,400
<b>Operating result</b>		<b>47,349</b>	<b>36,870</b>
Financial income	9	3,219	5,368
Financial expenses	9	-5,747	-4,592
<b>Earnings before tax</b>		<b>44,820</b>	<b>37,646</b>
Income taxes	10	-9,365	-3,345
<b>Net profit</b>		<b>35,455</b>	<b>34,301</b>
Distribution of net profit:			
Parent company shareholders		35,455	34,301
<b>Net profit attributable to parent company shareholders, earnings per share</b>			
Undiluted earnings per share (EUR/share)	11	1.40	1.36
Diluted earnings per share (EUR/share)	11	1.39	1.36

## Consolidated statement of comprehensive income

EUR thousand	Notes	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
<b>Other comprehensive income</b>			
<b>Items which may be reclassified subsequently to profit or loss</b>			
Translation difference		-232	-162
<b>Total comprehensive income</b>		<b>35,224</b>	<b>34,138</b>
Distribution of comprehensive income:			
Parent company shareholders		35,224	34,138

# Consolidated statement of financial position

## Assets

EUR thousand	Notes	31 Dec 2023	31 Dec 2022
<b>Non-current assets</b>			
Goodwill	12	44,370	43,383
Other intangible assets	12	47,197	55,362
Tangible assets	13	5,524	5,430
Long-term receivables		51	362
Contract assets*	2	6,257	6,207
Deferred tax assets	14	956	760
<b>Total non-current assets</b>		<b>104,356</b>	<b>111,505</b>
<b>Current assets</b>			
Trade receivables	15	47,901	39,916
Other receivables	15	11,204	10,863
Contract assets*	2	9,454	7,003
Cash and cash equivalents	16	33,595	8,815
<b>Total current assets</b>		<b>102,154</b>	<b>66,597</b>
<b>Total assets</b>		<b>206,510</b>	<b>178,102</b>

\*Additional line items were added to provide more detailed information on contract assets.

## Equity and liabilities

EUR thousand	Notes	31 Dec 2023	31 Dec 2022
<b>Shareholders' equity</b>			
Share capital	17	500	500
Unrestricted shareholders' equity reserve	17	54,769	54,742
Own shares	17	-9,960	-9,960
Translation difference	17	213	445
Retained earnings	17, 18	41,376	6,700
Net profit		35,455	34,301
<b>Total shareholders' equity</b>		<b>122,353</b>	<b>86,727</b>
<b>Long-term liabilities</b>			
Deferred tax liabilities	14	13,826	16,237
Long-term interest-bearing liabilities	20	2,001	26,135
Other long-term liabilities	19	11,325	12,567
<b>Total long-term liabilities</b>		<b>27,151</b>	<b>54,939</b>
<b>Short-term liabilities</b>			
Short-term interest-bearing liabilities	19, 20	18,512	2,024
Accounts payable	19	2,249	2,575
Other short-term liabilities	19	36,244	31,838
<b>Total short-term liabilities</b>		<b>57,005</b>	<b>36,436</b>
<b>Total liabilities</b>		<b>84,156</b>	<b>91,375</b>
<b>Shareholders' equity and liabilities</b>		<b>206,510</b>	<b>178,102</b>

## Consolidated cash flow statement

EUR thousand	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
<b>Profit before taxes</b>	<b>44,820</b>	<b>37,646</b>
Adjustments to net profit		
Depreciation and amortization	11,191	8,382
Other adjustments	1,929	1,029
Settlement of share-based payments	-	-23,314
Change in working capital		
Change in trade and other receivables	-10,806	-15,331
Change in accounts payable and other liabilities	1,118	-5,763
Interest paid	-875	-260
Other financial items	478	527
Taxes paid	-7,813	-6,812
<b>Cash flow from operations</b>	<b>40,041</b>	<b>-3,896</b>

EUR thousand	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Purchases of tangible and intangible assets	-807	-1,190
Payment for acquisition of subsidiary, net of cash acquired*	-4,086	-25,826
<b>Cash flow from investments</b>	<b>-4,893</b>	<b>-27,016</b>
Change in lease liabilities	-2,179	-2,238
Share subscriptions based on stock options 2016	27	739
Issue of treasury shares	-	14,511
Repayment of short-term borrowings	-	-15,000
Proceeds from long-term borrowings	-	24,000
Repayment of long-term borrowings	-8,000	-
<b>Cash flow from financing</b>	<b>-10,152</b>	<b>22,012</b>
<b>Change in cash and cash equivalents</b>	<b>24,996</b>	<b>-8,900</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>8,815</b>	<b>17,374</b>
Net foreign exchange difference	-216	341
<b>Cash and cash equivalents at end of period</b>	<b>33,595</b>	<b>8,815</b>

\* 2023 cash flow is affected by the payments from 2021 completed froglogic acquisition and 2022 completed Axivion acquisition.

## Consolidated statement of changes in shareholders' equity

EUR thousand	Share capital	Unrestricted shareholders' equity reserve	Own shares	Translation difference	Retained earnings	Total shareholders' equity
<b>Shareholders' equity 1 January 2022</b>	<b>500</b>	<b>36,072</b>	<b>-18,351</b>	<b>607</b>	<b>32,742</b>	<b>51,570</b>
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
<b>Shareholders' equity 31 December 2022</b>	<b>500</b>	<b>54,742</b>	<b>-9,960</b>	<b>445</b>	<b>41,001</b>	<b>86,727</b>
<b>Shareholders' equity 1 January 2023</b>	<b>500</b>	<b>54,742</b>	<b>-9,960</b>	<b>445</b>	<b>41,001</b>	<b>86,727</b>
Comprehensive income for the period						
Net profit	-	-	-	-	35,455	35,455
Comprehensive income	-	-	-	-232	-	-232
Stock option program and equity incentive program	-	27	-	-	376	403
Issue of shares as consideration for a business acquisition	-	-	-	-	-	-
Issue of treasury shares	-	-	-	-	-	-
<b>Shareholders' equity 31 December 2023</b>	<b>500</b>	<b>54,769</b>	<b>-9,960</b>	<b>213</b>	<b>76,831</b>	<b>122,353</b>

# 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 775 employees at the end of 2023.

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. A copy of the financial statements is available at [investors.qt.io](https://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 2023.

The IFRS standards and amendments that took effect in 2023 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, receiv-

ables, 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 applica-

## Notes to the Consolidated Financial Statements

tion of the cost method are treated as items adjusting consolidated shareholders' equity.

### **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 2023

No acquisitions were made during the financial year 2023.

In 2023, Qt group has completed the accounting for the business combination of Axivion and concluded the following measurement period adjustments from the finalized information obtained about facts and circumstances that existed as of the acquisition date:

- Liabilities assumed decreased by EUR 109 thousand;
- Consideration related to working capital adjustment increased by EUR 1,096 thousand.

As a result, goodwill arising from the business combination was increased by EUR 987 thousand.

#### EUR thousand

##### Summary of Axivion acquisition

Cash consideration	26,921
Directed share issue	8,273
Earn-out	9,984
<b>Total purchase price consideration</b>	<b>45,178</b>
<b>Total assets</b>	<b>40,021</b>
Short-term liabilities	3,542
Deferred tax liability	10,260
<b>Total liabilities</b>	<b>13,802</b>
Net assets	26,219
<b>Goodwill</b>	<b>18,959</b>
<b>Purchase price</b>	<b>45,178</b>



## 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

<b>Total purchase price consideration</b>	<b>44,082</b>
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#### 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

<b>Total assets</b>	<b>40,021</b>
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Short-term liabilities	3,651
Deferred tax liability	10,260

<b>Total liabilities</b>	<b>13,911</b>
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Net assets	26,111
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<b>Goodwill</b>	<b>17,971</b>
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<b>Purchase price</b>	<b>44,082</b>
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## 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	2023 Net Sales	2022 Net Sales
License sales and consulting*	167,776	136,355
Maintenance revenue	12,967	18,963
<b>Total net sales</b>	<b>180,743</b>	<b>155,318</b>
*of which distribution licenses	44,115	29,509

EUR thousand	2023 Net Sales	2022 Net Sales
Finland	1,656	1,306
Rest of Europe and APAC	118,123	92,444
North America	60,964	61,568
<b>Total net sales</b>	<b>180,743</b>	<b>155,318</b>

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.

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 are presented in the table below.

## 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	2023	2022
<b>Trade receivables</b>	<b>47,901</b>	<b>39,916</b>
<b>Contract assets</b>		
Non-current contract assets	6,257	6,207
Current contract assets	9,454	7,003
<b>Contract liabilities</b>		
Non-current advances received	4,363	3,542
Current advances received	12,194	10,234

During financial years 2023 and 2022, no significant impairment losses recognized on contract assets.

EUR thousand	2023	2022
Revenue recognized from amounts included in contract liabilities at the beginning of the period:	8,531	9,477

## 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.

### 3. OTHER OPERATING INCOME

EUR thousand	2023	2022
Grants	-	-
Other income	356	64
<b>Total</b>	<b>356</b>	<b>64</b>

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

### 4. MATERIALS AND SERVICES

EUR thousand	2023	2022
External services	4,544	6,915
<b>Total</b>	<b>4,544</b>	<b>6,915</b>

External services are mainly comprised of outsourcing services and subcontracting.

## Notes to the Consolidated Financial Statements

**5. 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 categorized as defined contribution plans.

**5. PERSONNEL EXPENSES**

<b>EUR thousand</b>	<b>2023</b>	<b>2022</b>
Wages and salaries	74,357	63,640
Pension costs (defined contribution plans)	5,582	4,822
Equity incentive program	376	809
Other personnel expenses	7,424	5,546
<b>Total</b>	<b>87,739</b>	<b>74,816</b>

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

<b>Group's personnel on average</b>	<b>2023</b>	<b>2022</b>
Finland	212	169
Europe & APAC	405	336
North America	115	97
<b>Total</b>	<b>732</b>	<b>603</b>

## 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 2023.

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	2023	2022
Research and development costs	22,393	20,585
<b>Total</b>	<b>22,393</b>	<b>20,585</b>

### 7. DEPRECIATION AND AMORTIZATION

EUR thousand	2023	2022
<b>Depreciation and amortization by asset category</b>		
Intangible assets		
Software and licenses	1	39
Intellectual property rights	8,091	5,409
Other intangible assets	31	30
Property, plant and equipment		
Buildings	2,058	2,114
Machinery and equipment	1,010	789
<b>Total depreciation, amortization and impairment</b>	<b>11,191</b>	<b>8,382</b>

During financial years 2023 and 2022, 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	2023	2022
Personnel expenses	3,163	3,589
Travel and representation expenses	4,400	2,774
Marketing and communications	3,733	3,264
External services	7,595	9,881
Costs of premises	3,193	2,442
IT expenses	6,430	5,044
Other expenses	1,761	1,405
<b>Total</b>	<b>30,277</b>	<b>28,400</b>
<b>Auditor's fees</b>		
Audit, KPMG Oy Ab	46	37
Other specialist services, KPMG Oy Ab*	35	24
Audit, KPMG network	24	30
Other specialist services, KPMG network	-	361
<b>Total</b>	<b>105</b>	<b>452</b>

\* Among this amount, EUR 19 thousand is related to statements based on auditing acts and other regulations.

The Group's auditor for 2022 and 2023 was KPMG Oy Ab.

During financial year 2023, services that were rendered by KPMG Oy Ab to the Qt Group companies and that were not related to auditing amounted to EUR 35 (24) thousand.

**9. FINANCIAL INCOME AND EXPENSES**

Financial income EUR thousand	2023	2022
Exchange rate gains	3,212	5,365
Other financial income	7	3
<b>Total</b>	<b>3,219</b>	<b>5,368</b>
<b>Financial expenses</b>		
EUR thousand	2023	2022
Interest expenses for loans from financial institutions	1,019	413
Exchange rate losses	3,789	3,651
Other financial expenses	939	529
<b>Total</b>	<b>5,747</b>	<b>4,592</b>

## 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	2023	2022
Taxes for the period	12,182	4,315
Taxes for previous periods	-210	-33
Other items	-	-
Deferred tax	-2,607	-937
<b>Total</b>	<b>9,365</b>	<b>3,345</b>
<b>Reconciliation of tax expenses with the tax rate of the Group's home country (20%)</b>		
Earnings before tax	44,820	37,646
Taxes calculated at the parent company's tax rate	8,964	7,529
Effect of deviating tax rates of foreign subsidiaries	237	229
Income not subject to tax	-	-
Share-based payment related expenses	-	-4,696
Non-deductible expenses and other differences	403	206
Withholding taxes	-	-
Other items	-28	111
Taxes for previous periods	-210	-33
<b>Total</b>	<b>9,365</b>	<b>3,345</b>
Effective tax rate	21%	9%



## 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.

### 11. EARNINGS PER SHARE

	2023	2022
Net profit attributable to parent company shareholders (EUR thousand)	35,455	34,301
Weighted average number of shares during the financial period, 1,000 shares	25,391	25,168
Undiluted earnings per share (EUR/share)	1.40	1.36
The diluted weighted number of shares for the calculation of earnings per share, 1,000 shares	25,469	25,308
Diluted earnings per share (EUR/share)	1.39	1.36

## Notes to the Consolidated Financial Statements

### 12. GOODWILL AND OTHER 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. The Group did not have capitalized development costs on 31 December 2023.

#### 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

## Goodwill and other intangible assets 2023

EUR thousand	Goodwill	Other intangible assets	Total
Acquisition cost, 1 January	43,383	67,007	110,390
Translation differences and other adjustments	-	-22	-22
Acquisition of subsidiary	-	-	-
Additions	987	88	1,076
Disposals	-	-216	-216
<b>Acquisition cost, 31 December</b>	<b>44,370</b>	<b>66,858</b>	<b>111,228</b>
Accumulated depreciation and impairment, 1 January	-	-11,644	-11,644
Translation differences and other adjustments	-	16	16
Depreciation for the period	-	- 8,123	- 8,123
Disposals	-	90	90
<b>Accumulated depreciation and impairment, 31 December</b>	<b>-</b>	<b>-19,660</b>	<b>-19,660</b>
<b>Book value, 1 January</b>	<b>43,383</b>	<b>55,362</b>	<b>98,746</b>
<b>Book value, 31 December</b>	<b>44,370</b>	<b>47,197</b>	<b>91,567</b>

## Goodwill and other 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	-	-	-
<b>Acquisition cost, 31 December</b>	<b>43,383</b>	<b>67,007</b>	<b>110,390</b>
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	-	-	-
<b>Accumulated depreciation and impairment, 31 December</b>	<b>-</b>	<b>-11,644</b>	<b>-11,644</b>
<b>Book value, 1 January</b>	<b>25,412</b>	<b>26,489</b>	<b>51,900</b>
<b>Book value, 31 December</b>	<b>43,383</b>	<b>55,362</b>	<b>98,746</b>

## 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 2023

Impairment testing is carried out at the Qt Group level, which is determined as the lowest level of cash generating unit (CGU).

During the 2023 financial period, identified intangible assets were depreciated by EUR 8,031 thousand. Based on the impairment testing calculations by the management, no need for recognizing impairment losses was found during the 2023 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 2024 according to budget. Over the five-year forecast period, the average annual growth in net sales is 15–28 percent and terminal period growth is 1 percent thereafter, operating profit 20–30 percent and a pre-tax discount rate 9.8 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 0.0 percent over the five-year forecast period, even if the costs for 2024 were allowed to grow according to the budget and moderately even after that with profitability being -1.1 percent at the end of the forecast period.

EUR thousand	Identified intangible assets	Goodwill	Other items	Total value subject to testing
	<b>47,068</b>	<b>44,370</b>	<b>17,981</b>	<b>109,419</b>

## Notes to the Consolidated Financial Statements

### 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
	<b>55,162</b>	<b>43,383</b>	<b>16,887</b>	<b>115,432</b>

## 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.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group.

The group has lease contracts mainly for office premises in all operating countries. Lease term is determined as the non-cancellable period in the lease contracts. For the right-of-use asset buildings, the Group applies the practical expedient and elects to combine non-lease components in the contracts with the lease component and to account for them as a single lease component.

A lease liability is recognized at the commencement date of the lease and measured at the present value of the future lease payments payable during the lease term. The lease payments are discounted using the interest rate implicit in the lease, if readily available. Where the interest rate implicit in the lease is not available, the incremental borrowing rate is used. The lease liability is subsequently measured at amortized cost using the effective interest method. For a maturity analysis of lease liabilities, see Note 20.

The Group has elected not to recognize lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

A right-of-use asset is measured at cost at the commencement date of the lease and is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the lease term or the end of the useful life of the right-of-use asset.

## Tangible assets 2023

EUR thousand	Right-of-use-assets, buildings	Right-of-use-assets, machinery and equipment	Machinery and equipment	Total
Acquisition cost, 1 January	7,495	2,000	3,683	13,177
Translation differences and other adjustments	-	-	-99	-99
Acquisition of subsidiary	-	-	-	-
Increases	2,036	423	812	3,270
Disposals	-178	-	-34	-212
<b>Acquisition cost, 31 December</b>	<b>9,353</b>	<b>2,424</b>	<b>4,362</b>	<b>16,138</b>
Accumulated depreciation and impairment, 1 January	-3,803	-1,806	-2,138	-7,746
Translation differences and other adjustments	-	-	68	68
Depreciation for the period	-2,058	-215	-795	-3,068
Disposals	108	-	26	134
<b>Accumulated depreciation and impairment, 31 December</b>	<b>-5,753</b>	<b>-2,021</b>	<b>-2,840</b>	<b>-10,614</b>
<b>Book value, 1 January</b>	<b>3,692</b>	<b>194</b>	<b>1,544</b>	<b>5,430</b>
<b>Book value, 31 December</b>	<b>3,600</b>	<b>403</b>	<b>1,522</b>	<b>5,525</b>

## 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
<b>Acquisition cost, 31 December</b>	<b>7,495</b>	<b>2,000</b>	<b>3,683</b>	<b>13,177</b>
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
<b>Accumulated depreciation and impairment, 31 December</b>	<b>-3,803</b>	<b>-1,806</b>	<b>-2,138</b>	<b>-7,746</b>
<b>Book value, 1 January</b>	<b>1,765</b>	<b>186</b>	<b>1,095</b>	<b>3,046</b>
<b>Book value, 31 December</b>	<b>3,692</b>	<b>194</b>	<b>1,544</b>	<b>5,430</b>



## Notes to the Consolidated Financial Statements

**14. DEFERRED TAX ASSETS AND LIABILITIES**

EUR thousand	Changes in deferred tax during 2023				Changes in deferred tax during 2022			
	1 Jan 2023	Acquisition of subsidiary	Recognized in the income statement	31 Dec 2023	1 Jan 2022	Acquisition of subsidiary	Recognized in the income statement	31 Dec 2022
Deferred tax assets:								
Tangible assets	801	-	78	878	406	-	395	801
Other items	749	-	164	913	1,339	-	-590	749
Offset against deferred tax liabilities	-789			-835	-393			-789
<b>Total</b>	<b>760</b>	<b>-</b>	<b>241</b>	<b>956</b>	<b>1,351</b>	<b>-</b>	<b>-194</b>	<b>760</b>
Deferred tax liabilities:								
From allocation of the fair values of acquisitions	16,237	-	-2,409	13,828	7,470	10,260	-1,493	16,237
Tangible assets	789	-	46	835	393	-	397	789
Other items	-	-	-2	-2	34	-	-34	-
Offset against deferred tax assets	-789			-835	-393			-789
<b>Total</b>	<b>16,237</b>	<b>-</b>	<b>-2,365</b>	<b>13,826</b>	<b>7,504</b>	<b>10,260</b>	<b>-1,131</b>	<b>16,237</b>

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

## Notes to the Consolidated Financial Statements

**15. TRADE AND OTHER RECEIVABLES**

<b>EUR thousand</b>	<b>2023</b>	<b>2022</b>
Trade receivables	47,901	39,916
Lease security deposits	736	152
Accrued income	5,307	12,536
VAT receivable	-656	1,608
Other receivables	5,818	3,570
<b>Total</b>	<b>59,105</b>	<b>57,782</b>

The Group has recognized a credit loss provision of EUR 3,147 thousand in trade receivables in the 2023 financial statements (2022: EUR 2,912 thousand). The carrying amount of the trade receivables is a moderate estimate of their fair value.

<b>EUR thousand</b>	<b>2023</b>	<b>2022</b>
Undue trade receivables	38,920	30,399
Trade receivables 1–30 days overdue	4,861	4,819
Trade receivables 31–60 days overdue	1,292	1,755
Trade receivables over 60 days overdue	2,828	2,943
<b>Total</b>	<b>47,901</b>	<b>39,916</b>

## 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	2023	2022
Bank accounts	33,595	8,815
<b>Total</b>	<b>33,595</b>	<b>8,815</b>

**17. NOTES TO SHAREHOLDERS' EQUITY**

	Number of shares	Share capital (EUR thousand)
1 January 2023	25,319,398	500
31 December 2023	25,391,211	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 2023, 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 210

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 310 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	2023	2022
Equity incentive program 2022–2024	376	809
<b>Total</b>	<b>376</b>	<b>809</b>

## Notes to the Consolidated Financial Statements

**19. SHORT-TERM LIABILITIES**

EUR thousand	2023	2022
Loans from financial institutions	16,299	155
Earn-out liabilities	3,040	3,125
Lease liabilities	2,213	1,868
Accounts payable	2,249	2,575
Advances received	12,194	10,234
Accrued charges and deferred credits	15,179	15,176
Other liabilities	5,831	3,302
<b>Total</b>	<b>57,005</b>	<b>36,436</b>

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 4,363 thousand (EUR 3,542 thousand) of the advances received have been presented in Other long-term liabilities.

## 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	2023		2022		Fair value hierarchy
	Asset values	Fair values	Asset values	Fair values	
<b>Long-term</b>					
Loans from financial institutions	-	-	24,000	24,000	2
Earn-out liabilities	6,962	6,962	9,025	9,025	3
Lease liabilities	2,001		2,135		
<b>Total</b>	<b>8,963</b>		<b>35,160</b>		
<b>Short-term</b>					
Loans from financial institutions	16,299	16,299	155	155	2
Earn-out liabilities	3,040	3,040	3,125	3,125	3
Lease liabilities	2,213		1,868		
<b>Total</b>	<b>21,552</b>		<b>5,149</b>		

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

## 2023

EUR thousand	2024	2025	2026	Total
Loans from financial institutions	16,299	-	-	16,299
Earn-out liabilities	3,040	6,962	-	10,002
Lease liabilities	2,213	1,252	749	4,214
<b>Total</b>	<b>21,552</b>	<b>8,213</b>	<b>749</b>	<b>30,515</b>

## 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
<b>Total</b>	<b>5,149</b>	<b>28,501</b>	<b>6,659</b>	<b>40,309</b>

## 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 2023, 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	2023	2022
<b>Pledges given on own behalf</b>		
Guarantees	705	615
<b>Pledges and contingent liabilities total</b>	<b>705</b>	<b>615</b>

## 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 2023

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
Axivion GmbH	100%	Stuttgart	Germany
The Qt Company Japan**	100%	Tokyo	Japan

\* The companies did not engage in business operations

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

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

EUR thousand		1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Varelius Juha	President and CEO	498	11,660
Ingman Robert	Chairman of the Board of Directors	80	82
Saarinen Leena	Vice Chairman of the Board of Director	59	61
Koppinen Jaakko	Member of the Board of Directors until 14.3.2023	11	43
Uhari Tommi	Vice Chairman of the Board of Directors untill 15 March 2022	-	18
Marsio Mikko	Member of the Board of Directors	46	45
Välimäki Mikko	Member of the Board of Directors	42	33
Auramo Marika	Member of the Board of Directors from 14.3.2023	35	-
Heikkonen Matti	Member of the Board of Directors from 14.3.2023	34	-
<b>Total</b>		<b>803</b>	<b>11,940</b>

### Management's employee benefits

EUR thousand	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Salaries and other short-term employee benefits	1,432	13,889
Option and Equity incentive program	69	148
<b>Total</b>	<b>1,501</b>	<b>14,037</b>

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**

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

## Parent company's income statement FAS

EUR	Notes	2023	2022
<b>Net sales</b>		<b>370,733.69</b>	<b>4,827,604.28</b>
Personnel expenses	1	-822,405.58	-7,046,581.08
Other operating expenses	2	-1,142,446.80	-1,699,298.16
<b>Operating profit</b>		<b>-1,594,118.69</b>	<b>-3,918,274.96</b>
Financial expenses	3	-871,752.17	-358,336.05
<b>Earnings before appropriations and taxes</b>		<b>-2,465,870.86</b>	<b>-4,276,611.01</b>
Appropriations			
Group contributions received		2,322,228.54	7,562,041.17
<b>Total appropriations</b>		<b>2,322,228.54</b>	<b>7,562,041.17</b>
Income taxes		8,640.19	-
<b>Net profit</b>		<b>-135,002.13</b>	<b>3,285,430.16</b>

## Parent company's balance sheet (FAS)

EUR	Notes	31.12.2023	31.12.2022
<b>Non-current assets</b>			
<b>Investments</b>			
Holdings in group companies	4	17,406,928.24	17,406,928.24
<b>Total</b>		<b>17,406,928.24</b>	<b>17,406,928.24</b>
<b>Non-current assets total</b>			
		<b>17,406,928.24</b>	<b>17,406,928.24</b>
<b>Current assets</b>			
Accounts receivable from group companies		-	-
Current receivables from group companies		91,147,911.27	88,365,972.95
Other receivables		24,648.82	883,101.03
Cash in hand and at banks		51,315.78	278,495.04
<b>Total</b>		<b>91,223,875.87</b>	<b>89,527,569.02</b>
<b>Total assets</b>			
		<b>108,630,804.11</b>	<b>106,934,497.26</b>

EUR	Notes	31.12.2023	31.12.2022
<b>Shareholders' equity</b>			
Share capital	5	500,000.00	500,000.00
Unrestricted shareholders' equity reserve	5	55,154,383.73	55,127,153.89
Own shares		-9,959,968.64	-9,959,968.64
Retained earnings		-255,870.80	-3,541,300.96
Net profit	5	-135,002.13	3,825,430.16
<b>Total</b>		<b>45,303,542.16</b>	<b>45,411,314.45</b>
<b>Long-term liabilities</b>			
Long-term interest-bearing liabilities		-	24,000,000.00
<b>Total</b>		<b>-</b>	<b>24,000,000.00</b>
<b>Short-term liabilities</b>			
Accounts payable		59,073.74	22,248.12
Other liabilities		107,219.94	1,167,383.89
Short-term interest-bearing liabilities		16,305,205.76	3,636,095.57
Accrued charges and deferred credits	6	46,855,762.51	32,697,454.83
<b>Total</b>		<b>63,327,261.95</b>	<b>37,523,182.81</b>
<b>Total shareholders' equity and liabilities</b>			
		<b>108,630,804.11</b>	<b>106,934,497.26</b>

## Parent company's cash flow statement FAS

EUR	2023	2022
<b>Net profit before tax</b>	<b>-2,465,870.86</b>	<b>-4,276,611.01</b>
Adjustments to net profit	871,752.17	358,336.05
Change in working capital	13,542,351.57	-20,592,543.94
Interest paid	-726,110.78	-137,759.72
Other financial items	-1,999.07	-65,190.47
Income taxes paid	-	-876,533.15
<b>Cash flow from financial items and taxes</b>	<b>-728,109.85</b>	<b>-1,079,483.34</b>
<b>Cash flow from operations</b>	<b>11,220,123.03</b>	<b>-25,590,302.24</b>
Repayment of current borrowings	-	-15,000,000.00
Proceeds from non-current borrowings	-	24,000,000.00
Repayment of non-current borrowings	-8,000,000.00	-
Net changes in bank overdrafts	-3,474,532.13	1,387,931.54
Issue of treasury shares	-	14,511,301.23
Share subscriptions based on stock options 2016	27,229.84	739,005.08
<b>Cash flow from financing</b>	<b>-11,447,302.29</b>	<b>25,638,237.85</b>
<b>Change in cash and cash equivalents</b>	<b>-227,179.26</b>	<b>47,935.61</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>278,495.04</b>	<b>230,559.43</b>
<b>Cash and cash equivalents at end of period</b>	<b>51,315.78</b>	<b>278,495.04</b>

## 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
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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	2023	2022
Wages and salaries	742,579.62	6,952,592.25
Pension expenses	69,953.08	83,978.19
Other personnel expenses	9,872.88	10,010.64
<b>Total</b>	<b>822,405.58</b>	<b>7,046,581.08</b>

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	2023	2022
IT expenses	2,153.85	4,588.45
Expert services	427,781.40	970,154.87
Other expenses	712,511.55	724,554.84
<b>Total</b>	<b>1,142,446.80</b>	<b>1,699,298.16</b>
<b>Auditor's fees</b>		
Audit	28,152.87	21,927.75
Other services*	35,092.33	1,450.00
<b>Total</b>	<b>63,245.20</b>	<b>23,377.75</b>

\* Among this amount, EUR 19,142.33 is related to statements based on auditing acts and other regulations.

The company's auditor for 2022 and 2023 was KPMG Oy Ab.

### 3. FINANCIAL INCOME AND EXPENSES

EUR	2023	2022
Other financial expenses	871,752.17	358,336.05
<b>Total</b>	<b>871,752.17</b>	<b>358,336.05</b>



## Notes to the parent company financial statements

## 4. INVESTMENTS

## Holdings in group companies

EUR	2023
Acquisition cost, 1 January	17,406,928.24
<b>Acquisition cost, 31 December</b>	<b>17,406,928.24</b>
<b>Book value, 1 January</b>	<b>17,406,928.24</b>
<b>Book value, 31 December</b>	<b>17,406,928.24</b>

EUR	2022
Acquisition cost, 1 January	17,406,928.24
<b>Acquisition cost, 31 December</b>	<b>17,406,928.24</b>
<b>Book value, 1 January</b>	<b>17,406,928.24</b>
<b>Book value, 31 December</b>	<b>17,406,928.24</b>

## 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	2023	2022
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	55,127,153.89	36,457,747.23
Issue of shares	-	8,273,310.00
Issue of treasury share	-	9,657,091.58
Share subscriptions based on stock options	27,229.84	739,005.08
Unrestricted shareholders' equity reserve, 31 December	55,154,383.73	55,127,153.89
Own shares, 1 January	-9,959,968.64	-18,351,075.90
Purchase of treasury shares	-	-
Decrease of treasury shares	-	8,391,107.26
Own shares, 31 December	-9,959,968.64	-9,959,968.64
Retained earnings	-255,870.80	-4,403.35
Decrease of treasury shares	-	-3,536,897.61
Net profit (loss)	-135,002.13	3,285,430.16
<b>Total shareholders' equity</b>	<b>45,303,542.16</b>	<b>45,411,314.45</b>
<b>Calculation of distributable funds</b>		
Unrestricted shareholders' equity reserve	55,154,383.73	55,127,153.89
Treasury shares	-9,959,968.64	-9,959,968.64
Retained earnings	-255,870.80	-3,541,300.96
Net profit (loss)	-135,002.13	3,285,430.16
<b>Total distributable funds</b>	<b>44,803,542.16</b>	<b>44,911,314.45</b>

## Notes to the parent company financial statements

**6. ACCRUED CHARGES AND DEFERRED CREDITS**

EUR	2023	2022
Accrued charges and deferred credits to group companies	46,726,053.01	32,396,053.01
Personnel expense allocations	70,115.98	173,730.73
Other accrued charges and deferred credits	59,593.52	127,671.09
<b>Total</b>	<b>46,855,762.51</b>	<b>32,697,454.83</b>

**Board of Directors' dividend proposal**

Parent company's net result showed a profit of EUR -135,002.13. 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 2023.

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

**ESPOO, 15 FEBRUARY 2024**

**Robert Ingman**

Chairman of the Board of Directors

**Matti Heikkonen**

Member of the Board of Directors

**Juha Varelius**

President and CEO

**Leena Saarinen**

Vice Chairman of the Board of Directors

**Mikko Marsio**

Member of the Board of Directors

**Marika Auramo**

Member of the Board of Directors

**Mikko Välimäki**

Member of the Board of Directors

**AUDITORS' NOTE**

The report of the audit has been issued today.

Espoo, 15 February 2024

KPMG Oy Ab

Authorized Public Accountants

Jonne Ahokas, 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, 2023. 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 material accounting policy information, 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 IFRS Accounting Standards 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 assessment 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 statements 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
<p><b>Revenue Recognition and Valuation of Accounts Receivable</b>                      – Refer to Accounting Principles and Notes 2 and 15 in the Consolidated Financial Statements</p>	
<p>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.</p>	<p>We have tested controls over revenue recognition, including timing of revenue recognition, as well as performed substantive testing.</p>
<p>Accounts receivable includes management estimate relating to valuation of overdue accounts receivable.</p>	<p>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.</p>

### 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 IFRS Accounting Standards 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 or 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, 2024  
KPMG OY AB

Jonne Ahokas  
Authorized Public Accountant, KHT



# Corporate Governance Statement 2023

## 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](http://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 2023.

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 Oy, 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 and Vice Chair of the Board since 2022. Chair of the Compensation and Nomination Committee.

Currently works as a board professional. Board chair at Reka Industrial Oyj and Helsinki School of Business Ab. Board member at Handelsbanken Finland, Etteplan Oyj and Ruokaboksi 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 Marsio

b. 1971

**M.Sc. (Eng.)**

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



### 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. Currently CEO at IQM Quantum Computers. Contributing in a number of start-ups including Executive Chairman at Ellie Technologies Inc.

Previously co-founder and CEO of Tuxera Inc. (2009–2019).

Independent of the Company and major shareholders.



### Marika Auramo

b. 1967

**MBA**

Member of the Board of Directors of Qt Group Plc since 2023. Member of the Audit Committee.

Chief Business Officer at SAP EMEA region.

Previously in several managerial positions at SAP, including Global Chief Operating Officer at SAP America (2017–2019), General Manager at EMEA region (2015–2017) and Managing director of SAP in the Nordic and Baltic Region (2019–2021).

Prior to that she has worked at several start-ups (1990–1998). Member of the Board at Digital Workforce Services Oy.

Independent of the Company and major shareholders.



### Matti Heikkonen

b. 1976

**M.Sc. (Tech)**

Member of the Board of Directors of Qt Group Plc since 2023. Member of the Compensation and Nomination Committee.

Chief Commercial Officer at Enreach for Enterprises (2021–).

Previously CEO at Benemen Oy (2018–2021), EVP Global Operations and member of the executive team at Questback AS (2010–2018), and CEO at Digium Oy (2007–2010).

Prior to that he has worked in several managerial positions at Nokia (2004–2007). Member of the Board at QPR Software Oy.

Independent of the Company and major shareholders.

## Composition of Board of Directors

### THE BOARD OF DIRECTORS OF QT GROUP PLC 2023

Name	Education	Year of Birth	Main Activity	Shareholding, pcs*
Marika Auramo**	MBA	1967	Chief Business Officer, SAP	0
Matti Heikkonen**	M.Sc. (Tech)	1976	CEO, Enreach for Enterprises	1,048
Robert Ingman	M.Sc. (Eng.), M.Sc. (Econ.)	1961	Chairman of the Board., Ingman Group Oy Ab	5,485,000
Jaakko Koppinen***	M.Sc. (Eng.)	1969	Vice President, Normet Oy	0
Mikko Marsio	M.Sc. (Eng.)	1971	Chief Revenue Officer, Esystems Oy	800
Leena Saarinen	M.Sc. (Food Technology)	1960	Board Professional	2,844
Mikko Välimäki***	Ph.D, LL.M	1976	CEO, IQM Quantum Computers	0

\* Company shares held directly or through legal entities under person's control/influence as of 31 December 2023.

\*\* Board member as of March 14, 2023.

\*\*\* Board member until March 14, 2023.

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

Of the aforementioned Members of the Board, Marika Auramo, Matti Heikkonen, 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 2023, the Board of Directors held 8 meetings. The participation rate in the meetings was the following:

Member	PARTICIPATION
Robert Ingman (Chair)	8/8
Marika Auramo	7/7
Matti Heikkonen	7/7
Jaakko Koppinen	1/1
Mikko Marsio	8/8
Leena Saarinen	8/8
Mikko Välimäki	8/8
<b>Total</b>	<b>100%</b>

### Committees of the Board of Directors

The company's Board of Directors had two (2) committees in financial year 2023: 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 2023, the members of the Compensation and Nomination Committee and their participation in the meetings were as follows:

<b>Member</b>	<b>PARTICIPATION</b>
Matti Heikkonen*	10/10
Robert Ingman	12/12
Mikko Marsio**	2/2
Leena Saarinen (Chair)	12/12
<b>Total</b>	<b>100%</b>

\* Member of the Committee as of March 14, 2023

\*\* Member of the Committee until March 14, 2023

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 2023, the members of the Audit Committee and their participation in the meetings were as follows:

<b>Member</b>	<b>PARTICIPATION</b>
Marika Auramo*	4/4
Jaakko Koppinen**	1/1
Mikko Marsio (Chair)	5/5
Mikko Välimäki	5/5
<b>Total</b>	<b>100%</b>

\* Member of the Committee as of March 14, 2023

\*\* Member of the Committee until March 14, 2023

## 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 2023, 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	400,982
Mari Heusala	M.Sc. (Econ.)	1966	SVP, Human Resources	0
Petteri Holländer	M.Sc. student (Eng.)	1974	SVP, Ventures	10,000
Marko Kaasila**	Master of Science in Technology, MBA	1972	SVP, Product Management	0
Katja Kumpulainen	eMBA	1973	SVP, Marketing	12,000
Jouni Lintunen	Master of Science in Technology	1971	Chief Financial Officer	2,000
Juhapekka Niemi	Information Technology Engineer	1968	SVP, Product Management	46,211
Mika Pälvi	Master of Laws	1970	General Counsel	1,413
Steffan Schumacher***	Bachelor of Information Technology	1975	SVP, Sales	100
Tuukka Turunen	Master of Science in Technology, Licentiate in Technology	1974	SVP, Research and Development	141,786

\* Company shares held directly or through legal entities under control/influence by a person as of December 31, 2023.

\*\* Member of the Management Team until August 31, 2023

\*\*\* Member of the Management Team since June 1, 2023

## Management Team



### Juha Varelius

b. 1963

**Master of Economic Sciences**

CEO of the 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).



### 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 as Business Controller (2013–2015) at PaloDEX Group Oy, and in various directorial and expert positions at Vaisala Oyj (1998–2013).



### Steffan Schumacher

b. 1975

**Bachelor of Information Technology**

Senior Vice President, Sales of Qt Group Plc since 2023.

Previously acted as COO of Efecte Plc following roles as Managing Director of Professional Services and COO of EMEA Sales at Citrix Inc (2017–2020) and Global Sales Leadership at Microsoft Corp (2013–2017) followed by Global Accounts Director at Microsoft Western Europe (2008–2013) and Partner and Sales Leadership at Microsoft Finland (2001–2008). Business Unit Manager at Solteq (1998–2001).



### Juhapekka Niemi

b. 1968

**Information Technology Engineer**

Senior Vice President, Product Management of Qt Group Plc since 2023.

Previously Senior Vice President, Sales. Member of the management team 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).



### 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



### Petteri Holländer

b. 1974

**M.Sc. student (Eng.)**

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

Previously Senior Vice President, Product Management. Member of the management team since 2016. Previously 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

**M.Sc. Economics**

Senior Vice President, Human Resources at 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).



### 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).

### 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 centralized control over the Group's funding and asset management, and is in charge of managing interest rate and currency risk.

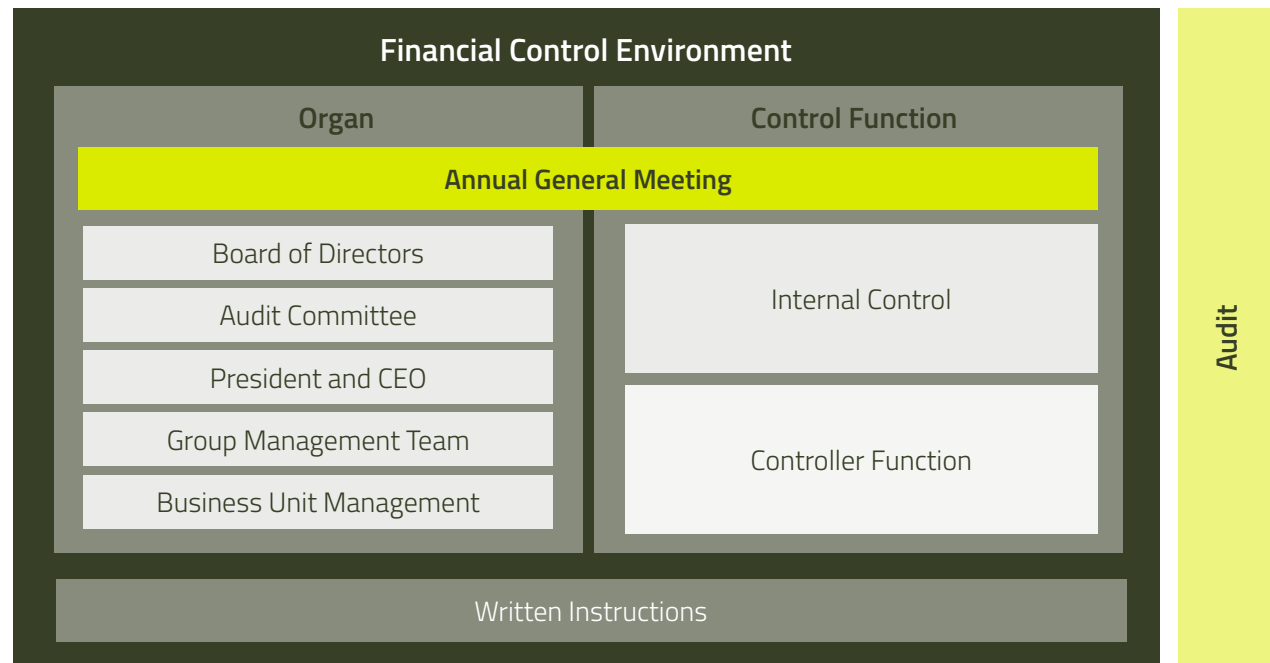
#### INTERNAL RISK CONTROL

As a general principle, authorization 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 authorized 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 organizational 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 potential 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 minimize 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 Jonne Ahokas as the principal auditor.

During financial year 2023, the auditor's fees for auditing services was EUR 46 thousand and EUR 35 thousand for services that were not related to auditing, among this amount EUR 19 thousand is related to statements based on auditing acts and other regulations and EUR 16 thousand is related to other non-audit services.

### 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 2023

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

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

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

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

The remuneration of governing bodies for the fiscal year 2023 took place in accordance with the Company's remuneration policy.

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

The table below presents the development of the remuneration of the Company's governing bodies compared to the development of the average remuneration of the Group's employees and the Group's financial development during the last five fiscal years.

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

EUR 1,000	2023	2022	2021	2020	2019
<b>Average remuneration of the Board of Directors</b>	<b>53</b>	<b>56</b>	<b>48</b>	<b>48</b>	<b>47</b>
<i>Change, %<sup>1</sup></i>	-5.4%	16.7%	0%	2.1%	0%
<b>Remuneration of the President and CEO</b>	<b>524</b>	<b>15,945<sup>2</sup></b>	<b>27,473<sup>3</sup></b>	<b>6,994<sup>4</sup></b>	<b>327</b>
<i>Change, %<sup>1</sup></i>	-96.7%	-42.0%	>100%	>100%	-35.8%
<b>Employee remuneration<sup>5</sup></b>	<b>102</b>	<b>107</b>	<b>117</b>	<b>105</b>	<b>103</b>
<i>Change, %<sup>1</sup></i>	-4.5%	-8.5%	11.4%	1.9%	6.2%
<b>Net sales</b>	<b>180,743</b>	<b>155,318</b>	<b>121,139</b>	<b>79,455</b>	<b>58,373</b>
<i>Change, %<sup>1</sup></i>	16.4%	28.2%	52.5%	36.1%	28.0%
<b>Operating result</b>	<b>47,349</b>	<b>36,870</b>	<b>28,812</b>	<b>17,017</b>	<b>219</b>
<i>Change, %<sup>1</sup></i>	28.4%	28.0%	69.3%	>100%	-
<b>Qt Group Plc market capitalization, 31.12.</b>	<b>1,637,733</b>	<b>1,126,713</b>	<b>3,364,135</b>	<b>1,412,600</b>	<b>499,600</b>
<i>Change, %<sup>1</sup></i>	45.4%	-66.5%	>100%	>100%	>100%

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

<sup>2</sup> Of the remuneration paid to the President and CEO, a total of EUR 15,363,849 is income based on the Share Bonus Scheme 2019 and from the subscription of stock options received through the Company's 2016 option scheme.

<sup>3</sup> Of the remuneration paid to the President and CEO, a total of EUR 26,821,800 is income from the sale of stock options received through the Company's 2016 option scheme.

<sup>4</sup> Of the remuneration paid to the President and CEO, a total of EUR 6,508,418 is income from the sale of stock options received through the Company's 2016 option scheme.

<sup>5</sup> Employee remuneration is calculated from the personnel expenses on the financial statements less any social security contributions and by dividing the resulting figure by the average number of personnel during the fiscal year.

**REMUNERATION OF THE BOARD OF DIRECTORS**

During the 2023 fiscal year, the Qt Group Plc's Board of Directors were paid monthly remuneration

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

In addition, the meeting fees were paid

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

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

The Company's Board Members are not included in any incentive schemes intended for the Company's management or personnel, and the Company has not granted stock options nor share-based remuneration for work on the Board of Directors.

The table below presents the remuneration of the members of the Board of Directors during the fiscal year 2023.

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

1 Compensation and Nomination Committee

2 Audit Committee

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

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

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

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

**REMUNERATION OF THE PRESIDENT AND CEO**

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

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

The remuneration model includes two types of variable remuneration components: a cash bonus paid under the Company's short-term incentive scheme and a reward paid in shares and/or options (and, if applicable, in cash) under the Company's long-term incentive scheme.

The CEO has no supplementary pension scheme from the Company.

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

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

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

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

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

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

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

## Remuneration of the President and CEO

### SHORT-TERM INCENTIVE (STI)

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

Once the net sales target is reached, the President and CEO is paid an annual bonus amounting to 40 percent of his annual fixed salary. Between the minimum level and target level, the bonus is determined linearly between 0 and 100%, depending on actual performance.

Upon exceeding the net sales target, the bonus will increase as follows: 20% of each euro that exceeds the net sales target is used for the CEO's and other company personnel's bonus rewards including social costs. The maximum annual bonus for the CEO is 120% of his annual fixed salary.

The fulfilment of bonus criteria is evaluated, and possible rewards are paid semiannually.

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

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

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

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



## Remuneration of the President and CEO

### LONG-TERM INCENTIVE (LTI)

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

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

The Company has one valid long-term incentive scheme for key personnel based on the decision of the Board of Directors on 16 February 2022. The incentive program has one reward collection period covering the years 2022–2024. The rewards pursuant to the program will be paid upon the confirmation of the financial statements for 2024 as a combination of shares and cash, so that the cash amount will approximately cover the taxes and other statutory fees resulting from the reward, and the rest of the reward will be paid to the recipient in shares. Shares paid out as rewards are not subject to any restrictions concerning e.g. their hand-over.

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

## 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](https://investors.qt.io).

To subscribe to stock exchange releases, please send your e-mail contact information to [pr@qt.io](mailto:pr@qt.io).

Qt Group Plc's Annual General Meeting is planned to be held on Tuesday, 12 March 2024 at 10 a.m. EET. More information on registering for the AGM and the AGM documents are available at [investors.qt.io](https://investors.qt.io).

## Financial calendar 2024

16 February	Financial Statements Bulletin for 2023 and Annual Report
25 April	Interim Statement January–March
8 August	Half-Year Financial Report
31 October	Interim Statement January–September

### **BASIC INFORMATION ON THE SHARE**

Listed (2016) on Nasdaq Helsinki Ltd

Trading code: QTCOM

Number of shares (Dec 29, 2023) 25,470,211

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