



NANOLOGICA

REMUNERATION REPORT

2022

TRANSLATION

REMUNERATION REPORT

This report describes how the guidelines for remuneration to senior executives of Nanologica AB (publ), adopted by the annual general meeting 2022, were applied during the year 2022. The report also contains information on remuneration to the CEO and a summary of the company's outstanding share-related incentive programs. The report has been prepared in accordance with the Swedish Companies Act and the Swedish Corporate Governance Board's Rules on remuneration to senior executives and on incentive programs.

Further information on remuneration to senior executives can be found in Note 8 (Employees and personnel costs) on pages 83–86 of Nanologica's Annual Report for 2022. Information about the remuneration committee's work in 2022 can be found in the corporate governance report on pages 33–47 of Nanologica's Annual Report for 2022. Board fees are not covered by this report. Such fees are resolved annually by the annual general meeting and are reported in Note 8 on pages 83–86 of Nanologica's Annual Report for 2022 and in the corporate governance report on pages 33–47 of Nanologica's Annual Report for 2022.

Development in 2022

The CEO summarizes the company's overall results in the statement on pages 48–51 of Nanologica's Annual Report 2022.

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 remuneration guidelines are described in Note 8 on pages 83–86 of Nanologica's Annual Report for 2022. In 2022, the company complied with the applicable remuneration guidelines adopted by the annual general meeting. No deviations from the guidelines have been made and no deviations have been made from the decision-making process that the guidelines require to be applied to determine the remuneration. The auditor's opinion on the company's compliance with the guidelines is available at nanologica.com/bolagsstyrning. No remuneration has been reclaimed. Compensation presented in the report has been earned in 2022 and paid in 2022 and 2023. In addition to remuneration covered by the remuneration guidelines, the annual general meetings of Nanologica have decided to implement long-term share-based incentive programs.

Table 1 – Total remuneration for the CEO in 2022, TSEK

Name of executive (position)	Fixed remuneration		Variable remuneration	Pension costs***	Total remuneration	Proportion of fixed remuneration in relation to total remuneration
	Base salary*	Other benefits**				
Andreas Bhagwani (CEO)	1 944	8	612	255	2 818	78%
	69%	0%	22%	9%		

* Including holiday pay, accrual holiday pay debt and other salary deviations of TSEK 144.

** 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

Share-based and share price-based incentive programs shall, if applicable, be resolved by the Annual General Meeting.

At the end of the year, there was an active option program (Option program 2021/24 for management team and employees). In the program, all of the total 800,000 options have been subscribed for. Each warrant entitles the holder to subscribe for one 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 existing number of shares, the dilution effect will be a maximum of 2.2 percent if all options within the program are exercised.

On July 1, 2022, two option programs were terminated (Option program 2020/22 for the Board of Directors and Option Program 2020/22 for management and employees). No options were exercised in any of the programs.

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 94–95 of Nanologica's Annual Report for 2022.

Table 2 – CEO's holding in share-based incentive programs 2022

Name of executive (position)	The main conditions of share option plans*					Information regarding the reported financial year				
	Program name	Date for allotment	Exercise period	Option price	Exercise price	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)	2020/2022	2020-06-26	2022-04-01 - 2022-07-01	0,70 SEK	18,00 SEK	165 000			-165 000	0
	2021/2024	2021-12-19	2024-04-01 - 2024-07-01	0,03 SEK	45,00 SEK	200 000				200 000

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 2022 have been taken into account. During 2022, 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 612 000. More information is available in note 8 on pages 83–86 in Nanologica's annual report 2022.

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	32%	0%	0
	Company development	68%	100%	612

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 2018 vs RR 2017		RR 2019 vs RR 2018		RR 2020 vs RR 2019		2021 vs 2020		2022 vs 2021		RR 2022
CEO remuneration	7	0,7%	140	15,0%	787	73,1%	196	10,5%	761	37,0%	2 818
Group operating profit*	1 903	9,9%	-2 667	-15,3%	495	2,5%	-21 118	-107,9%	-10 161	-25,0%	-50 850
Average remuneration on a full time equivalent basis of employees** of the parent company	-122	-25,1%	39	10,7%	91	22,6%	56	11,4%	123	22,4%	674

* The group's operating profit for 2019 - 2022 is in accordance with IFRS and for 2017 in accordance with K3. 2018 is in accordance with K3 with adjustments for transition to IFRS.

** Excluding members of the group executive management.



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