



NANOLOGICA

REMUNERATION REPORT

2023

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This report describes how the guidelines for remuneration to senior executives of Nanologica AB (publ), adopted by the annual general meeting 2023, were applied during the year 2023. 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 84–87 of Nanologica's Annual Report for 2023. Information about the remuneration committee's work in 2023 can be found in the corporate governance report on pages 36–51 of Nanologica's Annual Report for 2023. 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 84–87 of Nanologica's Annual Report for 2023 and in the corporate governance report on pages 36–51 of Nanologica's Annual Report for 2023.

Development in 2023

The CEO summarizes the company's overall results in the statement on pages 31–35 of Nanologica's Annual Report 2023.

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 84–87 of Nanologica's Annual Report for 2023. In 2023, 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/corporate-governance. No remuneration has been reclaimed. Compensation presented in the report has been earned in 2023 and paid in 2024. 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 2023, 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) | 1 793 | 46 | 567 | 254 | 2 660 | 79% |
| | 67% | 2% | 21% | 10% | | |

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

** Health insurance benefits and car benefit.

*** 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 programs

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

At the end of the year, Nanologica had two active share-based incentive program.

In the program 2021/2024 for the management team and employees, all of the 800,000 warrants have been subscribed for. Each warrant entitles the holder to subscribe for one share in the company at a subscription price equivalent to SEK 45, during the period 1 April 2024 to 1 July 2024. Based on the existing number of shares, the dilution will be a maximum of approximately 1.8 percent if all warrants are exercised.

In the program 2021/2024 for the management team and employees, 180,000 of the total 245,000 warrants had been subscribed for. Each warrant shall entail a right to subscribe for one share in the company at a subscription price equivalent to SEK 30 during the period 1 August 2026 to 30 November 2026. Based on the existing number of shares, the dilution will be a maximum of 0.6 percent if all warrants 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 25 on pages 95–96 of Nanologica's Annual Report for 2023.

Table 2 – CEO's holding in share-based incentive programs 2023

| Name of executive (position) | Program name | The main conditions of share option plans* | | | | Information regarding the reported financial year | | | | |
|------------------------------|--------------|--|----------------------------|--------------|----------------|--|-----------------------|--------------------------------------|-----------------|--|
| | | Date for allotment | Exercise period | Option price | Exercise price | Opening balance Share options held at beginning of year | Share options awarded | During the year Exercised options | Expired options | Closing balance Share options held at end of year |
| Andreas Bhagwani (CEO) | 2021/2024 | 2021-12-19 | 2024-04-01 - 2024-07-01 | 0,03 SEK | 45,00 SEK | 200 000 | | | | 200 000 |
| | 2023/2026 | 2023-12-05 | 2026-08-01 - 2026-11-30 | 0,56 SEK | 30,00 SEK | 0 | 75 000 | | | 75 000 |

*In all share-based incentive programs, a premium for subscribed warrants is paid on market terms. Calculation of the premium is made by using 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 2023 have been taken into account. During 2023, 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 567 000. More information is available in note 8 on pages 84–87 in Nanologica's Annual Report 2023.

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 | 35% | 0% | 0 |
| | Company development | 65% | 97% | 567 |

COMPARATIVE INFORMATION ON THE CHANGES OF REMUNERATION AND COMPANY PERFORMANCE

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

| | RR 2019 vs RR 2018 | | RR 2020 vs RR 2019 | | 2021 vs 2020 | | 2022 vs 2021 | | 2023 vs 2022 | | RR 2023 |
|---|--------------------|--------|--------------------|-------|--------------|---------|--------------|--------|--------------|--------|---------|
| CEO remuneration | 140 | 15,0% | 787 | 73,1% | 196 | 10,5% | 761 | 37,0% | -158 | -5,6% | 2 660 |
| Group operating profit* | -2 667 | -15,3% | 495 | 2,5% | -21 118 | -107,9% | -10 161 | -25,0% | -19 113 | -37,6% | -69 963 |
| Average remuneration on a full time equivalent basis of employees** of the parent company | 39 | 10,7% | 91 | 22,6% | 56 | 11,4% | 123 | 22,4% | -55 | -8,1% | 619 |

* The group's operating profit for 2019 - 2023 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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