



NANOLOGICA

REMUNERATION REPORT 2021

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This report describes how the guidelines for executive remuneration of Nanologica AB, adopted by the annual general meeting 2021, were implemented in 2021. The report also provides information on remuneration to the CEO and a summary of the company's outstanding share-related and share price-related incentive plans. The report has been prepared in accordance with the Swedish Companies Act and the Remuneration Rules issued by the Swedish Corporate Governance Board.

Further information on executive remuneration is available in note 8 (Employees and personnel costs) on pages 85-88 in Nanologica's annual report 2021. Information on the work of the remuneration committee in 2021 is set out in the corporate governance report available on pages 38-51 in Nanologica's annual report 2021. Remuneration of the board of directors is not covered by this report. Such remuneration is resolved annually by the annual general meeting and disclosed in note 8 on pages 85-88 in Nanologica's annual report 2021 and in the corporate governance report available on pages 38-51 in Nanologica's annual report 2021.

Key developments 2021

The CEO summarizes the company's overall performance in his statement on pages 52-54 in Nanologica's annual report 2021.

The company's remuneration guidelines: scope, purpose and deviations

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company can recruit and retain qualified personnel, many times specialists in specific areas. To this end, the company must offer competitive remuneration.

The company's remuneration guidelines enable the company to offer executives a competitive total remuneration. Under the remuneration guidelines, executive remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The variable cash remuneration shall be linked to financial or nonfinancial criteria. They may be individualized, quantitative or qualitative objectives. The criteria shall be designed to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development.

The guidelines are found in note 8 on pages 85-88 in Nanologica's annual report 2021. During 2021, the company has complied with the applicable remuneration guidelines adopted by the general meeting. No deviations from the guidelines have been decided and no derogations from the procedure for implementation of the guidelines have been made. The auditor's report regarding the company's compliance with the guidelines is available on nanologica.com/bolagsstyrning. No remuneration has been reclaimed. Remuneration presented in the report has either been earned and paid in 2021 or earned in 2021 and will be paid in 2022. In addition to remuneration covered by the remuneration guidelines, the annual general meetings of the company have resolved to implement long-term share-related incentive plans.

Table 1 – Total CEO remuneration in 2021 (TSEK)*

Name of executive (position)	Fixed remuneration		Variable remuneration		Total remuneration	Proportion of fixed remuneration in relation to total remuneration
	Base salary*	Other benefits**		Pension costs***		
Andreas Bhagwani (CEO)	1 668	8	162	220	2 058	92%
	81%	0%	8%	11%		

* Including holiday pay, accrual holiday pay debt and other salary deviations of 108 TSEK.

** Health insurance benefits

*** Pension expense is in its entirety related to base salary (10%<7,5 price base amounts 15%>7,5 price base amounts) and has been counted entirely as fixed remuneration

Share-based remuneration

Outstanding share-related and share price-related incentive plans

Share-based and share price-based incentive programs shall, if applicable, be resolved by the annual general meeting.

On 1 July 2021, the option program 2018/21 expired. In 2021, 388,976 options were exercised, which increased the total number of shares in Nanologica AB to 28,165,826 and the share capital to SEK 11,548,771.

At the end of the year, there were three active option programs. In the option program 2020/22 for board of directors, all of the total 350,000 options within the program have been subscribed for and in the option program 2020/22 for management and employees, 569,949 of the total 698,577 options have been subscribed for. In both these option programs, each option entitles the holder to subscribe for 1 share in the company at a subscription price corresponding to SEK 18 during the period 1 July 2020 to 1 July 2022. Based on the current number of shares in the company, the dilution will be a maximum of approximately 3.3 percent if all options in these two programs are exercised.

In the option program 2021 resolved by the Annual General Meeting 2021/2024 for management teams and employees, all of the 800,000 options within the program have been subscribed for. Each option entitles the holder to subscribe for 1 share in the company at a subscription price corresponding to SEK 45 during the period 1 April 2024 to 1 July 2024. Based on the current number of shares in the company, the dilution will be a maximum of approximately 2.8 percent if all options are exercised.

The purpose of the incentive programs is to encourage a broad shareholding among Nanologica's employees and board members, attract and retain qualified employees, and to increase employee motivation.

For more information on share-based incentive programs, see note 26 on pages 97–98 of Nanologica's annual report 2021.

Table 2 – Share option plans (CEO) 2021

Name of executive (position)	The main conditions of share option plans*					Information regarding the reported financial year				
						Opening balance	During the year		Closing balance	
	Share options held at beginning of year	Share options awarded	Exercised options	Expired options	Share options held at end of year					
Andreas Bhagwani (CEO)	2018/2021	2019-07-10	2018-07-01 - 2021-07-01	0,41 SEK	9,30 SEK	145 450		-145 000	-450	0
	2020/2022	2020-06-26	2022-04-01 - 2022-07-01	0,70 SEK	18,00 SEK	165 000				165 000
	2021/2024	2021-12-19	2024-04-01 - 2024-07-01	0,03 SEK	45,00 SEK	0	200 000			200 000

*In all share-based incentive programs, a market based price for the options is paid. The price is calculated in accordance with the Black & Scholes model.

Application of performance criteria

The performance measures for the CEO's variable remuneration have been selected to deliver the company's strategy and to encourage behaviour which is in the long-term interest of the company. In the selection of performance measures, the strategic objectives and short-term and long-term business priorities for 2021 have been taken into account. During 2021, the board decided to adjust certain timelines in the best interest of the owners. For the CEO, application of the performance criteria results in a payment of SEK 162 300. More information is available in note 8 on pages 85–88 in Nanologicas årannual report 2021.

Table 3 – Performance of the CEO in the reported financial year: variable cash remuneration

Name of executive (position)	Description of the criteria	Relative weighting of the performance criteria	Measured performance	Actual remuneration outcome (TSEK)
Andreas Bhagwani (CEO)	Sales	61%	0%	0
	Company development	39%	29%	162

Comparative information on the change of remuneration and company performance

Table 4 – Change of remuneration and company performance over the last five reported financial years (RFY) (TSEK)

	RR 2017 vs RR 2016		RR 2018 vs RR 2017		RR 2019 vs RR 2018		RR 2020 vs RR 2019		2021 vs 2020		RR 2021
CEO remuneration	9	1,0%	7	0,7%	140	15,0%	787	73,1%	196	10,5%	2 058
Group operating profit*	2 896	13,0%	1 903	9,9%	-2 667	-15,3%	495	2,5%	-21 118	-107,9%	-40 689
Average remuneration on a full time equivalent	122	33,7%	-122	-25,1%	39	10,7%	91	22,6%	56	11,4%	551

* The group's operating profit for 2019 - 2021 is in accordance with IFRS and for 2016-2017 in accordance with K3. 2018 is in accordance with K3 with adjustments for transition to IFRS.

** Excluding members of the group executive management.