



# The Future is Written with Qt

Annual Report 2021

EXPLORE VIRTUAL QT WORLD



As The Qt Company continues its growth, the acquisition of froglogic is an important milestone in broadening Qt's best-in-class software development tools and building in automated testing and code coverage analysis directly into our suite of products.

Juha Varelius

PRESIDENT AND CEO

Qt Group Plc

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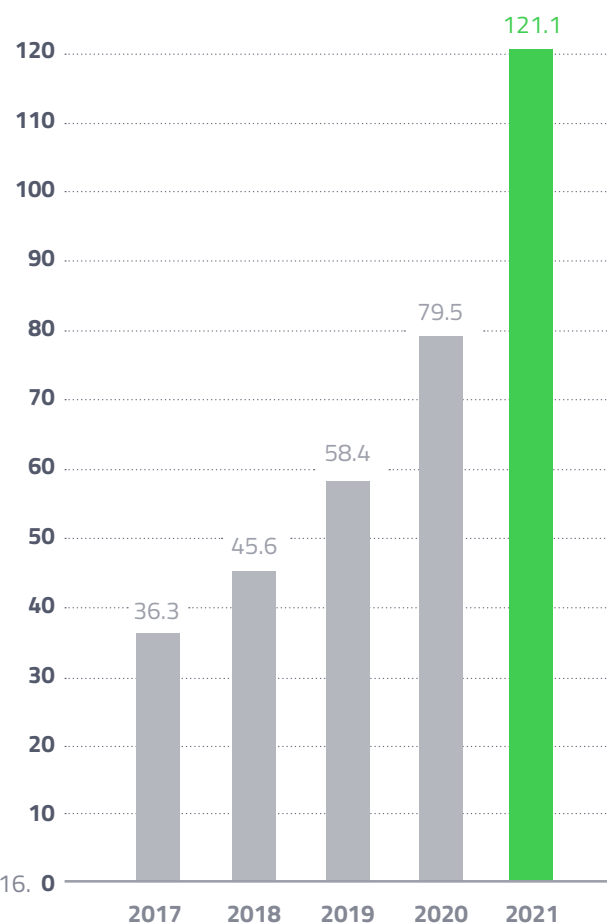
[investors.qt.io](https://investors.qt.io)

## Qt Group in 2021

Net Sales  
MEUR

**121.1**

\* 79.5



\* 2020

Listed on Nasdaq OMX Helsinki since 2 May 2016.

**28,812**

**OPERATING  
RESULT**

EUR THOUSAND

\* 17,017

**23.8 %**

**OPERATING  
MARGIN**

% OF NET SALES

\* 21.4 %

**57.0 %**

**RETURN ON  
INVESTMENT**

\* 63.6 %

**51.1 %**

**EQUITY  
RATIO**

\* 66.6 %

**0.91**

**EARNINGS  
PER SHARE**

EUR

\* 0.53

**445**

**PERSONNEL  
ON AVERAGE**

\* 348



## CEO's Review

## Excellent growth continued in 2021

Qt continued the successful execution of its growth strategy in 2021. Our net sales grew by 52 percent, reaching EUR 121 million. Our operating profit was EUR 29 million and the operating profit margin was 24 percent. Our performance in 2021 is a good indication that our strategy to accelerate growth and create long-term growth opportunities is on a stable foundation.

Acquisitions that help us expand the Qt product portfolio are a key element of our strategy. We want to provide a comprehensive range of solutions that make the day-to-day work of software developers easier by speeding up the development cycle and increasing productivity. In March 2021 we established Ventures business unit to explore new business opportunities. The acquisition of froglogic quality assurance tools such as test automation, completed last spring, is a good example of this. The graphic user interface (GUI) test automation tools developed by froglogic complement Qt's capabilities and range of solutions. The sales of the quality assurance tools got off to a very good start following the acquisition, and the full-year sales of the products exceeded our expectations.

We are growing our organization in response to the expanding product portfolio and increasing demand. During 2021 we recruited 134 new employees, which brought the number of personnel to 496 at the end of the year. Employee well-being and satisfaction are high priorities for us. We measure employee engagement annually and



prepare development plans based on the results. According to the results of the personnel survey, Qt's employees were particularly satisfied with their work/life balance, their immediate supervisor and their smooth cooperation with other colleagues.

It is very important for us to arrange interactive events where Qt users get to talk with each other and with Qt professionals. Qt World Summit 2021 showcased interesting solutions to the challenges of software development in various different industries. For example, the presentations shed light on how Qt is used by the editors of the Total War games franchise developed by Creative Assembly, why BSH Home Appliances, the leading manufacturer of household appliances in Europe, chose Qt as their user interface development toolkit and how Panasonic Avionics uses Qt to create the best viewing experience on board aircrafts. The Dev/Des Days event brought software designers and developers together to discuss best practices in software development and hosted presentations from industry visionaries.

However, the continued Covid-19 pandemic, the global component shortage that disrupts many industries and the logistic issues in global trade are still creating increased uncertainty and present significant challenges to many of our customers. **According to a study conducted by Forrester on behalf of Qt**, more than 80 percent of manufacturers face challenges in producing digital products and services. Some 82 percent of companies believe that the increased development of

Thanks to the growing market, Qt's leading technology and dynamic sales network, we are in an excellent position to continue on a strong growth path for many years to come.

smart devices calls for more efficient development and delivery process. Cross-platform frameworks and tools are vital for reducing time-to-market and enabling the flexible use of various types of hardware.

We need to maintain close dialogue with our customers in order to understand how and when they use Qt solutions, and what are the bottlenecks in their software and product development cycles. We use customer feedback to develop our existing product portfolio as well as to innovate new solutions to broad problems. Examples of our new releases in 2021 include Qt 6.2 LTS (Long-term supported) and Qt for MCUs 2.0, which facilitates the design and implementation of different language versions of user interfaces for embedded microcontrollers.

We also passed a significant milestone, marking 25 years since the release of Qt 1.0 back in 1996. The cornerstone of Qt's

success is the open-source community, which today consists of approximately 1.5 million developers. They provide us with valuable feedback to support product development and ideas for new features as well as fix bugs, all of which improves the quality of Qt technology even higher.

We have systematically executed our growth strategy since Qt was listed on the stock exchange, and we have now even exceeded the growth targets set in 2017. One of our top priorities will continue to be net sales growth. The market for connected devices and software is very large and the IoT revolution will only grow it further. Thanks to the growing market, Qt's leading technology and dynamic sales network, we are in an excellent position to continue on a strong growth path for many years to come.

Finally, I want to take this opportunity to thank our employees for their commitment to Qt and their significant contribution to achieving an excellent result. I also want to thank our customers, shareholders and other stakeholders for their continued support and cooperation.

**Juha Varelus**  
President & CEO  
Qt Group Plc

# Report of the Board of Directors

## Year 2021 in brief

- Net sales increased by 52.5 percent to EUR 121,139 thousand (79,455). At comparable exchange rates, net sales increased by 55.0 percent.
- Net sales of distribution licenses grew by 40.5 percent to EUR 21,431 thousand (15,255).
- Operating profit (EBITA) was EUR 31,534 (17,422) thousand, or 26.0 (21.9) percent of net sales.
- Operating profit (EBIT) was EUR 28,812 (17,017) thousand, or 23.8 (21.4) percent of net sales.
- Earnings per share were EUR 0.91 (0.53).

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).

## Financial reporting

### NET SALES

Full-year net sales for 2021 increased by 52.5 percent year-on-year and amounted to EUR 121,139 thousand (EUR 79,455 thousand). License sales and consulting grew by 68.7 percent, while maintenance revenue increased by 4.0 percent. As part of license sales and consulting, the net sales of distribution licenses grew by 40.5 percent to EUR 21,431 thousand (EUR 15,255 thousand). The effect of exchange rates on the com-

parison period's net sales was EUR -1,321 thousand. At comparable exchange rates, net sales increased by 55.0 percent.

### PROFIT PERFORMANCE

Qt's operating profit (EBITA) for 2021 was EUR 31,534 thousand (EUR 17,422 thousand) and the operating result (EBIT) for the fiscal year was EUR 28,812 thousand (EUR 17,017 thousand).

The Group's operating expenses, including materials and services, personnel expenses, depreciation and other operating expenses, amounted to EUR 92,751 thousand (EUR 62,901 thousand) in the fiscal year, up 47.5 percent year-on-year. Personnel expenses accounted for 65.3 percent (67.0%) of operating expenses, or EUR 60,595 thousand (EUR 42,140 thousand). Compared to the corresponding period in the previous year, expenses for the fiscal year were particularly increased by an increase in wages and incentive bonuses caused by an increase in personnel, as well as subcontracting costs, which were allocated to consulting and product development, for example.

The Group had 496 employees at the end of 2021, compared to 366 a year earlier. The increase in the number of employees

has been strongest in the sales and product development organizations.

The company's net financial expenses in the fourth quarter were EUR 472 thousand in the positive (EUR -657 thousand), due to exchange rate differences in currency-denominated internal receivables and debts related to the financing of international subsidiaries.

Other operating income includes income from events held and tax-free research and development investment grants received by the company in Norway, totaling approximately EUR 316 thousand (EUR 222 thousand). The grants concern the applicable personnel expenses related to the research and development activities of Qt's Norwegian company, and they were paid to the company in the second half of 2021.

Qt's earnings before tax for the fiscal year totaled EUR 29,284 thousand (EUR 16,360 thousand) and the result was EUR 22,410 thousand (EUR 12,826 thousand). Taxes for the review period amounted to EUR 6,873 thousand (EUR 3,534 thousand).

Earnings per share for the fiscal year were EUR 0.91 (0.53).

## FINANCING AND INVESTMENTS

Cash flow from operating activities was EUR 16,035 thousand (EUR 12,745 thousand) in the fiscal year due to the positive result. Qt's cash and cash equivalents totaled EUR 17,374 thousand (EUR 22,046 thousand) at the end of the fiscal year.

Qt Group's consolidated balance sheet total at the end of the fiscal year stood at EUR 117,216 thousand (EUR 61,416 thousand). Net cash flow from investments in the fiscal year was EUR -25,000 thousand (EUR -630 thousand), due to the acquisition in the second quarter.

The equity ratio was 51.1 percent (66.6%) and gearing was -0.7 percent (-64.9%). Interest-bearing liabilities amounted to EUR 17,028 thousand (EUR 2,655 thousand) of which short-term loans accounted for EUR 15,862 thousand (EUR 1,282 thousand).

During the fiscal year, return on investment was 57.0 percent (63.6%) and return on equity was 55.0 percent (54.8%).

## ACQUISITIONS

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

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

The acquisition created goodwill of EUR 18,849 thousand based on the technical expertise of the acquired company and the company's operating model. None of the goodwill recognized on the acquisition is tax-deductible. The expenses related to the acquisition, EUR 208 thousand, are included in other operating expenses in the consolidated income statement. Froglogic is included in Qt Group's financial reporting from the second quarter of 2021 onwards.

More information about the acquisition in the Consolidated Financial Statements Note 1.



## RESEARCH AND DEVELOPMENT

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

Product development expenses during the fiscal year totaled EUR 19,163 thousand (EUR 13,601 thousand), accounting for 15.8 percent (17.1%) of net sales. Product development expenses increased by 40.9 percent year-on-year.

There were, on average, 133 people working in product development during the financial year (117).

## PERSONNEL

The Group personnel was 445 (348) on average during the year and 496 (366) at the end of the fiscal year. The Group's personnel expenses during the year totaled EUR 60,595 thousand (EUR 42,140 thousand), up 43.8 percent.

At the end of the fiscal year, international personnel represented 71 percent (73%) of the total.

## THE GEOGRAPHICAL DISTRIBUTION OF PERSONNEL:

Personnel	1–12/2021	1–12/2020	Change %
(on average)			
Finland	123	96	28 %
Rest EMEA & APAC	258	199	30 %
North America	64	54	19 %
<b>Group total</b>	<b>445</b>	<b>348</b>	<b>28 %</b>

## Share and shareholders

At the end of the financial year, Qt Group held 398,000 treasury shares corresponding to 1.58 percent of the total number of listed shares.

On December 31, 2021, the number of Qt Group Plc shares outstanding was 24,782,648 (24,218,340).

As of December 31, 2021, the company had a total of 26,982 shareholders including nominee-registers, according to Euroclear Finland Oy.

Qt Group did not receive any flagging notifications during the fiscal year 2021.

## Share price and turnover

Qt Group Plc's share (trading code: QTCOM) is traded on the Nasdaq Helsinki stock exchange. A total of 21,959,942 shares changed hands during the reporting period. This accounts for 87.2 percent of the total number of shares. The volume-weighted average price of the share was EUR 108.92 with the lowest price being EUR 52.40 (January 1, 2021) and the highest price EUR 179.80 (October 22, 2021). The closing price at the end of December was EUR 133.6 per share, and Qt Group's market capitalization was EUR 3,364.1 million.

### THE TEN LARGEST SHAREHOLDERS ON DECEMBER 31, 2021

Shareholder	% of shares and votes
Skandinaviska Enskilda Banken AB (Publ) Helsinki Branch*	25.4%
Ingman Development Oy Ab	21.3%
Citibank Europe Plc*	4.7%
Varma Mutual Pension Insurance Company	3.0%
Karvinen Kari Juhani	2.8%
Ilmarinen Mutual Pension Insurance Company	2.8%
Savolainen Matti Ilmari	2.0%
Uhari Tommi Markus	1.6%
Varelius Juha Pekka	1.1%
Elo Mutual Pension Insurance Company	1.0%

\* Nominee register

### DISTRIBUTION OF HOLDINGS BY NUMBER OF SHARES HELD ON DECEMBER 31, 2021

Number of shares	% of shareholders	% of shares and votes
1 – 100	79.7%	2.1%
101 – 1 000	17.4%	5.7%
1 001 – 10 000	2.5%	6.7%
10 001 – 100 000	0.3%	10.2%
100 001 – 1 000 000	0.1%	24.0%
1 000 001 – 9 999 999	0.01%	51.4%

### SHAREHOLDING BY SECTOR ON DECEMBER 31, 2021

Number of shares	% of shareholders	% of shares and votes
Non-financial corporations	3.3%	26.1%
Finance and insurance companies*	0.2%	33.6%
General government	0.02%	6.8%
Not for profit institutions	0.2%	0.3%
Households	95.9%	27.8%
Foreign holding	0.3%	5.5%
*including nominee-registered	0.1%	31.3%

## Governance

Qt Group Plc's Annual General Meeting (AGM) held on 16 March 2021 adopted the company's annual accounts, including the consolidated annual accounts for the accounting period 1 January–31 December 2020, reviewed the remuneration report for the company's governing bodies and discharged the members of the Board of Directors and the Chief Executive Officer from liability. The AGM resolved, in accordance with the Board's proposal, that no dividend be paid based on the balance sheet adopted for the accounting period that ended on December 31, 2020.

The AGM confirmed the remuneration of the company's Board of Directors and auditors, decided that the number of members on the Board of Directors would be five (5) and elected the company's Board of Directors. Robert Ingman, Jaakko Kopinen, Mikko Marsio, Leena Saarinen and Tommi Uhari were re-elected as members of Qt Group Plc's Board of Directors. At its organizing meeting held after the general meeting, the Board of Directors elected Robert Ingman as its Chairman and Tommi Uhari as the Vice Chairman.

The general meeting granted the following authorizations to the Board of Directors of Qt Group Plc:

### **Authorizing the Board of Directors to decide on repurchasing the company's own shares and/or accepting them as collateral**

The general meeting authorized the Board of Directors to decide on the repurchase and/or acceptance as collateral of a maximum of 2,000,000 of the company's own shares by using funds in the unrestricted equity.

According to the authorization, the Board will decide on how these shares are to be purchased. The shares may be repur-

chased in a proportion other than that of the shares held by 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.

Shares may be acquired in order to improve the company's capital structure, to finance or carry out acquisitions or other arrangements, to implement 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 is valid for 18 months from the issue date of the authorization, i.e. until September 16, 2022, and it replaces any earlier authorizations on the repurchase and/or acceptance as collateral of the company's own shares.

### **Authorizing the Board of Directors to decide on a share issue and the granting of special rights entitling to shares**

The general meeting authorized the Board to decide on a share issue and the 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 the authorization is 2,000,000.
- The authorization concerns both the issuance of new shares and the transfer of shares held by the company. By virtue of the authorization, the Board of Directors is entitled to decide on share issues and the 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 is valid for 18 months from the issue date of the authorization, i.e. until September 16, 2022, and it replaces any earlier authorizations on the granting of shares or special rights entitling to shares.

### **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.

## Risks and uncertainties

The Qt Group's short-term risks and uncertainties are related to potential significant changes in the company's business operations as well as the retention and recruitment of the personnel required for business development. The potential extensive spread of the Covid-19 pandemic among the employees and any resulting sick leave absences could slow down the development of business operations. Furthermore, prolonged Covid-19 pandemic might slow down the growth of the business and affect the valuation of assets. The pan-

demic has not affected the valuation of assets thus far. The global component shortage and logistic issues in global trade are expected to lead to reductions in production volumes and delays in projects for at least part of the company's customer base, which may slow down the accumulation of net sales from distribution licenses.

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.

The company's business risks and preparations for them are also described on the company website at [www.qt.io](http://www.qt.io).

## Group structure

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

## Future outlook

### OPERATING ENVIRONMENT AND MARKET OUTLOOK

The company estimates the growth prospects for its business in the next few years as very promising. The Group's business development efforts will focus on desktop applications as well as embedded systems in the automotive industry, consumer electronics, medical devices, and industrial automa-

tion sectors. Product development efforts will also focus on the value-added features and tools needed in the creation of embedded systems. Sales growth associated with embedded systems will also reflect on the earnings logic. Volume-based distribution license revenue from these sales accumulates over the long term. Accordingly, it is typical of Qt as a company that quarterly net sales and growth may vary significantly between quarters. In addition to organic growth, the company also actively pursues inorganic growth through acquisitions that support its strategy.

The Covid-19 pandemic continues to cause increased uncertainty for the company's short-term outlook. The pandemic has created pent-up demand for many products. When this pent-up demand is released, it may lead to increased demand for Qt's solutions. At the same time, however, the logistics problems in world trade and the global component shortage are expected to have an impact on at least some of the company's customers in the form of project delays and reduced production volumes. These challenges in the operating environment may slow down the accumulation of net sales from distribution licenses, in particular. It is obvious that recovery from the pandemic will be uneven between different industries and geographical regions and the recovery may be a long process.

### OUTLOOK FOR 2022

We expect the very strong growth of developer license sales to continue in 2022. However, the challenges in the operating environment caused by the prolonged Covid-19 pandemic may still slow down the growth of distribution licenses to some degree. All in all, we estimate that our full-year net sales for 2022 will increase by 30–40 percent year-on-year at com-

parable exchange rates and our operating profit margin will be 20–30 percent. There may be significant quarterly variation in the development of net sales and the operating result. The figures for the second quarter, in particular, will be influenced by the exceptionally strong comparison figures for the previous year.

## Events after the review period

On January 3, 2022, Qt Group issued a stock exchange release to disclose that, during the period September 14–December 9, 2021, a total of 550 new shares in the company had been subscribed for with the company's stock options 2016. For subscriptions made with the stock options 2016, the entire subscription price of EUR 2,662.00 will be entered in the reserve for invested unrestricted equity. After the new shares are entered in the Trade Register, the total amount of shares is 25,181,198. The shares subscribed for under the stock options were entered in the Trade Register on January 3, 2022. The shares are traded on Nasdaq Helsinki together with the old shares as of January 4, 2022.

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

## Board of Directors' dividend proposal

The Board of Directors of Qt Group Plc proposes to the Annual General Meeting that no dividend be paid for the fiscal year that ended on December 31, 2021.

# Consolidated Key Figures

EUR thousand	31.12.2021	31.12.2020
Net sales	121,139	79,455
Operating profit (EBITA)	31,534	17,422
EBITA, %	26.0%	21.9%
Operating profit (EBIT)	28,812	17,017
EBIT, %	23.8%	21.4%
Net profit	22,410	12,826
- % of net sales	18.5%	16.1%
Return on equity, %	55.0%	54.8%
Return on investment, %	57.0%	63.6%
Interest-bearing liabilities	17,028	2,655
Cash and cash equivalents	17,374	22,046
Net gearing, %	-0.7%	-64.9%
Equity ratio, %	51.1%	66.6%
Earnings per share (EPS), EUR	0.91	0.53
EPS adjusted for dilution, EUR	0.88	0.51

## Calculation formulas for key figures

### RETURN ON EQUITY

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

### RETURN ON INVESTMENT:

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

### GEARING

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

### EQUITY RATIO

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



# Financial Statements 2021

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## Consolidated income statement

EUR thousand	Notes	1.1.–31.12. 2021	1.1.–31.12. 2020
<b>Net sales</b>	2	<b>121,139</b>	<b>79,455</b>
Other operating income	3	424	463
Materials and services	4	-6,435	-4,484
Personnel expenses	5, 18, 22	-60,595	-42,140
Depreciation, amortization and impairment	7	-4,515	-2,432
Other operating expenses	8	-21,206	-13,845
<b>Operating result</b>		<b>28,812</b>	<b>17,017</b>
Financial income	9	2,138	2,871
Financial expenses	9	-1,665	-3,527
<b>Earnings before tax</b>		<b>29,284</b>	<b>16,360</b>
Income taxes	10	-6,873	-3,534
<b>Net profit</b>		<b>22,410</b>	<b>12,826</b>
Distribution of comprehensive income:			
Parent company shareholders		22,410	12,826
<b>Net profit attributable to parent company shareholders, earnings per share</b>			
Undiluted earnings per share (EUR/share)	11	0.91	0.53
Diluted earnings per share (EUR/share)	11	0.88	0.51

## Consolidated statement of comprehensive income

EUR thousand	Notes	1.1.–31.12. 2021	1.1.–31.12. 2020
<b>Other comprehensive income</b>			
<b>Items which may be reclassified subsequently to profit or loss</b>			
Translation difference		176	-110
<b>Total comprehensive income</b>		<b>22,587</b>	<b>12,717</b>
Distribution of comprehensive income:			
Parent company shareholders		22,587	12,717

## Consolidated statement of financial position

### Assets

EUR thousand	Notes	31.12.2021	31.12.2020
<b>Non-current assets</b>			
Goodwill	12	25,412	6,562
Other intangible assets	12	26,489	3,706
Tangible assets	13	3,046	3,180
Long-term receivables		338	306
Deferred tax assets	14	1,351	683
<b>Total non-current assets</b>		<b>56,635</b>	<b>14,438</b>
<b>Current assets</b>			
Trade receivables	15	29,116	17,772
Other receivables	15	14,091	7,160
Cash and cash equivalents	16	17,374	22,046
<b>Total current assets</b>		<b>60,581</b>	<b>46,978</b>
<b>Total assets</b>		<b>117,216</b>	<b>61,416</b>

### Equity and liabilities

EUR thousand	Notes	31.12.2021	31.12.2020
<b>Shareholders' equity</b>			
Share capital	17	500	500
Unrestricted shareholders' equity reserve	17	36,072	28,714
Own shares	17	-18,351	-7,284
Translation difference	17	607	431
Retained earnings	17, 18	10,331	-5,310
Net profit		22,410	12,826
<b>Total shareholders' equity</b>		<b>51,570</b>	<b>29,878</b>
<b>Long-term liabilities</b>			
Deferred tax liabilities	14	7,504	504
Long-term interest-bearing liabilities	20	1,166	1,373
Other long-term liabilities	19	4,836	2,416
<b>Total long-term liabilities</b>		<b>13,506</b>	<b>4,292</b>
<b>Short-term liabilities</b>			
Short-term interest-bearing liabilities	19, 20	15,862	1,282
Accounts payable	19	2,169	1,569
Other short-term liabilities	19	34,109	24,395
<b>Total short-term liabilities</b>		<b>52,140</b>	<b>27,246</b>
<b>Total liabilities</b>		<b>65,646</b>	<b>31,538</b>
<b>Shareholders' equity and liabilities</b>		<b>117,216</b>	<b>61,416</b>

## Consolidated cash flow statement

EUR thousand	1.1.–31.12. 2021	1.1.–31.12. 2020
<b>Profit before taxes</b>	<b>29,284</b>	<b>16,360</b>
Adjustments to net profit		
Depreciation and amortization	4,515	2,432
Other adjustments	2,350	1,176
Change in working capital		
Change in trade and other receivables	-16,784	-5,924
Change in accounts payable and other liabilities	1,566	-794
Interest paid	-149	-128
Other financial items	222	214
Taxes paid	-4,967	-590
<b>Cash flow from operations</b>	<b>16,035</b>	<b>12,745</b>
Purchases of tangible and intangible assets	-1,014	-630
Payment for acquisition of subsidiary, net of cash acquired	-23,985	0
<b>Cash flow from investments</b>	<b>-25,000</b>	<b>-630</b>
Change in lease liabilities	-1,349	-1,427
Share subscriptions based on stock options 2016	1,358	5,063
Purchase of own shares	-11,067	-5,362
Proceeds from issue of new current loan	15,000	0
<b>Cash flow from financing</b>	<b>3,941</b>	<b>-1,725</b>
<b>Change in cash and cash equivalents</b>	<b>-5,023</b>	<b>10,390</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>22,046</b>	<b>11,944</b>
Net foreign exchange difference	350	-289
<b>Cash and cash equivalents at end of period</b>	<b>17,374</b>	<b>22,046</b>

## 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 2020</b>	<b>500</b>	<b>23,651</b>	<b>-1,922</b>	<b>540</b>	<b>-5,829</b>	<b>16,940</b>
Comprehensive income for the period						
Net profit					12,826	12,826
Stock option program and Equity incentive program		5,063	-5,362		519	221
Comprehensive income				-110		-110
<b>Shareholders' equity 31 December 2020</b>	<b>500</b>	<b>28,714</b>	<b>-7,284</b>	<b>431</b>	<b>7,516</b>	<b>29,878</b>
<b>Shareholders' equity 1 January 2021</b>	<b>500</b>	<b>28,714</b>	<b>-7,284</b>	<b>431</b>	<b>7,516</b>	<b>29,878</b>
Comprehensive income for the period						
Net profit					22,410	22,410
Stock option program and Equity incentive program		1,358	-11,067		2,815	-6,894
Issue of shares as consideration for a business acquisition		6,000				6,000
Comprehensive income				176		176
<b>Shareholders' equity 31 December 2021</b>	<b>500</b>	<b>36,072</b>	<b>-18,351</b>	<b>607</b>	<b>32,742</b>	<b>51,570</b>



# Notes to the Consolidated Financial Statements

## Accounting policies applied in the consolidated financial statements

### BASIC INFORMATION ON THE GROUP

Qt Group is a company focusing on the development of software tools, responsible for the development, productization and licensing of software development tools based on Qt technology under commercial and open source licenses. Globally well-known brands are building their success based on Qt's technology. Our customers include leading industrial companies from several sectors, using Qt as the software platform of their vehicle hardware, industrial automation applications and business critical systems. Qt is used, for example, in airplane entertainment systems, as a platform for digital televisions, in car entertainment systems and cabins, marine industry's automation systems and user interfaces of medical devices.

Qt has operating locations in Finland, Norway, Germany, United States, Japan, China, South Korea, France, United Kingdom and India. The company has nearly 150 software developers working in research and product development units in Berlin, Oslo and Oulu. The company's head office is located in Espoo, Finland. The Group had 496 employees at the end of 2021.

The company is listed on the Nasdaq Helsinki Stock Exchange. The parent company's domicile is Espoo and its registered address is Bertel Jungin aukio D 3 A, FI-02600 Espoo, Finland. A copy of the financial statements is available at <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 2020.

The IFRS standards and amendments that took effect in 2021 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 cost 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 acquisition price and the acquired shareholders' equity constitutes goodwill. Subsidiaries acquired during the fiscal period are included in the consolidated financial statements as of the date of acquisition, while divested subsidiaries are included until the date of divestment. Intra-Group transactions, receivables, liabilities, unrealized margins and internal profit distribution are eliminated in the consolidated financial statements.

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

## Notes to the Consolidated Financial Statements

### FOREIGN CURRENCY TRANSLATION

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

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

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

### 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. Licence maintenance fees are allocated evenly over the agreement period. The most significant decision requiring judgment is related to the ratio between the licence and maintenance fee components of the products.

## Notes to the Consolidated Financial Statements

### 1. BUSINESS COMBINATIONS

#### Acquisitions in 2021

On April 13, 2021, Qt Group acquired the entire share capital of froglogic GmbH, a company that develops quality assurance tools. The acquisition makes it possible to incorporate froglogic's test automation tools into the Qt product portfolio to provide customers with a more comprehensive product range that encompasses the entire software development process, from design to development and deployment and now also including testing and quality assurance. The acquisition also makes it possible for Qt's global sales network to be used as a distribution channel for froglogic's products. Froglogic is a developer of testing automation tools for graphical user interfaces (GUI) that specializes in the test automation of applications based on the Qt GUI framework.

Froglogic GmbH's head office is located in Hamburg, Germany, and the company employs 36 professionals. The company's net sales in 2020 amounted to EUR 6,479 thousand and its operating profit for the same period came to EUR 2,657 thousand.

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

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

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

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

#### Acquisitions in 2020

No acquisitions were made during the financial year 2020.

### Acquisitions in 2021

#### EUR thousand

<b>Purchase price</b>	
Cash consideration	26,762
Directed share issue	6,000
Earn-out	4,685
<b>Total purchase price consideration</b>	<b>37,448</b>
<b>Assets and liabilities</b>	
Tangible assets	33
Intangible assets: customer relationship	7,300
Other intangible assets	18,100
Trade and other receivables	1,296
Cash and cash equivalents	2,777
<b>Total assets</b>	<b>29,507</b>
Short-term liabilities	3,288
Deferred tax liability	7,620
<b>Total liabilities</b>	<b>10,908</b>
Net assets	18,599
<b>Goodwill</b>	<b>18,849</b>
<b>Purchase price</b>	<b>37,448</b>

## 2. NET SALES BREAKDOWN

### Revenue recognition principles

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. In addition to the license component, licensing may also include maintenance. Income is recognized based on the time of delivery. License maintenance fees are allocated evenly over the agreement period. Revenue for sold work is recognized based on work performed.

### 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.

## Net Sales

EUR thousand	2021 Net Sales	2020 Net Sales
License sales and consulting	100,384	59,494
Maintenance revenue	20,755	19,961
<b>Total net sales</b>	<b>121,139</b>	<b>79,455</b>

EUR thousand	2021 Net Sales	2021 Non-current assets*	2020 Net Sales	2020 Non-current assets*
Finland	1,147	52,853	654	10,664
Rest of Europe and APAC	73,634	2,030	48,579	2,466
North America	46,358	402	30,222	624
<b>Total net sales</b>	<b>121,139</b>	<b>55,284</b>	<b>79,455</b>	<b>13,755</b>

\* Non-current assets are comprised of goodwill, intangible and tangible assets and long-term receivables.

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

Company has both contract assets and contract liabilities from contracts with customers. Contract liabilities are typical for the company because of timing of revenue recognition: revenue for licenses 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). More information relating to maturity of contract liabilities has been given on note 19. Short-term liabilities.

Contract assets are short-term assets and mainly related to revenue recognition of distribution licenses. At the end of the financial year 2021 the value of contract assets was EUR 9,960 (EUR 2,786) thousand.

## 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.

EUR thousand	2021	2020
Grants	316	222
Other income	107	240
<b>Total</b>	<b>424</b>	<b>463</b>

Grants primarily comprise subsidies allocated for R&D in Norway. Other income is generated by admissions to events organized by the company, and by compensations paid by partners.

**4. MATERIALS AND SERVICES**

EUR thousand	2021	2020
External services	6,435	4,484
<b>Total</b>	<b>6,435</b>	<b>4,484</b>

External services are mainly comprised of outsourcing services and subcontracting.



## Notes to the Consolidated Financial Statements

## 5. PERSONNEL EXPENSES

## Employee benefits

**Pension liabilities**

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

EUR thousand	2021	2020
Wages and salaries	49,154	36,020
Pension costs (defined contribution plans)	3,856	2,703
Equity incentive program	2,815	519
Other personnel expenses	4,770	2,897
<b>Total</b>	<b>60,595</b>	<b>42,140</b>

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

Group's personnel on average	2021	2020
Finland	123	96
Europe & APAC	258	199
North America	64	54
<b>Total</b>	<b>445</b>	<b>348</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 2021.

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.

EUR thousand	2021	2020
Research and development costs	19,163	13,601
<b>Total</b>	<b>19,163</b>	<b>13,601</b>

**7. DEPRECIATION AND AMORTIZATION**

EUR thousand	2021	2020
<b>Depreciation and amortization by asset category</b>		
Intangible assets		
Software and licenses	3	12
Intellectual property rights	2,743	423
Other intangible assets	41	46
Property, plant and equipment		
Buildings	1,163	1,306
Machinery and equipment	564	646
<b>Total depreciation, amortization and impairment</b>	<b>4,515</b>	<b>2,432</b>

During the financial year 2021 and 2020, 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	2021	2020
Personnel expenses	1,652	1,353
Travel and representation expenses	755	929
Marketing and communications	2,577	1,485
External services	8,612	4,594
Costs of premises	1,923	1,513
IT expenses	3,540	2,855
Other expenses	2,148	1,115
<b>Total</b>	<b>21,206</b>	<b>13,845</b>
<b>Auditor's fees</b>		
Audit, KPMG Oy Ab	32	30
Other specialist services, KPMG Oy Ab	6	4
Audit, KPMG network	19	27
Other specialist services, KPMG network	208	4
<b>Total</b>	<b>264</b>	<b>66</b>

The Group's auditor for 2020 and 2021 was KPMG Oy Ab.

During financial year 2021, services that were rendered by KPMG Oy Ab to the Qt Group companies and that were not related to auditing amounted to EUR 6 thousand.

**9. FINANCIAL INCOME AND EXPENSES**

Financial income EUR thousand	2021	2020
Exchange rate gains	1,705	2,865
Other financial income	432	6
<b>Total</b>	<b>2,138</b>	<b>2,871</b>
<b>Financial expenses</b>		
EUR thousand	2021	2020
Interest expenses for loans from financial institutions	149	124
Exchange rate losses	1,069	3,383
Other financial expenses	447	21
<b>Total</b>	<b>1,665</b>	<b>3,527</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	2021	2020
Taxes for the period	7,814	601
Taxes for previous periods	-13	58
Other items	360	37
Deferred tax	-1,288	2,838
<b>Total</b>	<b>6,873</b>	<b>3,534</b>
<b>Reconciliation of tax expenses with the tax rate of the Group's home country (20%)</b>		
Earnings before tax	29,284	16,360
Taxes calculated at the parent company's tax rate	5,857	3,272
Effect of deviating tax rates of foreign subsidiaries	383	178
Income not subject to tax	-187	-180
Non-deductible expenses and other differences	350	142
Withholding taxes	360	37
Other items	123	28
Taxes for previous periods	-13	58
<b>Total</b>	<b>6,873</b>	<b>3,534</b>
Effective tax rate	23%	22%

## 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.

	2021	2020
Net profit attributable to parent company shareholders (EUR thousand)	22,410	12,826
Weighted average number of shares during the financial period, 1,000 shares	24,667	23,987
Undiluted earnings per share (EUR/share)	0.91	0.53
The diluted weighted number of shares for the calculation of earnings per share, 1,000 shares	25,507	25,244
Diluted earnings per share (EUR/share)	0.88	0.51



## Notes to the Consolidated Financial Statements

**12. INTANGIBLE ASSETS****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 units. The recoverable amount of the unit is tested annually or more frequently if there are indications of impairment to determine any impairment of its carrying amount.

**Research and development costs**

Development costs are capitalized only if the Group meets the requirements of IAS 38 for the capitalization of development costs. Capitalized development costs are depreciated over their useful lives. Capitalized development costs are measured at cost less accumulated depreciation and impairment after the initial recognition. Other development costs are recognized as expenses. The Group did not have capitalized development costs on 31 December 2021.

**Other intangible assets**

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

The depreciation periods of other intangible assets:

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

## Notes to the Consolidated Financial Statements

## Intangible assets 2021

EUR thousand	Goodwill	Other intangible assets	Total
Acquisition cost, 1 January	6,562	7,156	13,718
Translation differences and other adjustments		-6	-6
Acquisition of subsidiary	18,849	25,400	44,249
Additions		163	163
Disposals		-62	-62
<b>Acquisition cost, 31 December</b>	<b>25,412</b>	<b>32,651</b>	<b>58,063</b>
Accumulated depreciation and impairment, 1 January	0	-3,450	-3,450
Translation differences and other adjustments		14	14
Depreciation for the period		-2,787	-2,787
Disposals		61	61
<b>Accumulated depreciation and impairment, 31 December</b>	<b>0</b>	<b>-6,163</b>	<b>-6,163</b>
<b>Book value, 1 January</b>	<b>6,562</b>	<b>3,706</b>	<b>10,268</b>
<b>Book value, 31 December</b>	<b>25,412</b>	<b>26,489</b>	<b>51,900</b>

## Notes to the Consolidated Financial Statements

## Intangible assets 2020

EUR thousand	Goodwill	Other intangible assets	Total
Acquisition cost, 1 January	6,562	7,056	13,618
Translation differences and other adjustments	0	-3	-3
Additions		104	104
<b>Acquisition cost, 31 December</b>	<b>6,562</b>	<b>7,156</b>	<b>13,718</b>
Accumulated depreciation and impairment, 1 January	0	-2,973	-2,973
Translation differences and other adjustments		3	3
Depreciation for the period		-480	-480
<b>Accumulated depreciation and impairment, 31 December</b>	<b>0</b>	<b>-3,450</b>	<b>-3,450</b>
<b>Book value, 1 January</b>	<b>6,562</b>	<b>4,082</b>	<b>10,645</b>
<b>Book value, 31 December</b>	<b>6,562</b>	<b>3,706</b>	<b>10,268</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 tables on the next page show the distribution of goodwill and values subject to testing at the end of the reporting period.

## Notes to the Consolidated Financial Statements

### Impairment testing in 2021

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

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

The present values for Qt Group's assets were calculated for the five-year forecast period based on the following assumptions in the testing: net sales and operating profit for 2022

according to budget. Over the five-year forecast period, the average annual growth in net sales is 30–40 percent and terminal period growth is 1 percent thereafter, operating profit 20–30 percent and a pre-tax discount rate 9.6 percent.

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

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

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

### Impairment testing in 2020

During the 2020 financial period, identified intangible assets were depreciated by EUR 406 thousand.

Based on the impairment testing calculations by the management, no need for recognizing impairment losses was found during the 2020 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 2021 according to budget. Over the five-year forecast period, the average annual growth in net sales is over 15 percent and terminal period growth is 1 percent thereafter, operating profit over 15 percent and a pre-tax discount rate 10.2 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 3.9 percent over the five-year forecast period, even if the costs for 2021 were allowed to grow according to the budget and moderately even after that with profitability being 0.2 percent at the end of the forecast period.

EUR thousand	Identified intangible assets	Goodwill	Other items	Total value subject to testing
	<b>3,596</b>	<b>6,562</b>	<b>7,155</b>	<b>17,314</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
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The useful life and depreciation method of assets is reviewed at least at each balance sheet date and, if necessary, adjusted to reflect any changes in the expected economic value.

Property, plant and equipment is derecognized when it is disposed of or no future economic benefit is expected from its use or disposal. Capital gains and losses on elimination

and the transfer of tangible assets are recognized through profit or loss and included either in other operating income or expenses for the period in which they emerge.

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

In case of lease agreements where the lease term is defined valid until further notice or with extension options, the expected lease term is based on management judgment: for example, for lease agreements that continue indefinitely after an initial non-cancellable period, the lease term is estimated to the date on which the lease is

mostly likely to expire; and the period covered by an option to extend the lease is included into the lease term if it is reasonably certain that the option will be exercised.

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

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

## Tangible assets 2021

EUR thousand	Buildings	Machinery and equipment	Total
Acquisition cost, 1 January	5,014	3,779	8,793
Translation differences and other adjustments		77	77
Acquisition of subsidiary		33	33
Increases	628	908	1,536
Disposals		-190	-190
<b>Acquisition cost, 31 December</b>	<b>5,642</b>	<b>4,606</b>	<b>10,248</b>
Accumulated depreciation and impairment, 1 January	-2,713	-2,900	-5,613
Translation differences and other adjustments		-47	-47
Depreciation for the period	-1,163	-564	-1,728
Disposals		185	185
<b>Accumulated depreciation and impairment, 31 December</b>	<b>-3,876</b>	<b>-3,326</b>	<b>-7,202</b>
<b>Book value, 1 January</b>	<b>2,301</b>	<b>879</b>	<b>3,180</b>
<b>Book value, 31 December</b>	<b>1,765</b>	<b>1,280</b>	<b>3,046</b>



## Tangible assets 2020

EUR thousand	Buildings	Machinery and equipment	Total
Acquisition cost, 1 January	5,014	3,311	8,325
Translation differences and other adjustments		-77	-77
Increases		560	560
Disposals		-15	-15
<b>Acquisition cost, 31 December</b>	<b>5,014</b>	<b>3,779</b>	<b>8,793</b>
Accumulated depreciation and impairment, 1 January	-1,407	-2,324	-3,732
Translation differences and other adjustments		60	60
Depreciation for the period	-1,306	-646	-1,952
Disposals		11	11
<b>Accumulated depreciation and impairment, 31 December</b>	<b>-2,713</b>	<b>-2,900</b>	<b>-5,613</b>
<b>Book value, 1 January</b>	<b>3,607</b>	<b>986</b>	<b>4,593</b>
<b>Book value, 31 December</b>	<b>2,301</b>	<b>879</b>	<b>3,180</b>

**Property, plant and equipment include assets leased under finance lease as follows:**

EUR thousand	Buildings 2021	Machinery and equipment 2021	Buildings 2020	Machinery and equipment 2020
Acquisition cost and increases	5,642	1,827	5,014	1,732
Accumulated depreciation	-3,876	-1,640	-2,713	-1,465
<b>Book value, 31 December</b>	<b>1,765</b>	<b>186</b>	<b>2,301</b>	<b>267</b>

As the Qt company continues its growth, our business in Espoo, Finland will move to a new location to meet the workspaces needs for our increasing personnel. In accordance with the initial calculation based on the new lease agreement, it indicates that a lease liability in the range of EUR 700 thousand and an equal amount of right-of-use assets will be recognized by end of Q1 2022.

## Notes to the Consolidated Financial Statements

**14. DEFERRED TAX ASSETS AND LIABILITIES****Changes in deferred tax during 2021:**

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

**Changes in deferred tax during 2020:**

EUR thousand	1.1.2020	Acquisition of subsidiary	Recognized in the income statement	31.12.2020
Deferred tax assets:				
Confirmed losses	3,180		-2,991	189
Other items	283		211	494
<b>Total</b>	<b>3,463</b>		<b>-2,780</b>	<b>683</b>
Deferred tax liabilities:				
From allocation of the fair values of acquisitions	428		58	487
Other items	17		0	17
<b>Total</b>	<b>445</b>		<b>58</b>	<b>504</b>

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

Deferred tax asset has been booked on confirmed losses to the extent where it is probable that there will be taxable income in the future against which confirmed losses can be applied. The deferred tax assets booked on confirmed losses on December 31, 2021 were EUR 0 (EUR 189) thousand.

## Notes to the Consolidated Financial Statements

**15. TRADE AND OTHER RECEIVABLES**

EUR thousand	2021	2020
Trade receivables	29,116	17,772
Lease security deposits	77	80
Accrued income	2,616	2,653
VAT receivable	1,990	1,881
Other receivables	9,408	2,546
<b>Total</b>	<b>43,207</b>	<b>24,932</b>

The Group has recognized a credit loss provision of EUR 2,659 thousand in trade receivables in the 2021 financial statements (2020: EUR 1,655 thousand). The carrying amount of the trade receivables is a moderate estimate of their fair value.

EUR thousand	2021	2020
Undue trade receivables	21,177	11,206
Trade receivables 1–30 days overdue	2,724	1,445
Trade receivables 31–60 days overdue	1,707	2,119
Trade receivables over 60 days overdue	3,508	3,002
<b>Total</b>	<b>29,116</b>	<b>17,772</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	2021	2020
Bank accounts	17,374	22,046
<b>Total</b>	<b>17,374</b>	<b>22,046</b>

**17. NOTES TO SHAREHOLDERS' EQUITY**

	Number of shares	Share capital (EUR thousand)
1 January 2021	24,218,340	500
31 December 2021	24,782,648	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 2021, the Group held 398,000 of its own shares as treasury shares, which represents 1.58% of the entire stock. The purchase cost of purchased shares including transaction costs was EUR 11,067 thousand.

## 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 2019–2021**

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

The incentive program has one reward collection period covering years 2019–2021. Rewards in the program are determined by Qt Group Plc's net sales in 2021. Rewards will start accumulating once the net sales for 2021 exceed EUR 80 mil-

lion, and then continue to increase in a linear manner up to a maximum value equivalent to 530,000 shares once net sales reach EUR 120 million. Of the maximum reward equivalent to the value of 530,000 shares, the President and CEO's share is 100,000 and for other key persons it is equivalent to the value of 430,000 shares. The rewards pursuant to the program will be paid upon the confirmation of the financial state-

ments for 2021 as a combination of shares and cash, so that the cash amount will approximately cover the taxes and other statutory fees resulting from the reward, and the rest of the reward will be paid to the recipient in shares. Shares paid out as rewards are not subject to any restrictions concerning e.g. their hand-over.

**Equity incentive program 2019–2021**

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

**EFFECT OF OPTION PROGRAM ON THE NET PROFIT**

EUR thousand	2021	2020
Equity incentive program 2019–2021	2,815	519
<b>Total</b>	<b>2,815</b>	<b>519</b>

## Notes to the Consolidated Financial Statements

**19. SHORT-TERM LIABILITIES**

EUR thousand	2021	2020
Loans from financial institutions	15,000	-
Earn-out liabilities	2,829	-
Lease liabilities	862	1,282
Accounts payable	2,169	1,569
Advances received	13,441	14,110
Accrued charges and deferred credits	13,791	8,298
Other liabilities	4,048	1,987
<b>Total</b>	<b>52,140</b>	<b>27,246</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 2,980 thousand of the advances received have been presented in Other long-term liabilities due to their maturity.



## Notes to the Consolidated Financial Statements

**20. FINANCIAL LIABILITIES AND FINANCIAL RISK MANAGEMENT**

Financial liabilities are initially measured at fair value. Financial liabilities are subsequently measured at cost allocated using the effective rate method. 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	2021		2020		Fair value hierarchy
	Asset values	Fair values	Asset values	Fair values	
<b>Long-term</b>					
Earn-out liabilities	1,856	1,856	-	-	2
Lease liabilities	1,166	1,166	1,373	1,373	2
<b>Total</b>	<b>3,022</b>	<b>3,022</b>	<b>1,373</b>	<b>1,373</b>	
<b>Short-term</b>					
Loans from financial institutions	15,000	15,000	-	-	2
Earn-out liabilities	2,829	2,829	-	-	2
Lease liabilities	862	862	1,282	1,282	2
<b>Total</b>	<b>18,691</b>	<b>18,691</b>	<b>1,282</b>	<b>1,282</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

## 2021

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

## 2020

EUR thousand	2021	2022	2023	Total
Lease liabilities	1,282	621	752	2,655
<b>Total</b>	<b>1,282</b>	<b>621</b>	<b>752</b>	<b>2,655</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 2021, 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	2021	2020
<b>Pledges given on own behalf</b>		
Guarantees	580	479
<b>Pledges and contingent liabilities total</b>	<b>580</b>	<b>479</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 2021

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

\* The company 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	1.1.–31.12. 2021	1.1.–31.12. 2020
Varelius Juha President and CEO	1,432	653
Ingman Robert Chairman of the Board of Directors	73	73
Uhari Tommi Vice Chairman of the Board of Directors	53	53
Saarinen Leena Member of the Board of Directors	40	40
Koppinen Jaakko Member of the Board of Directors	36	36
Marsio Mikko Member of the Board of Directors	36	36
<b>Total</b>	<b>1,670</b>	<b>891</b>

### Management's employee benefits

EUR thousand	1.1.–31.12. 2021	1.1.–31.12. 2020
Salaries and other short-term employee benefits	2,602	1,849
Option and Equity incentive program	1,500	250
<b>Total</b>	<b>4,101</b>	<b>2,100</b>

### 23. EVENTS AFTER THE CLOSING DATE OF THE REPORTING PERIOD

On January 3, 2022, Qt Group issued a release to disclose that, during the period September 14–December 9, 2021, a total of 550 new shares in the company had been subscribed for with the company's stock options 2016. For subscriptions made with the stock options 2016, the entire subscription price of EUR 2,662.00 will be entered in the reserve for invested unrestricted equity. After the new shares are entered in the Trade Register, the total amount of shares is 25,181,198. The shares subscribed for under the stock options were entered in the Trade Register on January 3, 2022. The shares are traded on Nasdaq Helsinki together with the old shares as of January 4, 2022.

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

## Parent company's income statement FAS

EUR	Notes	2021	2020
<b>Net sales</b>		<b>422,878.52</b>	<b>501,015.66</b>
Personnel expenses	1	-1,025,635.85	-923,415.01
Other operating expenses	2	-1,025,887.45	-637,577.70
<b>Operating profit</b>		<b>-1,628,644.78</b>	<b>-1,059,977.05</b>
Financial expenses	3	-101,386.28	-863.82
<b>Earnings before appropriations and taxes</b>		<b>-1,730,031.06</b>	<b>-1,060,840.87</b>
Appropriations			
Group contributions received		2,273,401.32	5,975,713.36
<b>Total appropriations</b>		<b>2,273,401.32</b>	<b>5,975,713.36</b>
Income taxes		0.00	0.00
<b>Net profit</b>		<b>543,370.26</b>	<b>4,914,872.49</b>

## Parent company's balance sheet (FAS)

EUR	Notes	31.12.2021	31.12.2020
<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		188,987.20	188,987.20
Current receivables from group companies		32,394,743.46	5,975,713.36
Other receivables		38,259.80	650,816.12
Cash in hand and at banks		230,559.43	1,488,791.16
<b>Total</b>		<b>32,852,549.89</b>	<b>8,304,307.84</b>
<b>Total assets</b>			
		<b>50,259,478.13</b>	<b>25,711,236.08</b>

EUR	Notes	31.12.2021	31.12.2020
<b>Shareholders' equity</b>			
Share capital	5	500,000.00	500,000.00
Unrestricted shareholders' equity reserve	5	36,457,747.23	29,099,846.51
Own shares		-18,351,075.90	-7,283,863.78
Retained earnings		-547,773.61	-5,462,646.10
Net profit	5	543,370.26	4,914,872.49
<b>Total</b>		<b>18,602,267.98</b>	<b>21,768,209.12</b>
<b>Short-term liabilities</b>			
Accounts payable		143,606.60	32,691.98
Other liabilities		134,334.26	127,221.02
Short-term interest-bearing liabilities		17,092,778.17	0.00
Accrued charges and deferred credits	6	14,286,491.12	3,783,113.96
<b>Total</b>		<b>31,657,210.15</b>	<b>3,943,026.96</b>
<b>Total shareholders' equity and liabilities</b>			
		<b>50,259,478.13</b>	<b>25,711,236.08</b>



## Parent company's cash flow statement FAS

EUR	2021	2020
<b>Net profit before tax</b>	<b>-1,730,031.06</b>	<b>-1,060,840.87</b>
Adjustments to net profit	101,386.28	863.82
Change in working capital	-6,911,667.44	2,837,904.71
Interest paid	-66,278.17	-863.82
Other financial items	-35,108.11	0.00
<b>Cash flow from financial items and taxes</b>	<b>-101,386.28</b>	<b>-863.82</b>
<b>Cash flow from operations</b>	<b>-8,641,698.50</b>	<b>1,777,063.84</b>
Loans granted	0.00	0.00
<b>Cash flow from investments</b>	<b>0.00</b>	<b>0.00</b>
Proceeds from issue of new current loan and bank overdrafts	17,092,778.17	0.00
Purchase of own shares	-11,067,212.12	-5,361,676.96
Share subscriptions based on stock options 2016	1,357,900.72	5,063,336.96
<b>Cash flow from financing</b>	<b>7,383,466.77</b>	<b>-298,340.00</b>
<b>Change in cash and cash equivalents</b>	<b>-1,258,231.73</b>	<b>1,478,723.84</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,488,791.16</b>	<b>10,067.32</b>
<b>Cash and cash equivalents at end of period</b>	<b>230,559.43</b>	<b>1,488,791.16</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 Bertel Jungin aukio D 3 A, FI-02600 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	2021	2020
Wages and salaries	915,437.01	822,719.05
Pension expenses	98,184.08	88,063.62
Other personnel expenses	12,014.76	12,632.34
<b>Total</b>	<b>1,025,635.85</b>	<b>923,415.01</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	2021	2020
IT expenses	4,737.95	8,669.17
Expert services	609,913.79	327,985.35
Other expenses	411,235.71	300,923.18
<b>Total</b>	<b>1,025,887.45</b>	<b>637,577.70</b>
<b>Auditor's fees</b>		
Audit	17,588.48	16,184.32
Other services	5,498.00	3,565.00
<b>Total</b>	<b>23,086.48</b>	<b>19,749.32</b>

The company's auditor for 2020 and 2021 was KPMG Oy Ab.

## 3. FINANCIAL INCOME AND EXPENSES

EUR	2021	2020
Other financial expenses	101,386.28	863.82
<b>Total</b>	<b>101,386.28</b>	<b>863.82</b>

## Notes to the parent company financial statements

**4. INVESTMENTS****Holdings in group companies**

EUR	2021
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	2020
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	2021	2020
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	29,099,846.51	24,036,509.55
Issue of shares	6,000,000.00	0.00
Share subscriptions based on stock options	1,357,900.72	5,063,336.96
Unrestricted shareholders' equity reserve, 31 December	36,457,747.23	29,099,846.51
Own shares, 1 January	-7,283,863.78	-1,922,186.82
Purchase of own shares	-11,067,212.12	-5,361,676.96
Own shares, 31 December	-18,351,075.90	-7,283,863.78
Retained earnings	-547,773.61	-5,462,646.10
Net profit (loss)	543,370.26	4,914,872.49
<b>Total shareholders' equity</b>	<b>18,602,267.98</b>	<b>21,768,209.12</b>
<b>Calculation of distributable funds</b>		
Unrestricted shareholders' equity reserve	36,457,747.23	29,099,846.51
Own shares	-18,351,075.90	-7,283,863.78
Retained earnings	-547,773.61	-5,462,646.10
Net profit (loss)	543,370.26	4,914,872.49
<b>Total distributable funds</b>	<b>18,102,267.98</b>	<b>21,268,209.12</b>

## Notes to the parent company financial statements

**6. ACCRUED CHARGES AND DEFERRED CREDITS**

EUR	2021	2020
Accrued charges and deferred credits to group companies	14,015,040.21	3,500,640.21
Personnel expense allocations	258,337.50	281,352.03
Other accrued charges and deferred credits	13,113.41	1,121.72
<b>Total</b>	<b>14,286,491.12</b>	<b>3,783,113.96</b>

**Board of Directors' dividend proposal**

Parent company's net result showed a profit of EUR 543,370.26. 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 2021.

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

**ESPOO, 16 FEBRUARY 2022**

**Robert Ingman**

Chairman of the Board of Directors

**Mikko Marsio**

Member of the Board of Directors

**Tommi Uhari**

Vice Chairman of the Board of Directors

**Leena Saarinen**

Member of the Board of Directors

**Jaakko Koppinen**

Member of the Board of Directors

**Juha Varelius**

President and CEO

**AUDITORS' NOTE**

The report of the audit has been issued today.

Espoo, 16 February 2022

KPMG Oy Ab

Authorized Public Accountants

Kim Järvi, Authorized Public Accountant

# Auditor's Report

## 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, 2021. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

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

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

#### Basis for Opinion

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

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

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

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

#### Materiality

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

#### REVENUE RECOGNITION AND VALUATION OF ACCOUNTS RECEIVABLE

#### – REFER TO ACCOUNTING PRINCIPLES AND NOTES 2 AND 15 IN THE CONSOLIDATED FINANCIAL STATEMENTS

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ Accounts receivable includes management estimate relating to valuation of overdue accounts receivable.</li> </ul> | <ul style="list-style-type: none"> <li>▪ We have tested controls over revenue recognition, including timing of revenue recognition, as well as performed substantive testing.</li> <li>▪ 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.</li> </ul> |
|---|--|

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

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

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

### **Auditor's Responsibilities for the Audit of 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. Our appointment as auditors of Digia Plc represents a total period of uninterrupted engagement since 2015.

### **Other Information**

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

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

ering 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 16 2022  
KPMG Oy Ab

**Kim Järvi**  
Authorized Public Accountant, KHT

# Corporate Governance Statement 2021

## 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 organization 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 2021.

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. Chairman of the Compensation and Nomination Committee.

Currently works as a board professional, holding Board chairman or Board member roles in various companies, including Palmia Ltd, Handelsbanken Finland and Etteplan Oy.

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). Member of the Directors' Institute of Finland

Independent of the Company and major shareholders.



### TOMMI UHARI

b. 1971

M.Sc. (Eng.)

Vice Chairman of the Board of Directors of Qt Group Plc since 2016. Chairman of the Audit Committee and member of the Compensation and Nomination Committee.

Currently serves as Founding Partner of Karma Ventures with a background in deep-tech businesses and entrepreneurship.

Formerly the co-founder and CEO of a roaming startup, and he has also led the mobile businesses of STMicroelectronics and ST-Ericsson (2006–2010). Tommi started his career at Nokia and eventually led the wireless and software platforms organizations (1993–2006).

Independent of the company and major shareholders.



### JAAKKO KOPPINEN

b. 1969

M.Sc. (Eng.)

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

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

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

Independent of the Company and major shareholders.



### MIKKO MARSIO

b. 1971

M.Sc. (Eng.)

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

Currently leading Business Development at Esystems Oy.

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

Independent of the Company and major shareholders.

## Composition of Board of Directors

### THE BOARD OF DIRECTORS OF QT GROUP PLC 2021

Name	EDUCATION	YEAR OF BIRTH	MAIN ACTIVITY	OWNERSHIP* shares
Robert Ingman	M.Sc. (Eng.), M.Sc. (Econ.)	1961	Chairman of the Board of Directors at Ingman Group Oy Ab	5,395,000
Jaakko Koppinen	M.Sc. (Eng.)	1969	Director, Normet Oy	0
Mikko Marsio	M.Sc. (Eng.)	1971	Director, Esystems Oy	800
Leena Saarinen	M.Sc. (Food Technology)	1960	Board professional	2,844
Tommi Uhari	M.Sc. (Eng.)	1971	Partner at venture capital fund Karma Ventures	4 10,620

\* Company shares held directly or through legal entities under person's control/influence as of 31 December 2021.

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

Of the aforementioned Members of the Board, Jaakko Koppinen, Mikko Marsio, Leena Saarinen and Tommi Uhari 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 2021, the Board of Directors held 10 meetings. The participation rate into the meetings was the following.

Member	PARTICIPATION
Robert Ingman (Chairman)	10/10
Jaakko Koppinen	10/10
Mikko Marsio	10/10
Leena Saarinen	10/10
Tommi Uhari	10/10
<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 2021: 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 collegiate 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 2021, the members of the Compensation and Nomination Committee and their participation rate into the meetings were as follows:

Member	PARTICIPATION
Robert Ingman	7/7
Leena Saarinen (Chairman)	7/7
Tommi Uhari	7/7
<b>Total</b>	<b>100%</b>

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 2021, the members of the Audit Committee and their participation rate into the meetings were as follows:

Member	PARTICIPATION
Jaakko Koppinen	4/4
Mikko Marsio	4/4
Tommi Uhari (Chairman)	4/4
<b>Total</b>	<b>100%</b>



## 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 authorized by the Board of Directors. The CEO is not a member of the Board of Directors but attends Board meetings.

On 31 December 2021 CEO Juha Varelius held 70,206 stock-options under the company's 2016 Option scheme and other management team members combined owned a total of 20,676 stock options.

### **DURING THE FINANCIAL YEAR 2021, THE MANAGEMENT TEAM OF THE COMPANY WAS AS FOLLOWS:**

<b>Name</b>	<b>EDUCATION</b>	<b>YEAR OF BIRTH</b>	<b>RESPONSIBILITY</b>	<b>OWNERSHIP*</b> shares
Juha Varelius	M.Sc. (Econ.)	1963	Chief Executive Officer	280,776
Petteri Holländer	M.Sc. student (Eng.)	1974	SVP, Ventures	5,134
Marko Kaasila**	M.Sc. (Eng), MBA	1972	SVP, Product Management	0
Katja Kumpulainen	eMBA	1973	SVP, Marketing	0
Jouni Lintunen	M.Sc. (Eng.)	1971	Chief Financial Officer	0
Juhapekka Niemi	M.Sc. (Computer Sciences)	1968	EVP, Sales and Business Development	30,211
Mika Pälvi	LL.M.	1970	General Counsel	200
Helena Telaranta	M.Sc. (Econ.)	1973	SVP, Human Resources	0
Tuukka Turunen	M.Sc. (Computer Sciences), Licentiate of Technology	1974	SVP, R&D	129,786

\* Company shares held directly or through legal entities under control/influence by a person per 31 December 2021.

\*\* Member of management team since 1 March 2021

## Management Team



### JUHA VARELIUS

b. 1963

Master of Economic Sciences

CEO and Member of the Board of Directors of Qt Group Plc since 2016.

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



### JUHAPEKKA NIEMI

b. 1968

Information Technology Engineer

Executive Vice President of Qt Group Plc since 2016.

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



### JOUNI LINTUNEN

b. 1971

Master of Science in Technology

Chief Financial Officer of Qt Group Plc since 2020.

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



### KATJA KUMPULAINEN

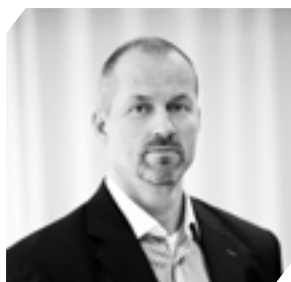
b. 1973

eMBA

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

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

## Management Team



### **MIKA PÄLSI**

**b. 1970**

**Master of Laws**

General Counsel of Qt Group Plc since 2016.

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



### **PETTERI HOLLÄNDER**

**b. 1974**

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

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

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



### **TUUKKA TURUNEN**

**b. 1974**

**Master of Science in Technology, Licentiate in Technology**

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

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



### **HELENA TELARANTA**

**b. 1973**

**Master of Economic Sciences**

Senior Vice President, Human Resources of Qt Group Plc since 2019.

Previously acted as Business HR Director at Neste (2016–2018), as Vice President, Human Resources, Marine Solutions at Wärtsilä Oyj (2010–2016), and in various managerial positions at Wärtsilä Corporation (2006–2010).



### **MARKO KAASILA**

**b. 1972**

**Master of Science in Technology, MBA**

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

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

### III. Financial Reporting Related Internal Control and Risk Management Systems

#### CONTROL FUNCTIONS AND CONTROL ENVIRONMENT

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

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

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

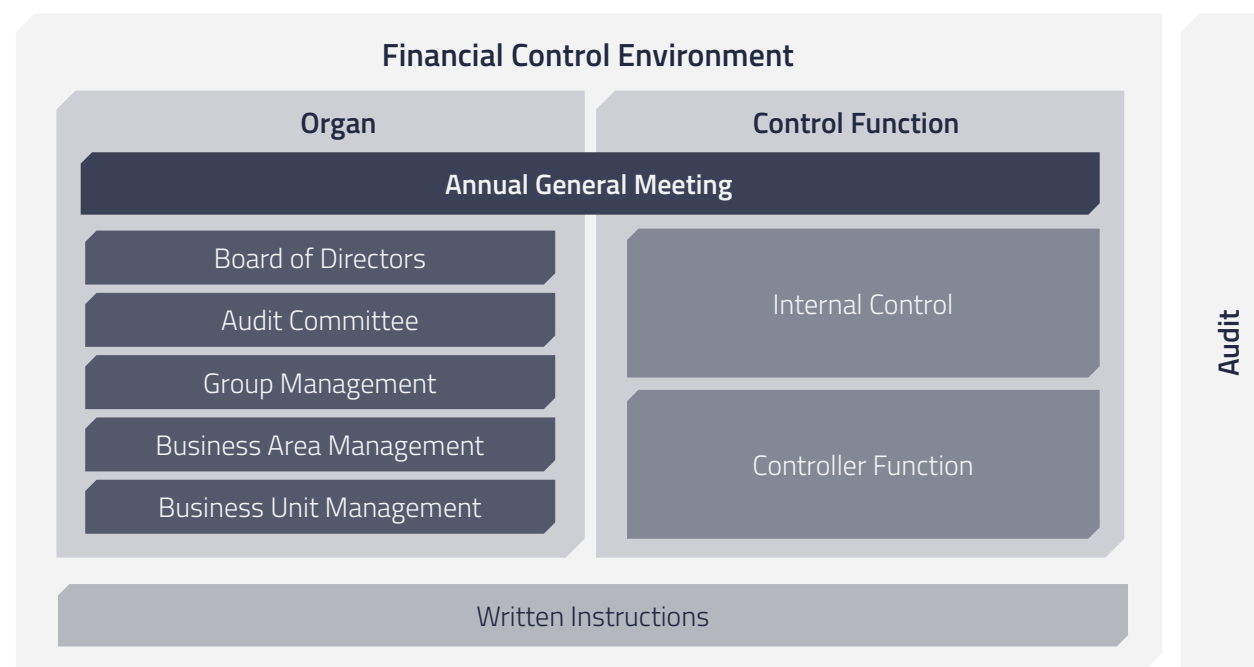
#### INTERNAL RISK CONTROL

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 prioritized 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.

The company manages customer risk by actively developing its customer portfolio structure and avoiding any potential risk positions. Personnel risks are actively assessed and managed using a goal and development discussion process for key personnel. To improve personnel commitment, the

company strives to improve the efficiency of internal communications systematically, using regular personnel events and increasing the visibility of management. In addition, the Group's certified quality systems are regularly evaluated. Data security risk is managed through the continuous development of working models, security practices and processes. 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, Authorized Public Accountants, serves as the auditor of the company, with Authorized Public Accountant Kim Järvi as the principal auditor.

During financial year 2021, the auditor's fees for auditing services was 51,000 euros and 6,000 euros for services that were not related to auditing.

### INSIDER ADMINISTRATION

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

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

### RELATED PARTY TRANSACTION GUIDELINES

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

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

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

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

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

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

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

## Remuneration Report for Qt Group Plc's Governing Bodies 2021

This remuneration report for governing bodies describes the remuneration and other financial benefits paid to the governing bodies, i.e. Board members and President and CEO, of Qt Group Plc for the fiscal year 2021. The remuneration and other financial benefits are reported on a cash basis.

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

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

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

The remuneration of governing bodies for the fiscal year 2021 took place in accordance with the Company's remuneration policy.

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

The company's net sales have developed very strongly in recent years, which was also reflected in the compensation paid to the President and CEO for the fiscal year 2021. The remuneration paid to the President and CEO for the fiscal year

2021 was particularly strongly influenced by the stock options granted to the CEO in the 2016 option scheme and a significant increase in their value during the fiscal year 2021.

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

EUR 1,000	2021	2020	2019	2018	2017
Average remuneration of the Board of Directors	48	48	47	47	47
Remuneration of the President and CEO	27,473*	6,994**	327	444	432
Employee remuneration***	117	105	103	97	92
Net sales	121,139	79,455	58,373	45,590	36,259
Operating result	28,812	17,017	219	-2,322	-3,206
Qt Group Plc market capitalization****	3,364,135	1,412,600	499,600	188,000	124,000

\* 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.

\*\* 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.

\*\*\* 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.

\*\*\*\* Market capitalization at the end of respective year.

## REMUNERATION OF THE BOARD OF DIRECTORS

During the 2021 fiscal year, the members of Qt Group Plc's Board of Directors were paid monthly remuneration of EUR 2,500, the Vice Chairman EUR 3,500 and the Chairman EUR 5,500 for their work on the Board. In addition, the chairs of the Board committees were paid a meeting fee of EUR 1,000 per committee meeting and each Board member a meeting fee of EUR 500 per Board meeting and Board committee meeting. Moreover, standard and reasonable costs resulting from work on the Board of Directors are reimbursed against invoice.

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

The table below presents the remuneration of the members of the Board of Directors during the fiscal year 2021.

Name	Board	CNC*	AC**	Monthly compensation /EUR	Meeting fee /EUR	Total /EUR
Robert Ingman	CHAIR	Member	-	66,000	7,000	73,000
Jaakko Koppinen	Member	-	Member	30,000	6,000	36,000
Mikko Marsio	Member	-	Member	30,000	6,000	36,000
Leena Saarinen	Member	CHAIR	-	30,000	10,000	40,000
Tommi Uhari	Vice-chair	Member	CHAIR	42,000	11,000	53,000
<b>Total</b>				<b>198,000</b>	<b>40,000</b>	<b>238,000</b>

\* Compensation and Nomination Committee

\*\* Audit Committee

## REMUNERATION OF THE PRESIDENT AND CEO

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

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

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

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

For the fiscal year 2021, the President and CEO was paid bonuses under the short-term incentive scheme as follows:

- EUR 129,775 in February based on the achievement of the targets at a rate of 202.3 percent during the second half of 2020; and
- EUR 201,600 in August based on the achievement of the targets at a rate of 300.0 percent during the first half of 2021.



The Company has two valid long-term incentive schemes: Option scheme 2016 and Share bonus scheme 2019.

Under the 2016 option scheme, the President and CEO has been issued 568,941 stock options, each of which entitles its holder to subscribe for one (1) new share in the company or an existing share held by the company. The share subscription period for the stock options is December 19, 2019–December 31, 2022 and the subscription price is EUR 4.84.

During the fiscal year 2021, the President and CEO accumulated a total of EUR 26,821,800 of income under the 2016 option scheme due to selling stock options received under the option scheme. At the end of the fiscal year 2021, the President and CEO still holds 70,206 stock options received under the 2016 option scheme.

Under the share bonus scheme 2019, the President and CEO is entitled to a maximum reward equal to the value of 100,000 company shares. The bonuses under the scheme will be paid after the adoption of the financial statements for 2021, and therefore the President and CEO has not accumulated rewards under the said scheme during the fiscal year 2021.

The table below presents the remuneration of the President and CEO during the fiscal year 2021.

Name	Fixed salary and fringe benefits EUR	Short-term incentives EUR	Long-term incentives EUR	Total EUR
Juha Varelius	353,554	297,758	26,821,800	<b>27,473,112</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 <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, 15 March 2022 at 10 a.m. More information on registering for the AGM and the AGM documents are available at [investors.qt.io](https://investors.qt.io).

## Financial calendar 2022

17 February	Financial statements bulletin for 2021 and Annual Report
28 April	Interim statement January–March
4 August	Half year financial report
27 October	Interim statement January–September

## BASIC INFORMATION ON THE SHARE

Listed (2016) on Nasdaq Helsinki Ltd

Trading code: QTCOM

Number of shares (Dec 31, 2021) 25,180,648

## IR CONTACT

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