

# Remuneration Report 2020 – 2021

## INTRODUCTION

This Remuneration Report contains information about the remuneration of Nightingale Health Plc's ("Nightingale") Board of Directors and CEO for the financial period 1 July 2020 – 30 June 2021, and it has been formulated in accordance with the Corporate Governance Code 2020 of the Finnish Securities Market Association.

Trading in Nightingale's Series B shares began on the Nasdaq First North Growth Market Finland marketplace on 19 March 2021. The Remuneration Policy and Remuneration Report for the company's governing bodies are presented to the General Meeting for the first time in the Annual General Meeting 2021.

Nightingale's Remuneration Report for the financial period 1 July 2020 – 30 June 2021 includes the principles governing the remuneration of the members of the company's Board of Directors and CEO and a description of the practical implementation of the Remuneration Policy. The Report also includes the remuneration paid to the members of the Board of Directors and CEO in the financial period 1 July 2020 – 30 June 2021.

Nightingale's Board of Directors has reviewed the Remuneration Policy and ensured that remuneration practices are aligned with the principles laid out in the company's Remuneration Policy.

The Remuneration Policy has been applied in the remuneration of Nightingale's Board of Directors and the CEO already during the financial period 1 July 2020 – 30 June 2021. During the financial period, the company launched a new option program for the management and the Board of Directors, tied to the company's increase in value compared to the valuation of the company at listing.

Nightingale's key principles in remuneration are transparency, market orientation, and remuneration for good performance of both individual employees and the company. Nightingale's remuneration principles concern the entire personnel of the company.



Nightingale's Remuneration Policy for management aims to encourage and reward management 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 them to strive for the success of the company.

## REMUNERATION

The below table compares the Board of Directors' and the CEO's remuneration development to the development of remuneration for an average employee and the financial development of the company over the previous five financial periods.

### Remuneration paid and company's financial development over the last five years

EUR 1,000	2020–2021	2019–2020	2018–2019	2017–2018	2016–2017
Board members, total	56	0	0	0	0
CEO	219	213	228	165	128
Employees (on average)	37	44	51	50	54
Market value	349,255	N/A	N/A	N/A	N/A
Number of partnership agreements in accordance with the commercialisation strategy*	3	N/A	N/A	N/A	N/A

\*) The company has, in accordance with targets set, commenced the commercialisation of its technology during the financial period 2020–2021 by entering into its first partnerships with health care service providers and other health industry actors and health research programmes. The partnerships are a core measure of the progress of the company's commercialisation plan.

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## BOARD REMUNERATION

### Annual remuneration

The Extraordinary General Meeting held on 18 February 2021 decided that each Board member is paid a monthly remuneration of EUR 2,000. Starting 1 March 2021, each Board member has been paid a monthly remuneration totalling EUR 8,000 during the financial year ended 30 June 2021, with the exception of Timo Soinen whose aforementioned remuneration, a total of EUR 8,000, is estimated to be paid in October 2021.

Before 1 March 2021, members of the Board of Directors have not been paid annual or monthly remuneration.

No separate fees for Board meetings have been paid to Board members during the financial period 1 July 2020 – 30 June 2021.

### 2020 Chairman options

The Company and the Chairman of the Board of Directors have entered into a chairman's agreement on 7 September 2020, whereby the Chairman has been granted contractual stock options entitling to new shares in the company. Each stock option entitles the Chairman of the Board to subscribe for one (1) Series A share in the company at a subscription price of EUR 1.63 per share. The Chairman of the Board was granted the right to subscribe for 1,362,025 options in connection with the company's First North listing. In addition, the Chairman of the Board is entitled to stock options

- equalling one per cent of the company's shares on fully diluted basis, with the company's pre-money valuation exceeding EUR 500 million in connection with a financing round, trade sale or IPO; and
- equalling one per cent of the company's shares on fully diluted basis, with the company's pre-money valuation exceeding EUR 1,000 million in connection with a financing round, trade sale or IPO.



### **2020 Board member options**

The company and member of the Board of Directors Leena Niemistö entered into a board member agreement on 15 December 2020, whereby the member has been granted contractual stock options entitling to new shares in the company. Each stock option entitles the member of the Board to subscribe for one (1) Series A share in the company at a subscription price of EUR 2.48 per share. Leena Niemistö was granted the right to subscribe for 231,770 options in connection with the company's First North listing. In addition, Leena Niemistö is entitled to stock options

- equalling 0.5 per cent of the company's shares on fully diluted basis, with the company's pre-money valuation exceeding EUR 500 million in connection with a financing round, trade sale or IPO; and
- equalling 0.5 per cent of the company's shares on fully diluted basis, with the company's pre-money valuation exceeding EUR 1,000 million in connection with a financing round, trade sale or IPO.

### **2021 Board, the CEO and Key Management Incentive Program**

Nightingale has a long-term 2021 Board, the CEO and Key Management Incentive Program, where the vesting event for stock options is determined based on the company's market value. The Board may link the stock options to three vesting events at the Board's discretion as follows:

- 1/3 of the total number of stock options subject to authorisation must be linked to the vesting event when the company's market value is between EUR 500 million and EUR 1,500 million;
- 1/3 of the total number of stock options subject to authorisation must be linked to the vesting event when the company's market value is between EUR 1,500 million and EUR 3,000 million; and
- 1/3 of the total number of stock options subject to authorisation must be linked to the vesting event when the company's market value is between EUR 3,000 million and EUR 5,000 million.

All options under the 2021 Board, the CEO and Key Management Incentive Program entitle the option holder to subscribe for Series B shares at a subscription price corresponding to the IPO subscription price, i.e. EUR 6.75 per share. The purpose of the option program is to commit the option holders to the company's financial growth and the development of the company's share value as well as to create a long-term relationship between the company and the option holders that benefits the company both financially and operationally.

Members of the company's Board of Directors are not included in short-term performance-related incentive programs on the basis of their position as members of the Board.

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## **Stock options granted under the 2021 Board, the CEO and Key Management Incentive Program**

The company's Board of Directors resolved on 3 March 2021 to issue 5,200,000 option rights entitling to subscribe for 5,200,000 new Series B shares in the company. The option holders earn the right to subscribe for the first part of the options when the company's market value exceeds EUR 500 million based on 45-day volume weighted average purchase price ("First Vesting Event"). The option holders earn the right to subscribe for the second part of the options when the company's market value exceeds EUR 1,000 million based on 45-day volume weighted average purchase price ("Second Vesting Event").

The company's Board of Directors decided to issue Tom Jansson and Lotta Kopra a total of 1,200,000 option rights, 600,000 option rights each, with each of the options entitling to subscription for one Series B share. At the First Vesting Event, Tom Jansson and Lotta Kopra are both entitled to subscribe for a number of Series B shares in the company that corresponds to 0.3 per cent of the company's outstanding shares on a

fully diluted basis. At the Second Vesting Event, Tom Jansson and Lotta Kopra are both entitled to subscribe for a number of Series B share in the company that corresponds to 0.3 per cent of the company's outstanding shares on a fully diluted basis.

The company's Board of Directors decided to grant Teemu Suna 2,000,000 option rights, each entitling to subscription for one series B share. This is described in more detail in the next section of the Remuneration Report, under "2021 CEO options".

All options under the 2021 Board, the CEO and Key Management Incentive Program entitle the option holder to subscribe for Series B shares at a subscription price corresponding to the IPO subscription price, i.e. EUR 6.75 per share. The purpose of the option program is to commit the option holders to the company's financial growth and the development of the company's share value as well as to create a long-term relationship between the company and the option holders that benefits the company both financially and operationally.

## **Remuneration based on the employment or service contract of the Chairman or members of the Board and advisor remuneration**

The remuneration of the CEO is described in the next section of the Remuneration Report, under "CEO remuneration".

The remuneration based on the employment of CTO Antti Kangas, who is also a member of the Board, consists of a fixed salary, which during the financial year was EUR 86,000. The salary includes vacation pay and taxable fringe benefits. In addition to the fixed salary, Kangas was not paid other remuneration during the financial year.

Chairman of the Board Timo Soininen works, in addition to his role as Chairman, at Villagecape Ventures Oy, which provides the company consultancy services related to business development. Based on the agreement between the company and Villagecape Ventures Oy, the company pays Villagecape Ventures Oy a monthly consultancy fee of EUR 4,000 (excluding VAT) starting 1 April 2021. The fee for 1 April 2021 – 30 June 2021 is estimated to be paid in October 2021. Villagecape Ventures Oy is a company under the influence of Soininen, but he does not exercise control over the company.



## CEO REMUNERATION

The CEO's fixed annual salary for the financial period 1 July 2020 – 30 June 2021 was EUR 219,000 including vacation pay and taxable fringe benefits.

### **Proportional shares of fixed and variable remuneration**

During the financial period, the CEO was not paid other remuneration in addition to the fixed annual salary.

The Board of Directors decided at the end of the financial period 1 July 2020 – 30 June 2021 on paying a bonus to the CEO corresponding to four months' salary, in total EUR 68,000, based on the outstanding execution of the company's strategy and growth plans and achievement of the following strategic objectives of the company: completing three financing rounds during the financial period, including the IPO, negotiating and closing strategic agreements with Estonian Biobank, Terveystalo, the largest healthcare provider in Finland and with Weavr Health Corp. The bonus was paid to the CEO in September 2021.

In the financial period 1 July 2020 – 30 June 2021, variable remuneration was 24% of total remuneration.

### **2021 CEO options**

The company's 2021 Board, the CEO and Key Management Incentive Program is described in the previous section of the Remuneration Report, under "2021 Board, the CEO and Key Management Incentive Program". The option holders earn the right to subscribe for the first part of the options when the company's market value exceeds EUR 500 million based on 45-day volume weighted average share price ("First Vesting Event"). The option holders earn the right to subscribe for the second part of the options when the company's market value exceeds EUR 1,000 million based on 45-day volume weighted average share price ("Second Vesting Event").

The company's Board of Directors decided on 3 March 2021 to grant Teemu Suna with 2,000,000 option rights, each entitling to subscription for one B Series share ("2021 CEO options"). At the First Vesting Event, Teemu Suna is entitled to subscribe for

a number of series B shares in the company that corresponds to one per cent of the company's outstanding shares on a fully diluted basis. At the Second Vesting Event, Teemu Suna is entitled to subscribe for a number of Series B shares in the company that corresponds to one per cent of the company's outstanding shares on a fully diluted basis.

All options under the 2021 Board, the CEO and Key Management Incentive Program entitle the option holder to subscribe for Series B shares at a subscription price corresponding to the IPO subscription price, i.e. EUR 6.75 per share. The purpose of the option program is to commit the option holders to the company's financial growth and the development of the company's share value as well as to create a long-term relationship between the company and the option holders that benefits the company both financially and operationally.