

16.2.2018

Statement on Management Remuneration

This management remuneration statement sets forth a summary of the financial benefits, remuneration system and thereto related decision-making pertaining to Board members and operative management of Qt Group Plc.

A) Description of the decision-making procedures concerning remuneration

Board of Directors

Qt Group Plc's Compensation and Nomination Committee prepares the remuneration payable to the Board of Directors and grounds for the compensation of expenses. The Shareholders' Meeting decides on the remuneration payable to the Board of Directors and grounds for the compensation of expenses.

President and CEO and Other Executives

Qt Group Plc's Compensation and Nomination Committee prepares the remuneration and other rewards and benefits payable to the President and CEO.

The Compensation and Nomination Committee also prepares, in cooperation with the President and CEO, the remunerations and other rewards and benefits payable to the other executives. If necessary, outside experts and market surveys can also be used in the preparation of remunerations. The Board of Directors decides on the remunerations and other rewards and benefits payable to the President and CEO. The Board of Directors decides, based on the President and CEO's proposal, on remunerations and other rewards and benefits payable to the other executives.

By virtue of the authorization granted by the Annual General meeting, the Board of Directors of Qt Group Plc decided at its meeting on 22 June 2016 on an option program, whereunder a maximum of 2,000,000 stock options can be given to the key personnel of the company or its group companies. At its meeting on 27 September 2017 the company's Board of Directors decided to extend the validity of said option program so that the option rights still unallocated from the original 2,000,000 maximum amount can be allocated to the key personnel of the company or its group companies whilst the authorization given by the Annual General Meeting still remains valid.

B) Key Remuneration Principles

Remuneration of the Board of Directors

The 2017 Annual General Meeting of Qt Group Plc decided to pay monthly remuneration of EUR 2,500 to the members of Qt Group Plc's Board of Directors, EUR 3,500 to the Vice Chairman and EUR 5,500 to the Chairman for their work on the Board. In addition, the AGM approved EUR 1,000 in fees per committee meeting for the Chairman of respective Board Committee and EUR 500 in fees per Board or committee meeting for all other Board members of Qt Group Plc.

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

The company does not grant stock options or share-based remuneration for work on the Board.

Remuneration of the President and CEO

CEO Juha Varelius' remuneration package comprises a monthly salary in accordance with his director agreement and a bonus payable on the basis of reaching the set targets.

At the time of issuing this statement, the CEO was paid EUR 303,225 per year in salary and fringe benefits.

In addition to the monthly salary, the CEO is paid a bonus which is based on bonus schemes confirmed for the company.

Under the company's bonus scheme, the earning criteria for the bonus is the growth of Qt group's net sales. Upon fulfilment of the target set for net sales, the CEO is paid a bonus equal to 40 per cent of his annual base salary. Upon exceeding the said target, the bonus will increase as follows: 30% of each euro that exceeds the net sales target is used for the CEO's and other company personnel's bonus rewards including social costs. The maximum bonus for the CEO under the bonus scheme is 120 per cent of his annual base salary. However, no bonus shall be paid if the company's operating profit is more than one million euros short of the set operating profit budget. The fulfilment of bonus criteria is evaluated and possible rewards are paid semiannually.

Under the company's long-term incentive scheme (https://qt-investors-uploads.s3.amazonaws.com/wp-content/uploads/STOCK-OPTIONS-2016_ENG.pdf), 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 19 December 2019–31 December 2022 and the subscription price is EUR 4.84. A precondition for the share subscription is that the value of the company's share based on the trade volume weighted average quotation on the NASDAQ Helsinki Ltd is at least five euros and eighty-five cents (EUR 5.85) between 18 November 2019 and 13 December 2019.

The company may terminate the CEO's service contract with six (6) months' notice.

Upon such termination, he will receive remuneration for the notice period plus severance pay equaling twelve (12) months' salary. The CEO's retirement age is as stipulated by law, and he has no supplementary pension agreement with the company.

Remuneration of Other Executives

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The company's executive management consists of the Group Management Team, which comprises the CEO and seven (7) other members.

The total remuneration package of the said executives comprises a monthly salary and the bonus payable on the basis of reaching the set targets. Annual fixed salaries including fringe benefits for the members of the Management Team (excluding the CEO) totalled EUR 870,522 per year at the time of issuing this statement.

The earning criteria and conditions of the merit bonus for the members of the Management Team are the same as those of the CEO, but the amount of the bonus at the target level varies between 30 and 44 per cent of the individual's annual base salary.

As with the CEO, the maximum bonus is three times the target level.

Under the company's long-term incentive scheme, the members of the Management Team (excluding the CEO) have been issued 579,286 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 under terms corresponding to those of the CEO.

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

C) Remuneration Report*

Remuneration of the Board of Directors

In fiscal year 2017, the members of the Board of Directors were paid remuneration for their work on the Board and its Committees as follows:

Name	Monetary remuneration/EUR	Share-based remuneration/EUR	Total/EUR
Robert Ingman	72,500	-	72,500
Matti Rossi	36,000	-	36,000
Leena Saarinen	37,500	-	37,500
Tommi Uhari	52,000	-	52,000
Kai Öistämö	35,500	-	35,500
Total	233,500	-	233,500

Remuneration of the President and CEO

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In fiscal year 2017, the President and CEO was paid salary and other benefits as follows:

Name	Salary (including fringe benefits)/EUR	Bonus/EUR	Share based part of bonus/EUR	Total/EUR
Juha Varelius	300,309	131,757	-	432,066

Remuneration of Other Executives

The company has a Management Team, which comprises in the fiscal year 2017 the CEO and the following persons:

Mika Harjuaho (CFO)

Petteri Holländer (SVP Product Management)

Lars Knoll (CTO)

Katja Kumpulainen (SVP Marketing)

Juhapekka Niemi (EVP Sales and Business Development)

Mika Pälsi (General Counsel)

Tuukka Turunen (SVP Research and Development)

In fiscal year 2017, the other executives (excluding the CEO) were paid salaries (including fringe benefits) 852,575 euros and other benefits 319,981 euros, all together 1,172,556 euros.