



# Remuneration Report

1 July 2021–30 June 2022

## Introduction

This Remuneration Report contains information about the remuneration of Nightingale Health Plc's ("Nightingale Health") Board of Directors and CEO for the financial period 1 July 2021–30 June 2022, and it has been formulated in accordance with the Corporate Governance Code 2020 of the Finnish Securities Market Association.

Nightingale Health's Remuneration Policy was presented to the Annual General Meeting on 28 October 2021. The Annual General Meeting accepted the Remuneration Policy in its advisory resolution.

Nightingale Health's Remuneration Report for the financial period 1 July 2021–30 June 2022 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 2021–30 June 2022.

The Board of Directors of Nightingale Health has ensured that remuneration practices are aligned with the principles laid out in the company's Remuneration Policy. There were no deviations from the Remuneration Policy in the financial year 2021–2022.

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

Nightingale Health'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. The share of the CEO's variable remuneration from the total remuneration is based on the long-term strategic goals as defined by the Board of Directors.

## Remuneration

In the financial year 1 July 2021–30 June 2022, Nightingale Health made the key features of its technology directly available to consumers by launching the Livit by Nightingale Health consumer service in March 2022. The implementation of preventative health has also advanced especially in Japan, where the cooperation with Welltus Inc, a subsidiary of Mitsui, has progressed well. During the financial year, Nightingale Health entered into new commercial partnerships with Yliopiston Apteekki and Physitrack Plc and continued the collaboration with Terveystalo.

The table below compares the Board of Directors' and the CEO's remuneration development to the development of the remuneration for an average employee and the financial development of the company over the previous five financial periods. There is no significant change in the remuneration of the Board of Directors and the CEO compared to the previous financial year.

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

EUR 1,000	2021–2022*	2020–2021	2019–2020	2018–2019	2017–2018
Board members, total	2,319	56	0	0	0
CEO	1,550	219	213	228	165
Employees (on average)	88	37	44	51	50
Market value	109,216	349,255	N/A	N/A	N/A
Number of partnership agreements in accordance with the commercialization strategy**	5	3	N/A	N/A	N/A

\*) Due to IFRS conversion, the remuneration for the financial year 2021–2022 presented in the table includes cost related to the share options in accordance with the IFRS 2 standard. Therefore, the remuneration is not directly comparable to the remuneration for previous financial years. Without the option cost required by the IFRS 2 standard, the remuneration for the financial year 2021–2022 presented in the table would be 168 (members of the Board), 235 (CEO), and 63 (employees, on average). The comparability of remuneration is also affected by layoffs during financial years 2019–2020 and 2020–2021, which reduced the paid remuneration.

\*\*\*) During the financial year 2021–2022, the company has continued to commercialize its technology in line with its objectives and established new partnerships with health care operators. New partnerships are a core measure of the progress of the company's commercialization plan.

## Board remuneration

The General Meeting resolves annually on the remuneration of the Board of Directors based on the proposal made by the Board of Directors. The remuneration of the Board of Directors is based on the Remuneration Policy presented to the General Meeting.

The members of the Board of Directors can be paid, for example, annual or monthly fees and/or fees for Board meetings. The General Meeting or the Board of Directors authorized by the General Meeting resolves on issuing shares, stock options or other special rights entitling to shares.

### Monthly remuneration

The Annual General Meeting held on 28 October 2021 decided that each member of the Board of Directors is paid a monthly remuneration of EUR 2,000. The resolved monthly fee is the same as resolved by the Extraordinary General Meeting in February 2021. During the financial year 1 July 2021–30 June 2022, the monthly remuneration has been paid to each Board member.

No separate fees for Board meetings have been paid to Board members during the financial period 1 July 2021–30 June 2022.

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

Nightingale Health 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 stock option program is described on the company's website:

[nightingalehealth.com/fi/sijoittajille/remuneration/](https://nightingalehealth.com/fi/sijoittajille/remuneration/)

### Changes to the 2021 Board, the CEO and Key Management Incentive Program

The company's Board of Directors resolved on 27 January 2022 to change the terms of the 2021 Board, the CEO and Key Management Incentive Program so that instead of the percentages calculated from the company's outstanding shares on a fully diluted basis, the option holder has the right to subscribe half of the total number of the option holder's stock options at the first vesting event, and half of the total number of the option holder's stock options at the second vesting event. The grounds for changing the stock option terms are to unify the company's incentive programs and to better align the incentivising with the company's targets.

The Board of Directors resolved on 11 August 2022 to change the share subscription price in all the company's stock option programs that entitle to Series B shares. The new subscription price is EUR 2.50 per share. Before the change, the subscription price per share was EUR 6.75. The change was implemented in order to maintain the purpose of the stock option programs:



to commit the option holders to the financial growth of the company and the value creation of the company's share as well as to create a long-term relationship between the company and the option holders to benefit the company financially and operationally.

In all stock option programs that entitle to Series B shares, the right to subscribe shares is mainly based on the increase in Nightingale Health's market capitalization. The market capitalization steps entitling to subscribe shares remain unchanged. The subscription right based on the increase in market capitalization is a key term in all these stock option programs because the increase in market capitalization in is the interest of the company's shareholders.

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

CEO remuneration is described in section "CEO Remuneration" of the Remuneration Report.

The remuneration based on the employment of Chief Technology Officer Antti Kangas, who is also a member of the company's Board of Directors, consists of a fixed salary, which during the financial period 1 July 2021–

30 June 2022 was EUR 104,000. The salary includes vacation pay, holiday compensation and taxable fringe benefits. In addition to the fixed salary, Kangas was paid a bonus of EUR 7,640 during the financial period.

Chairman of the Board of Directors Timo Soininen works, in addition to his role as Chairman, at Villagecape Ventures Oy, which provides the company with 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). Villagecape Ventures Oy is a company under the influence of Timo Soininen, but Soininen does not exercise control over the company. The fees paid to Villagecape Ventures Oy in the financial year 1 July 2021–30 June 2022 were EUR 36,000 in total, of which EUR 12,000 were fees for the financial year 1 July 2020–30 June 2021 and EUR 24,000 were fees for the financial year 1 July 2021–30 June 2022. The latter share was paid in July after the end of the financial year.

## CEO Remuneration

The CEO's fixed annual salary for the financial period 1 July 2021–30 June 2022 was EUR 235,000, including vacation pay, holiday compensation and taxable fringe benefits.

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

The Board of Directors decided at the end of the financial period 1 July 2021–30 June 2022 on paying a bonus to the CEO corresponding to four months' salary, in total EUR 55,000, based on the outstanding execution of the company's strategy and achievement of its strategic targets. The bonus was paid to the CEO on 15 July 2022. The CEO's performance review was based on the following criteria: achievement of the published business targets for the financial year; leadership and key recruitment; investor relationships and company brand building; new partnership agreements; other strategic collaborations; launching of the Livit service as well as advancements based on the company's technology and data assets. The bonus paid in September 2021 for the financial year 1 July 2020–30 June 2021 was EUR 68,000.

In the financial year 1 July 2021–30 June 2022, variable remuneration was 19% of the CEO's of total remuneration (24% in the financial year 1 July 2020–30 June 2021).



### 2021 CEO options

The stock options granted to the CEO in the financial year 1 July 2020–30 June 2021 are described on the company's website:

[nightingalehealth.com/fi/sijoittajille/remuneration/](https://nightingalehealth.com/fi/sijoittajille/remuneration/).

### The key terms of the CEO Agreement

The CEO's contract is valid until further notice. It may be terminated by the CEO with four (4) months' notice and by the company with 0–2 months' notice.

The contract includes non-competition, non-recruitment, and non-solicitation obligations that remain in force for 24 months from the date the company gives the termination notice to the CEO. If the CEO's contract is terminated by the company, the company shall pay the CEO a severance payment corresponding to the CEO's salary for 24 months.

The CEO's contract will automatically expire without any notice period when the CEO reaches the applicable minimum age for retirement. The CEO's retirement age is defined based on the statutory pension system. The CEO has no additional pension programs.

The CEO's contract does not include principles regarding the ownership of the company's shares.

