



Detection Technology Plc

STOCK OPTIONS 2018

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Detection Technology Plc stock options 2018

Based on the authorization granted by the General Meeting of shareholders on March 27, 2018, the Board of Directors (hereinafter Board of Directors) of Detection Technology Plc (hereinafter the Company) has on September 27, 2018, resolved that stock options to subscribe for shares of the Company (hereinafter stock option(s)) be issued by the Company on the terms and conditions set forth below. The stock options will be issued to the key personnel of the Company and its subsidiaries (below the Group).

I TERMS AND CONDITIONS OF THE STOCK OPTIONS

1. Number of stock options

The total maximum number of stock options issued is 760,000 and they entitle their holders to subscribe for a total maximum number of 760,000 new shares of the Company or existing shares held by the Company. The Board of Directors decides whether the shares issued to the subscribers are new shares or existing shares held by the Company.

2. Stock options

The stock options will be issued in separate series, which will be marked with symbols 2018A1, 2018A2, 2018B1 and 2018B2. The combined aggregate number of stock options either marked with symbol 2018A1 or 2018A2 is 380,000 stock options, and the combined aggregate number of stock options either marked with the symbol 2018B1 or 2018B2 is 380,000 stock options.

Until the commencement of the share subscription period with the stock options 2018A1 and 2018A2 defined in section II. 2 below the Board of Directors shall have the right to convert stock options held by the Company from one stock option series to another but not thereafter.

3. Issuance of the stock options

The stock options will be issued gratuitously to the Group's key personnel. The Company has a weighty financial reason for the issuance of the stock options since the stock options are intended to form part of the incentive and commitment program of the Group's key personnel. The purpose of the stock options is to encourage the key personnel to work on a long-term basis to increase shareholder value as well as to commit the key personnel to the Group as their employer.

4. Distribution of stock options

The Board of Directors decides on the distribution of the stock options to the key personnel employed by or to be recruited by the Group. The Board of Directors also decides on the further distribution of the stock options returned later to the Company.

The Board of Directors decides on the procedure to be followed in the distribution of the stock options.

The stock options shall not constitute part of the employment or service contract of the stock option recipient, and they shall not be regarded as salary or as a fringe benefit. The stock option recipients shall have no right to receive compensation on any ground based on the of stock options during the employment or service or thereafter. The stock option recipients shall be liable for all personal taxes and tax-related consequences arising from receiving or exercising stock options.

5. Transfer and forfeiture of stock options

The Company shall hold the stock options on behalf of the stock option holder until the commencement of the share subscription period. The stock option holder is not entitled to transfer, pledge or in any other manner dispose of the stock options without the consent of the Company prior to the commencement of the share subscription period. The Board of Directors decides on granting the consent. The stock options can be freely transferred and pledged once the relevant share subscription period has commenced.

The Board of Directors is entitled to restrict the transferability of the stock options 2018A2 and 2018B2 even after the commencement of the share subscription period defined in section II.2.

Should a stock option holder cease to be employed by or in the service of the Group, for any reason other than the death, statutory retirement, retirement due to permanent disability or retirement age agreed in the employment or service contract of the stock option holder, such person shall, without delay, forfeit to the Company or its order, free of charge, such stock options for which the share subscription period specified in section II.2 has not commenced, on the last day of such person's employment or service relationship.

The proceedings shall be similar if the rights and obligations arising from the stock option holder's employment or service are transferred to a new owner or holder upon the employer's transfer of business. The Board of Directors can, however, in these cases, decide that the stock option holder is entitled to keep such stock options or a part thereof.

Should a stock option holder cease to be employed by or in the service of the Group, for any reason other than the death, statutory retirement, retirement due to permanent disability or

retirement agreed in the employment or service contract of the stock option holder and the share subscription period specified in section II.2 had already commenced on the last day of such person's employment or service relationship, the stock option holder shall exercise the stock options within three (3) months from the end of the employment or service relationship.

The Board of Directors is entitled to decide on the transfer of the stock options to the book-entry securities system. Should the stock options be transferred to the book-entry securities system, the Company shall have the right to request and get transferred all forfeited stock options from the stock option holder's book-entry account to the book-entry account designated by the Company without the consent of the stock option holder. In addition, the Company shall be entitled to register transfer restrictions and other respective restrictions concerning the stock options to the stock option holder's book-entry account without the consent of the stock option holder.

The stock option holder shall have no right during or after the end of the employment or service relationship to receive compensation on any ground due to a forfeiture of the stock options pursuant to these terms and conditions.

II SHARE SUBSCRIPTION TERMS AND CONDITIONS

1. Right to subscribe for shares

Each stock option entitles to subscribe for one (1) share in the Company. The shares subscribed with the stock options may be new shares or existing shares held by the Company as in each case determined by the Board of Directors.

The share subscription price shall be booked in the reserve for invested unrestricted equity.

2. Share subscription and payment

The share subscription period with the stock options shall be for:

- Stock options 2018A1 and 2018A2: 2 May 2021 - 31 May 2022
- Stock options 2018B1 and 2018B2: 2 May 2022 - 31 May 2023

If the last day of the share subscription period does not fall on a banking day, the share subscription can still be made on the next banking day following the last subscription day.

Share subscriptions shall take place at the head office of the Company or possibly at another location and in a manner determined later. The shares shall be paid upon subscription to a bank

account designated by the Company. The Board of Directors decides on all measures to be followed in the share subscription.

3. Share subscription price

The share subscription price with the stock options shall be for:

- Stock options 2018A1 and 2018A2: the trade volume weighted average quotation of the Company's share in public trading maintained by Nasdaq Helsinki Ltd, rounded to the nearest cent, during the period commencing (and including) 29 August 2018 and ending (and including) 26 September 2018;
- Stock options 2018B1 and 2018B2 the trade volume weighted average quotation of the Company's share in public trading maintained by Nasdaq Helsinki Ltd, rounded to the nearest cent, during the period commencing (and including) 2 September 2019 and ending (and including) 27 September 2019.

If the ex-dividend date falls on the period for determination of the subscription price, such dividend shall for the purposes of calculating the trade volume weighted average quotation be added to the trading prices from the ex-dividend date onwards. The proceedings shall be similar, if the Company distributes funds from the non-restricted equity fund or distributes share capital to the shareholders during said period.

The share subscription price of the stock options may be decreased in certain specific cases mentioned in section 7 below. The share subscription price shall, nevertheless, always amount to at least EUR 0.01.

4. Registration of the shares

Shares subscribed for and fully paid shall be registered in the book-entry account of the subscriber.

5. Shareholder rights

If the shares subscribed are new shares, the right to dividend and other shareholder rights shall commence once the shares have been registered in the Trade Register.

If the shares subscribed are existing shares held by the Company, the right to dividend and other shareholder rights shall commence once the shares have been registered in the book-entry account of the subscriber.

6. Share issues, stock options and other special rights entitling to shares before share subscription

If the Company, before the share subscription, decides on an issue of shares or an issue of new stock options or other special rights entitling to shares in accordance with the pre-emptive subscription right of the shareholders, the stock option holder shall have the same right as, or an equal right to, that of a shareholder. The equality is implemented in the manner determined by the Board of Directors by adjusting the number of shares available for subscription, the share subscription prices or both.

7. Rights in certain cases

If the Company after the commencement of the subscription price determination period before the share subscription distributes dividends or funds from the reserve of unrestricted equity, the share subscription price with the stock option shall as of the record date of such distribution of dividend or of such distribution of unrestricted equity be reduced with the amount of such distribution per share.

If the Company after the commencement of the subscription price determination period before the share subscription reduces its share capital by distributing share capital to the shareholders, the share subscription price of the stock option shall as of the record date of such distribution be reduced with the amount of such distribution per share.

If the Company is placed in liquidation before the share subscription, the stock option holder shall be given an opportunity to exercise his/her share subscription right within a period of time determined by the Board of Directors. If the Company is deregistered from the trade register before the share subscription the stock option holder shall have the same right as, or an equal right with, a shareholder.

If the Company resolves to merge with another company as a merging company or merge with a company to be formed in a combination merger, or if the Company resolves to be demerged entirely, the stock option holders shall, prior to the registration of the merger or demerger, be given the right to subscribe for shares with their stock options within a period of time determined by the Board of Directors. Alternatively, the Board of Directors can give the stock option holders the right to convert the stock options to stock options issued by the other company, in the manner determined in the merger or demerger plan, or in the manner otherwise determined by the Board of Directors, or the right to sell stock options prior to the registration of the implementation of the merger or demerger. After such period, no share subscription or conversion right shall exist.

The same proceeding applies to cross-border mergers or demergers, or if the Company, after having registered itself as a European Company, or otherwise registers a transfer of its domicile

from Finland to another member state of the European economic area. The Board of Directors shall decide on the impact of potential partial demerger on the stock options. The stock option holders may in case of a merger or demerger require redemption of their stock options in accordance with the provisions stipulated in the Finnish Companies Act. They shall, however, not have any such right in the above case in which the stock options holders are offered the right to subscribe for stock options issued by the receiving company or the company to be formed in a combination merger or demerger in accordance with the provisions set forth above.

If the Company after the commencement of the share subscription period resolves to acquire or redeem its own shares by an offer made to all shareholders, the stock option holders shall be made an equivalent offer. In other cases, the acquisition or redemption of the Company's own shares or the acquisition or redemption of stock options or specific rights to shares shall not have any impact on the position of the stock option holders.

If a redemption right and redemption obligation to all of the Company's shares, as referred to in the Finnish Companies Act, arises to a shareholder, before the end of the share subscription period, on the ground that a shareholder possesses over 90% of the shares and votes in the Company ("Redemption of Minority Shares"), or if the ownership of a shareholder reaches or exceeds such a level that the shareholder under the Finnish Securities Markets Act has the obligation to launch a public offer for the redemption of the remaining shares in the Company, the stock option holders shall be entitled to use their subscription right by virtue of the stock options within a period of at least fourteen (14) calendar days and as determined by the Board of Directors, or, if so decided by the Board of Directors, they shall be entitled to have an equal right to that of shareholders to sell their stock options to the redeemer or offeror, irrespective of the transfer restriction defined in Section I.5 above.

Notwithstanding the provisions set forth above, upon the occurrence of a Redemption of Minority Shares, the stock option holders shall have the corresponding obligation to that of the Company's shareholders to transfer all of their stock options for redemption by the party having the redemption right and the party having the redemption right shall have the right to redeem all the stock options simultaneously with and in the same procedure as the outstanding shares of the Company.

If the number of the Company's outstanding shares is changed (except the situations set forth above in section II 6 or in this section II 7), the share subscription terms and conditions shall be amended so that the relative proportion of shares available for subscription with the stock options to the total number of the Company's outstanding shares, as well as the aggregate subscription price, remain unchanged.

The Company's decision to cancel existing shares held by the Company itself or to issue new shares to the Company itself shall not affect the terms and conditions of the stock options.

A transformation of the Company from a public company into a private company shall not affect the terms and conditions of the stock options.

III OTHER MATTERS

These terms and conditions are governed by the laws of Finland. Disputes arising in relation to the stock options shall be finally settled by arbitration in Helsinki in accordance with the Arbitration Rules of the Finland Chamber of Commerce by one single arbitrator.

The Board of Directors may decide on the transfer of the stock options to the book-entry securities system at a later date and on the resulting technical amendments to these terms and conditions as well as on other amendments and specifications to these terms and conditions which are not considered essential. Other matters related to the stock options shall be decided on by the Board of Directors.

The stock option documentation referred to in the Finnish Companies Act is available for inspection at the head office of the Company.

The Company shall be entitled to withdraw the stock options from the stock option holder, free of charge, if the stock option holder acts against these terms and conditions, or against instructions given by the Company by virtue of these terms and conditions, or against applicable law, or against the regulations of authorities and the share subscription period with said stock options has not commenced yet.

The Company may deliver notifications relating to the stock options to the stock option holders by e-mail.

These terms and conditions have been prepared in the Finnish and in English language. In case of any discrepancy between the Finnish and English terms and conditions, the Finnish terms and conditions shall prevail.



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