

Remuneration Report for Governing Bodies of Nanoform Finland Plc 2020

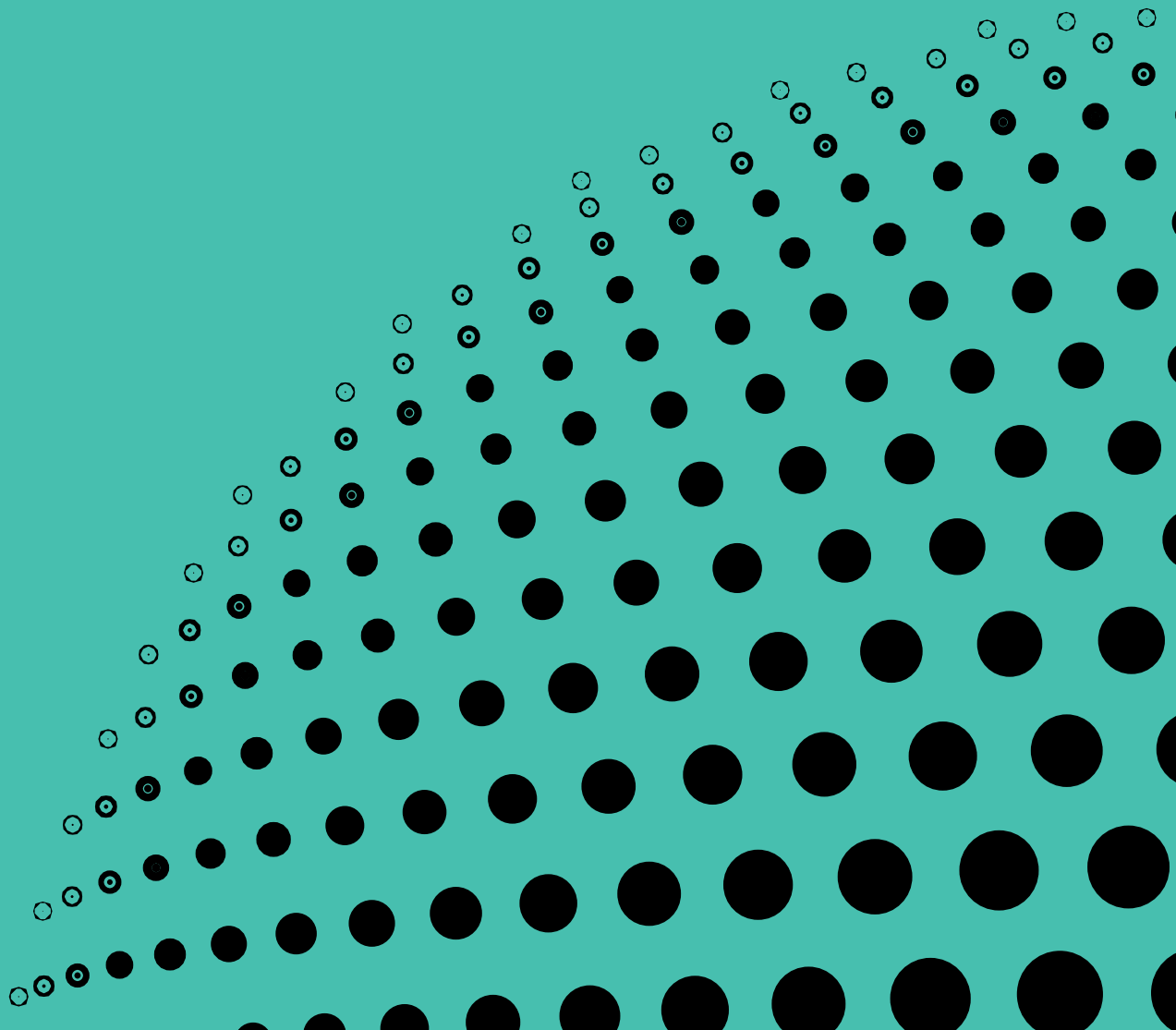


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Remuneration Report for Governing Bodies

1. Introduction

This remuneration report has been prepared in accordance with the reporting requirements of the Finnish Corporate Governance Code section on Remuneration Reporting. Nanoform Finland Plc's ("Nanoform" or the "Company") Board of Directors has adopted Nanoform's remuneration policy on April 7, 2020 and the remuneration policy received an advisory approval by the general meeting of the Company's shareholders on September 1, 2020.

The Company's shares were listed on Nasdaq First North Premier Growth Market Finland (the "First North Premier Finland"), maintained by Nasdaq Helsinki Ltd, and with Nasdaq First North Premier Growth Market Sweden (the "First North Premier Sweden") on May 28, 2020. Trading in the Company's shares on First North Premier Finland and First North Premier Sweden commenced on June 4, 2020.

The Company has not had a defined remuneration policy, presented to the General Meeting, in force prior to its adoption by the Board of Directors of the Company on

April 7, 2020. As the Company's shares are listed on First North Premier Finland and First North Premier Sweden, current regulation does not require the Company to present a Remuneration Policy to the General Meeting for an advisory vote.

The goal of the Company's executive remuneration is to commit executives to develop the Company and its financial success in the long term and reward for work that is in line with the Company's strategy at a given time and for compliance with the set rules, as well as to motivate to strive for the success of the Company. The Company's remuneration supports achieving strategic targets, profitability, and increased shareholder value.

The following table presents the development of the remuneration of the board of directors and the CEO compared to the development of the average remuneration of employees and to the group's financial development over the preceding five financial years.

EUR, thousand	2020	2019	2018	2017
Board, total remuneration	919,095	388,725	0	0
CEO, total remuneration	271,482	133,076	37,469	15,137
Average employee remuneration ²	208,327 ³	132,088 ⁴	76,395	35,517
Group Management Team, excluding CEO	3,626,384	1,235,658	438,989	5,950
Market Capitalisation	471,531,136	N/A	N/A	N/A
New Customer Projects Started	10	2		

²Nanoform Plc's annual reported personnel costs divided by the number of employees.

³This includes share-based payments and IPO variable payments.

⁴This includes share-based payments and IPO variable payments.

1.2 Deviations from the Remuneration Policy

A temporary deviation from the Remuneration Policy is allowed if this deemed necessary to ensure the Company's long-term interests, considering the Company's long-term success, competitiveness, and shareholder value development. A temporary deviation may pertain to the Policy as a whole or part thereof.

A temporary deviation from the Remuneration Policy is allowed only in exceptional circumstances.

There have been no deviations from the Remuneration Policy as adopted by the Board of Directors on April 7, 2020.

1.3 Clawback of remuneration

There are no terms of deferral or clawback terms in the Policy other than regarding stock option rights. The Company's CEO does not hold any stock options. The stock options granted to members of the Board of Directors vest

linearly during the 12 months following the annual general meeting in which these were issued, save for the stock options granted to Cynthia Schwalm when she joined the Board of Directors on September 1, 2020, and which were granted in an amount calculated pro-rata to the members of the Board of Directors elected at the annual general meeting and which correspondingly vest linearly over the same term with the members of the Board of Directors elected in the annual general meeting. Furthermore, at the termination of the membership in the Board of Directors, or other employment or service relationship with the Company, the option holder must subscribe to shares with such vested stock options within 90 days of the last day of the relationship, following which such stock options lapse.

The Board of Directors has not exercised its ability to claw back remuneration during the financial year 2020.

2. Remuneration of the Board of Directors

The Annual General Meeting of Shareholders determines the remuneration payable to the members of the Board of Directors.

The Annual General Meeting resolved on April 7, 2020 that the Chairman of the Board of Directors is paid EUR 3,333 per month as remuneration, the Vice Chairman is paid EUR 2,500 per month as remuneration and the other members of the Board of Directors is paid EUR 1,666 per month for the board work as remuneration. The travel expenses of the members of the Board of Directors are compensated in accordance with the company's travel rules.

In addition, the Annual General Meeting resolved to issue to the members of the Board of Directors special rights entitling to shares as referred to in Chapter 10 Section 1 of the Finnish Limited Liability Companies Act, which entitle the Chairman of the Board to subscribe maximum of 150,000 shares and the rest of the board members to each subscribe maximum of 100,000 shares, in the aggregate a maximum of 350,000 shares in total.

The Board of Directors were expanded on September 1, 2020 when at an extraordinary general meeting of the Company, Ms. Cynthia Schwalm was elected as member of the Board of Directors. The General Meeting resolved to pay Ms. Schwalm 1,666 EUR per month in line with what had been resolved by the Annual General Meeting. Further, the Extraordinary General Meeting resolved to issue to Ms. Schwalm special rights entitling to shares as referred to in Chapter 10 Section 1 of the Finnish Limited Liability Companies Act, which entitle her to subscribe to a maximum of 59,726 shares in the Company.

3. Remuneration of the Managing Director

The Board of Directors appoints the Managing Director (the "CEO") and decides on the CEO's remuneration and other benefits. The Remuneration of the CEO and the terms applicable to the service contract of the CEO are prepared by the Audit and Compensation Committee.

The remuneration of the CEO consists of a monthly salary, employee benefits, and performance-based incentive systems. The remuneration of the CEO includes a severance payment. The CEO's fixed total salary includes in addition to the monetary salary taxable fringe benefits.

A summary of CEO's remuneration recognized as expense in the financial statements is presented in the following table:

EUR, thousand	2020
Fixed annual salary	181,500
Variable remuneration	89,755
Options or other share-based rights	0
Variable remuneration as % of total compensation	33
Supplementary pension contributions	0
Other financial benefits, such as fringe benefits, signing bonuses, or severance packages.	0

3.1 Fixed annual salary

The annual fixed salary of the CEO is EUR 180,000.

3.2 Variable remuneration components, such as financial benefits based on short- and long-term incentive schemes shares

The incentive systems consist of an annual incentive plan based on annually set key performance indicator objectives. Based on an assessment by the Audit and Compensation Committee on the performance of the CEO and the level at which the set key performance indicators were achieved, the Board of Directors resolve on the payment under the annual incentive plan. The CEO's long-term incentive is primarily based on the CEO's significant shareholding in the Company as described below under Section 3.3.

3.3 Options, or other share-based rights

The CEO is the founder of the Company. On the date of this Remuneration Report, the CEO is the Company's second largest shareholder and holds 5,409,405 shares in the Company. The CEO holds no stock options in the Company.

3.4 Information on the proportional shares of fixed and variable remuneration components

The objective is that variable fees would comprise 0–50% of the fixed salary in the remuneration of the CEO. In the year 2020, the variable payment was 33% of the total remuneration.

3.5 Supplementary pension contributions

In addition to the statutory pension, the Company does not currently provide supplementary pension arrangements for the CEO.

3.6 Other financial benefits, such as fringe benefits, signing bonuses, or severance packages

Holidays, holiday pay, sick leave, and other similar terms and conditions may be reviewed in accordance with the Company's standard policy.

The period of notice of the CEO's current service contract is six months. In addition, the CEO is entitled to a severance payment 6 and 2/3 months of base salary in case the Company terminates the service contract.

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