

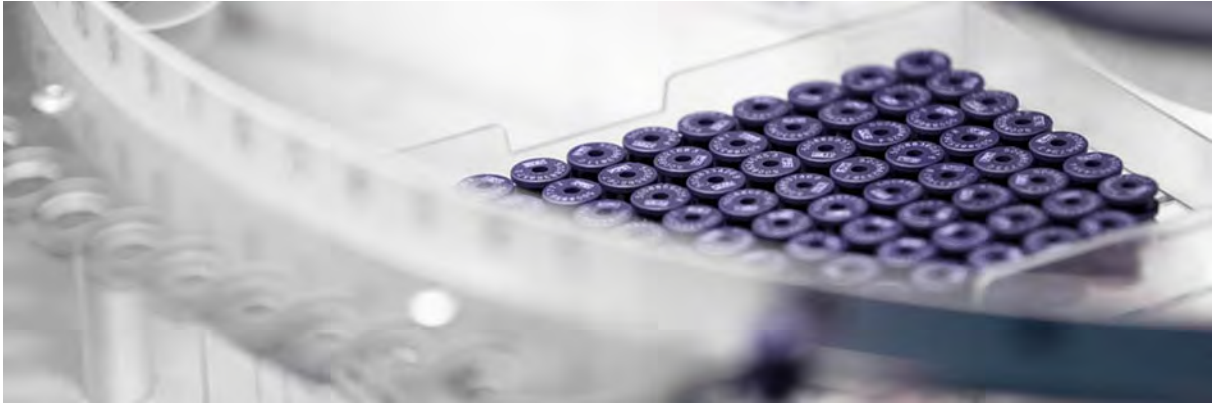


Nightingale Health

**BOARD OF DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
1 JULY 2022 – 30 JUNE 2023**

TABLE OF CONTENT

Board of Directors' Report	3
Consolidated income statement	19
Consolidated comprehensive income statement	19
Consolidated statement of financial position	20
Consolidated cash flow statement	21
Consolidated statement of changes in equity	22
Notes to the consolidated financial statements	23
1 Company information and basis of accounting	23
2 Business combinations	27
3 Revenue and segment information	30
4 Other income	32
5 Materials and services	33
6 Employee benefits	33
7 Share-based payments	34
8 Other expenses	39
9 Depreciation, amortization and impairment losses	40
10 Income taxes	41
11 Earnings per share	44
12 Goodwill and intangible assets	44
13 Impairment testing	48
14 Property, plant and equipment	50
15 Leases	52
16 Inventories	54
17 Trade and other receivables	55
18 Equity	55
19 Trade and other payables and advances received	58
20 Finance items	59
21 Financial assets	60
22 Financial liabilities	63
23 Financial risk management	65
24 Provision, contingencies and commitments	68
25 Related party transactions	69
26 Joint venture	73
27 Events after the reporting period	74
Parent company income statement	75
Parent company balance sheet	76
Parent company cash flow statement	77
Parent company notes to the financial statements	78
Signatures to the financial statements and Board of Directors' report	90
The Auditor's note	91
Auditor's Report (Translation of the Finnish Original)	92



Board of Directors' Report

Overview of Nightingale Health and the financial period

Nightingale Health

Nightingale Health is a Finnish health technology company that aims to promote preventative health and help people stay healthy longer. By combining the company's proprietary blood analysis technology, real-life information on disease outcomes contained in global health data repositories, and medical research data, Nightingale Health offers much more than traditional health and wellbeing tools. The company provides innovative solutions that enable early detection and proactive management of health risks.

Nightingale Health provides comprehensive insights on health and connects high risk individuals to healthcare experts that offer preventative services for improving health. Nightingale Health strives to collaborate with the healthcare industry to help millions of people prevent common lifestyle diseases in the future and, at the same time, to reduce the immense expenses of healthcare.

Nightingale Health operates globally with a parent company in Finland and subsidiaries in Germany, Estonia, Japan, Singapore, Sweden, the United States, and the United Kingdom. Nightingale Health has customers in more than 30 countries in the healthcare and medical research sectors. The company's technology is being used in many of the world's leading health initiatives, such as UK Biobank, and over 530 peer-reviewed publications validate the technology. The company's Series B shares are listed on the First North Growth Market Finland marketplace.

Significant events during the financial period

Letter of intent about the extension of cooperation with Terveystalo

The letter of intent we published at the end of the financial year about the expansion of our cooperation with Terveystalo, Finland's largest health service provider, is a concrete step towards our technology becoming adopted by healthcare systems. In August 2023, we entered into an agreement on the expansion of our cooperation and announced that Terveystalo will include our risk prediction models and blood values in regular health checks in occupational health. The agreement indicates that our technology brings added value to healthcare and that it can be successfully integrated into existing clinical operations, where blood samples are taken systematically on a nationally significant scale.

Strong demand in the research market

In the research market, the demand for our analysis services continued to be strong during the financial period. We achieved the goal we set for the financial year of signing contracts for the analysis of more

than 175,000 blood samples. We have grown into a globally significant player and our customers are publishing scientific research results based on the use of our technology in prestigious scientific journals at an accelerating pace.

From medical research results to clinical use

The medical research results published by our customers transparently and continuously validates our technology. For example, the results of an independent study based on analysis results from more than 100,000 blood samples published in the science journal *Nature Medicine* showed that our blood test can cost-effectively identify early risk factors for several common diseases from a single blood sample better than current solutions. The published article also emphasized the applicability of our technology to health screenings that identify disease risks, and now the technology is being used in cooperation with Terveystalo.

Worldwide license for the Velvet™ blood collection device

In January 2023, we announced that we had acquired a worldwide license for the Velvet™ blood collection device from Weavr Health Corp. The license gives us the rights to independently manufacture Velvet™ devices and use them commercially in connection with the services we offer. The Velvet™ blood collection device together with our analysis service stands out in the market, as most companies offer either sample collection devices or laboratory analysis services, but not both. By acquiring this license, we are able to offer our customers an end-to-end solution that can include everything from blood sampling to delivery of results. Additionally, we are able to offer services to markets where it is currently not possible for people to visit a traditional laboratory.

Other significant events during the financial period

- As part of its international growth strategy Nightingale Health established a new subsidiary in the UK and announced it will establish a laboratory in the UK during 2023. In the UK, Nightingale Health aims to expand its partnerships within the medical research industry, and to eventually make the technology available to the UK healthcare system.
- In Japan, Nightingale Health has during the financial period signed new contracts with dozens of hospitals and clinics to expand the sales of the preventative health service offered by Nightingale Health Japan KK, a fully owned subsidiary of Nightingale Health Plc and Welltus Inc., a subsidiary of Japanese conglomerate Mitsui & Co Ltd.
- Nightingale Health announced that its strategic partnership in Estonia was progressing. Nightingale Health analyzed and delivered the analysis results from more than 200,000 Estonian Biobank samples. The collaboration with Estonian Biobank allows the use of Nightingale Health's analysis results in medical research.
- Nightingale Health announced that it has finalized the integration of genetic information into its services. The company announced in 2022 that it had acquired a Finnish genetic testing company, Negen Oy, and that it will set up a center of excellence for genomic data analysis. These investments enabled the company to offer the combination of blood analysis data and genetic information in its services. The addition of genetic data to its blood analysis further improves the risk detection capability of the company's technology. By combining information about how lifestyle affects the dynamic state of one's health with the static inherited state, Nightingale Health's services can provide health risk assessments that are superior to any traditional health risk analysis.
- Nightingale Health was granted patents for the company's technology's ability to determine whether an individual is at risk of developing renal disease, atrial fibrillation, digestive system disease, and pre-eclampsia. Additionally, patents were granted for the ability to determine whether an individual is at risk of dying from breast cancer and risk of dying from prostate cancer.

- Nightingale Health published a pre-print showcasing that the company's blood-based risk prediction models outperform genetic risk prediction in chronic diseases. The study shows that genomic data alone is not a solution for accurate disease risk prediction. Risk models based on blood biomarkers provide more accurate and actionable information, and when combined with polygenic risk scores, they provide a superior tool for finding people at high risk and targeting them with preventative actions. The combination of blood biomarkers and genetic data takes into account both inherited static risks and dynamic risks that reflect lifestyle.

Key figures (IFRS)

EUR thousand	Group 2022–2023	Group 2021–2022	Group 2020–2021
Revenue	4,182	2,313	2,305
EBITDA	-11,835	-9,389	-7,301
Operating loss	-18,524	-13,634	-9,754
Net loss for the financial period	-18,083	-16,091	-9,725
Equity ratio	92%	91%	90%
Net debt to equity ratio	-78%	-78%	-84%
Balance sheet total	106,793	124,048	138,987
Number of employees on average	82	64	76
Employee benefits*	-9,381	-6,499	-6,365
Cash and cash equivalents at the end of the period	80,639	95,279	113,807

* Employee benefits include expenses in accordance with the IFRS 2 *Share based payments* standard, which totaled EUR 3.95 (3.53) million in the financial year.

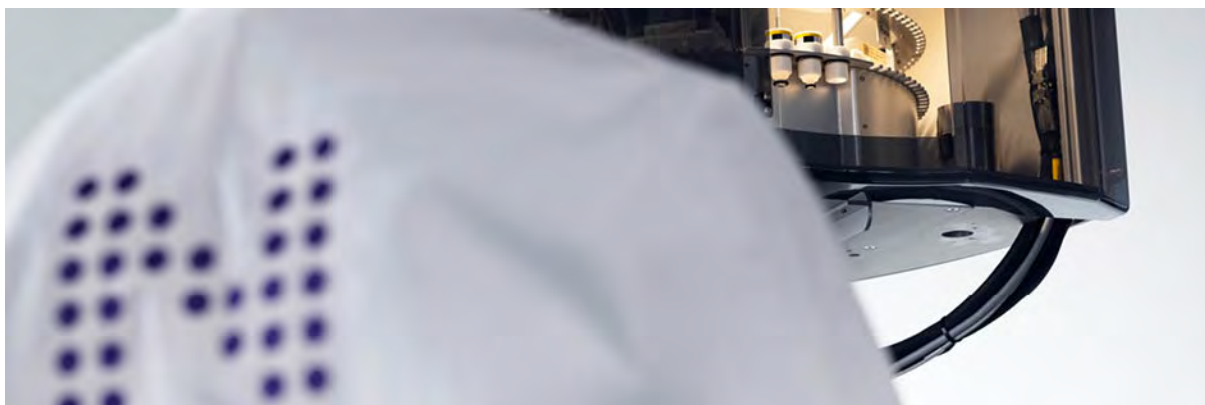
Share performance indicators

	Group 2022–2023	Group 2021–2022	Group 2020–2021
Earnings per share (EPS), undiluted and diluted*, EUR	-0.30	-0.27	-0.23
Equity per share, EUR	1.60	1.83	2.03
Market value of the shares at the end of the financial period, EUR	52,435,928	109,183,687	349,254,950
Number of shares 30 Jun	60,918,459	60,918,459	60,529,454
Average number of shares	60,918,459	60,797,010	42,946,773
B shares			
Number of shares 30 Jun	39,093,770	38,892,100	36,147,250
Average number of shares	38,997,631	37,260,837	20,430,937
Lowest share price, HEALTH, EUR	0.85	1.65	4.51
Highest share price, HEALTH, EUR	2.27	5.95	6.75
Closing price at the end of the financial period, HEALTH, EUR	0.87	1.81	5.77
Average daily trading volume of the share	51,859	76,623	112,483***
Relative share trading volume, %	33.6	52.0	38.5***
A shares			
Number of shares 30 Jun	20,585,924	20,787,594	22,717,674
Average number of shares	20,682,063	22,016,674	20,851,306
EMP shares			
Number of shares 30 Jun	1,238,765	1,238,765	1,664,530
Average number of shares	1,238,765	1,519,498	1,664,530

* The table does not show the P/E ratio because it is negative.

** The company's potential dilutive instruments consist of stock options. As the company's business has been unprofitable, stock options would have an anti-dilutive effect and therefore they are not taken into account in calculating the dilutive loss per share. Thus, there is no difference between the undiluted and diluted earnings per share.

*** Trading in the company's shares started on March 19, 2021.



Revenue and result

Revenue

The Group's revenue during the financial period 1 July 2022 – 30 June 2023 was EUR 4.18 (2.31) million.

Revenue consisted of research services offered to universities and health programs in accordance with academic collaboration agreements as well as sales to corporates and consumers.

Result

Group-level operating loss was EUR -18.52 (-13.63) million. EBITDA was EUR -11.83 (-9.39) million. Loss before appropriations and taxes was EUR -18.07 (-16.19) million. Net loss for the financial period was EUR -18.08 (-16.09) million.

The Group's material and service expenses totaled EUR 0.59 (1.04) million.

The Group's employee benefits during the financial period totaled EUR 9.38 (6.50) million including expenses in accordance with the IFRS 2 *Share based payments* standard of EUR 3.95 (3.53) million.

Depreciation and amortization of tangible and intangible assets during the financial period totaled EUR 6.69 (4.24) million.

Balance sheet, cash flows and investments

Balance sheet and cash flows

At the end of the financial year, the Group balance sheet totaled EUR 106.79 (124.05) million, of which equity constituted EUR 97.36 (111.44) million. Equity ratio at the end of the financial year was 92 (91) per cent.

At the end of the financial year, the Group's net debt totaled EUR -75.61 (-87.37) million. Long-term interest-bearing debt totaled EUR 2.68 (4.69) million. Net debt to equity ratio at the end of the financial year was -78 (-78) per cent.

Net cash flow from operating activities during the financial year totaled EUR -7.33 (-7.47) million.

Cash flows from investments totaled EUR -4.41 (-8.32) million consisting of investments in tangible and intangible assets, and in the comparison period also of acquisitions.

Cash flow from financing activities totaled EUR -2.58 (-2.86) million.

Cash and cash equivalents at the end of the financial year amounted to EUR 80.64 (95.28) million with cash flows from operations, investments and financing totaling EUR -14.64 (-18.53) million.

Investments and development

New investments in tangible and intangible assets during the financial year totaled EUR 4.29 (8.30) million. Investments in intangible assets were mainly related to the development of Applications, Laboratory technology and Risk models.

During the financial year the Group also invested in laboratory equipment.

Market outlook

The risk prediction models offered by Nightingale Health relate to lifestyle diseases such as type 2 diabetes and heart diseases. Lifestyle diseases are the most common cause of death in the world, and their treatment accounts for more than 80 percent of the total healthcare costs in several countries. Lifestyle diseases could be combated on a significantly wider scale than currently by identifying the people at the highest risk of illness and by targeting disease prevention measures specifically to them.

Preventative care helps to detect and prevent diseases before they start showing symptoms and develop into serious ones. The importance of preventative healthcare has been recognized worldwide and many private healthcare providers have begun to offer more preventative services in addition to traditional diagnosis and medical treatment. Insurance companies have also included preventative services as part of the health insurance they offer. Higher prevalence of chronic diseases and growing demand for preventative measures are expected to lead to growth in the market for preventative health technologies and services.

Numerous scientific studies are constantly being conducted around chronic diseases. This research aims not only to find out the reasons for the occurrence of diseases, but also to develop effective treatment methods and preventative strategies. In 2022, tens of billions of dollars were spent on chronic disease research in the United States alone. The demand for blood analysis services from medical research customers is expected to remain high in the future as well.

Maintaining one's own health and preventing diseases is also of increasing interest to consumers, as evidenced by the growth in demand for various services providing health information based on samples collected and submitted by consumers themselves. Consumers acquire health information from wellness devices, such as heart rate monitors, as well as various health tests based on blood, urine and saliva samples. To meet the increased demand, the number of new companies offering health and wellness services is increasing, especially in the United States and Europe. Companies offering consumer services make extensive use of the solutions related to blood collection and analysis services in their own offerings.

Personnel

The Group had an average of 82 (64) employees during the financial year. Of the employees 27 worked in sales and business development, 46 in research and development and operations and 9 in administration. At the end of the financial year, Nightingale Health employed 88 people including the CEO. Of the 88 employees 81 worked in Finland, 5 in Japan, 1 in Estonia and 1 in the UK.

Shares and shareholders

Nightingale Health Plc's Series B shares are listed on First North Growth Market Finland marketplace, maintained by Nasdaq Helsinki Ltd. Nightingale Health's trading symbol is HEALTH. Nightingale Health's industry classification is Health Care.

Share issued and share capital

Nightingale Health has three series of shares, Series A shares, Series B shares and EMP shares, which carry different voting rights in the company and different rights to distribution of funds. At Nightingale Health's General Meeting, each Series A share is entitled to 10 votes and each Series B share is entitled to one vote. Series B shares are paid a dividend five per cent higher than Series A shares and EMP shares. This right does not concern any other distribution of capital or assets than the distribution of dividends. EMP shares, which are shares owned by personnel, are non-voting shares, and the holder of an EMP share is not entitled to a vote at the General Meeting. The shares have no nominal value.

At the end of the financial year 30 June 2023 Nightingale Health's share capital amounted to EUR 80 thousand and the company had issued 60,918,459 fully paid shares of which 20,585,924 were Series A shares, 39,093,770 were Series B shares ja 1,238,765 were EMP shares.

Nightingale Health held 577,920 EMP shares at the end of the financial period, 30 June 2023, which constituted approximately 1 per cent of outstanding shares. The shares held by the company carry no voting rights and no entitlement to dividends.

Trading in the shares

The closing price of the share on the last trading day of the financial year, 30 June 2023, was EUR 0.87. The highest price quoted in the financial period was EUR 2.27 and the lowest EUR 0.85. The average closing price of the share during the financial period was EUR 1.29 and the average daily trading volume was 51,859 shares.

Nightingale Health's market value on 30 June 2023 was 52.4 million.

Shareholders

Nightingale Health had 11,525 shareholders on 30 June 2023 (30 June 2022: 12,467). The company's 100 largest shareholders are presented on the company's website.

The company's shares are registered in the book entry system. Information on the shareholders is based on information received from Euroclear Finland Oy.

The 10 largest shareholders measured by the number of shares held on 30 June 2023

Shareholder	Series A	Series B	EMP	Total	% of all shares	% of votes
Cor Group Oy	2,769,802	3,412,591	-	6,182,393	10.15	12.70
Kangas Antti Juhana	5,340,342	17,458	-	5,357,800	8.80	21.81
Soininen Pasi Pekka Kristian	5,340,342	17,458	-	5,357,800	8.80	21.81
Suna Teemu Pentti	2,637,964	31,237	-	2,669,201	4.38	10.78
Würtz Peter	1,126,342	15,228	-	1,141,570	1.87	4.60
Koskelo Maarit Irene	-	1,096,129	-	1,096,129	1.80	0.45
Nordea Henkivakuutus Suomi Oy	-	1,032,800	-	1,032,800	1.70	0.42
Saksman Satu Sinikka	529,158	17,458	75,250	621,866	1.02	2.17
Taimenia Oy	-	615,244	-	615,244	1.01	0.25
Nordea Finland	600,788	-	-	600,788	0.99	0.25
10 largest shareholders total	17,743,950	6,856,391	75,250	24,675,591	40.51	75.24
In joint account	-	-	-	7,121,058	11.69	2.91
Others*	-	-	-	29,121,810	47.81	21.86
Total				60,918,459	100.00	100.00

* Includes nominee-registered shareholders.

Distribution of holdings on 30 June 2023

Shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1–100	2,920	25.34	141,706	0.23
101–1,000	6,794	58.95	2,529,717	4.15
1,001–10,000	1,649	14.31	4,691,096	7.70
10,001–100,000	127	1.10	3,641,155	5.98
100,001–1,000,000	25	0.22	8,280,837	13.59
over 1,000,000	10	0.09	34,512,890	56.65
Total	11,525	100.00	53,797,401	88.31
Of which nominee-registered	8		12,160,107	19.96
In joint account	1		7,121,058	11.69
Total number of shares			60,918,459	100.00

Shareholders by sector

Sector	Number of shareholders	% of shareholders	Number of shares	% of shares	% of votes
Private companies	359	3.12	10,455,997	17.16	16.58
Financial and insurance institutions	13	0.11	7,096,635	11.65	3.27
Households	11,108	96.38	28,766,647	47.22	74.19
Non-profit instit serving households	10	0.09	482,014	0.79	0.20
Foreigners	35	0.30	6,996,108	11.48	2.86
Total	11,525	100.00	53,797,401	88.31	97.09
Of which nominee-registered	8		12,106,107	19.96	4.96
In joint account	1		7,121,058	11.69	2.91
Total number of shares			60,918,459	100.00	100.00

Governance and management

Nightingale Health is committed to good governance, with its decision-making and governance adhering to the Limited Liability Companies Act, securities markets legislation, the rules of Nasdaq First North Growth Market Finland, the company's Articles of Association and other provisions applicable to the company. Additionally, Nightingale Health complies with the Corporate Governance Code of the Securities Market Association.

Nightingale Health's Corporate Governance Statement and Remuneration Report for the financial year 2022–2023 has been released as part of the Annual Report.

Annual General Meeting

The Annual General Meeting on 17 November 2022 adopted the Financial Statements and the Consolidated Financial Statements, discharged the members of the Board of Directors and the CEO from liability and approved in an advisory vote the Remuneration Report of the governing bodies for the financial period of 1 July 2021–30 June 2022. The Remuneration Report is presented on the company's website.

Use of profit shown on the balance sheet and the payment of dividend

The General Meeting resolved that based on the balance sheet adopted for the financial period of 1 July 2021–30 June 2022, no dividend is paid, and that the loss of the financial period is recorded in retained earnings.

Board of Directors

The number of members of the Board of Directors was confirmed to be seven (7). Tom Jansson, Antti Kangas, Olli Karhi, Lotta Kopra, Leena Niemistö, Timo Soininen and Teemu Suna were re-elected as members of the Board of Directors. In the organizational meeting held after the Annual General Meeting, the Board of Directors elected Leena Niemistö as chair from among its members.

The General Meeting resolved that the Members of the Board of Directors are paid a monthly remuneration of EUR 2,000.

Auditor

Authorized Public Accounting firm PricewaterhouseCoopers Oy was elected as the Auditor, and it announced Valtteri Helenius¹, Authorized Public Accountant, to be the Auditor with principal responsibility. The remuneration of the Auditor is paid in accordance with a reasonable invoice approved by the company.

Authorizing the Board of Directors to decide on the repurchase of company's own shares

The General Meeting authorized the Board of Directors to decide on the repurchase of the company's own shares on the following terms and conditions:

- By virtue of the authorization, the Board of Directors is entitled to repurchase a maximum of 2,078,759 A-series shares and 3,889,210 B-series shares by using the non-restricted equity of the company. The shares may be repurchased in one or more lots.
- The company's own shares shall be repurchased at the market price prevailing at the time of the repurchase through public trading on Nasdaq First North Growth Market Finland marketplace organized by Nasdaq Helsinki Ltd or otherwise at a market price. The authorization entitles the Board of Directors to decide on the repurchase also other than in proportion to the shareholdings of the shareholders (directed repurchase).
- The shares may be repurchased to be used in the implementation of possible acquisitions or other arrangements within the company's business, to finance investments, to develop the company's financial structure, as part of the implementation of possible incentive schemes of the company and/or otherwise to be kept by the company, transferred or cancelled.
- The authorization includes the right of the Board of Directors to decide on other terms and conditions related to the repurchase of the company's own shares. The authorization is valid for 18 months.

Authorizing the Board of Directors to decide on the share issue and granting of special rights entitling to shares

The General Meeting authorized the Board of Directors to decide on issuing new shares, conveying the company's own shares held by the company and/or granting of special rights referred to in Chapter 10, Section 1 of the Companies Act on the following terms and conditions:

Maximum amount of shares to be issued

By virtue of the authorization, the Board of Directors is entitled to issue and/or convey a maximum of 615,159 A-series shares under one or more decisions. The share issue and shares granted under the special rights are included in the specified maximum amount.

The authorization does not apply to the company's B-series or EMP-series shares.

¹ The Auditor with principal responsibility changed from Valtteri Helenius to Panu Vänskä on 24 March 2023.

The granted authorization does not revoke or change the authorization resolved at the Extraordinary General Meeting held on 18 February 2021, which is valid until 18 February 2026. By virtue of the granted authorization and the unused part of the already valid authorization, the Board of Directors is entitled to issue and/or convey no more than 2,078,759 A-series shares and 9,100,000 B-series shares of the company in total. The share issue and shares granted under the special rights are included in the mentioned maximum amounts.

Other conditions

The shares may be issued either against payment or without payment and they may also be issued to the company itself. The authorization entitles the Board of Directors to implement the share issue also as a directed issue. The authorization may be used in the implementation of possible acquisitions or other arrangements within the company's business, to finance investments, to develop the company's financial structure, as part of the implementation of possible incentive schemes of the company and/or for other purposes decided by the Board of Directors.

The authorization includes the right of Board of Directors to decide on other terms and conditions of the share issue and granting of special rights referred to in Chapter 10, Section 1 of the Companies Act. The authorization is valid for 18 months.

Extraordinary General Meeting

The Extraordinary General Meeting of Nightingale Health Plc was held on 24 April 2023.

The number of members of the Board of Directors was confirmed to be six (6). Antti Kangas, Olli Karhi, Leena Niemistö, Timo Soininen and Teemu Suna were re-elected as members of the Board of Directors and Ilkka Laurila was elected as a new member of the Board of Directors for a term that expires at the end of the next Annual General Meeting. Lotta Kopra and Tom Jansson did not continue as members of the Board of Directors.

In the organizational meeting held after the Extraordinary General Meeting, the Board of Directors elected Leena Niemistö as chair from among its members.

Management Team

Members of Nightingale Health's Management Team at the end of the financial period were Teemu Suna (Chief Executive Officer), Antti Kangas (Chief Technology Officer), Satu Saksman (Chief Operating Officer), Minja Salmio (Chief Legal Officer), Salla Ruosaari (Chief Research and Development Officer), Jeffrey Barrett (Chief Scientific Officer) and Tuukka Paavola (Chief Financial Officer).

Auditor

Authorized Public Accounting firm PricewaterhouseCoopers Oy acts as Nightingale Health's Auditor. The Auditor with principal responsibility changed from Valtti Helenius to Panu Vänskä on 24 March 2023.

Option programs

Nightingale Health has established option programs as incentive programs for personnel of the company, covering employees of the company and its group companies and other key persons. The company's Board of Directors has outlined that the option programs of the company must be tied to an increase in the company's value. The purpose of the option programs is to bind the option holders to the economic growth of the company and to the development of the company's share value as well as create a long-term relationship between the company and the option holders, which benefits the company both economically and operationally.

On 30 June 2023, members of the company's Board of Directors and Management Team held a total of 7,697,145 option rights, entitling to the subscription of a total of 8,702,145 shares in the company. Other persons held a total of 2,235,099 option rights on 30 June 2023, entitling to the subscription of 3,704,799 shares in the company. The total number of unsubscribed options corresponded on 30 June 2023 to approximately 20.4 per cent of the total number of the company's shares (60,918,459 shares) and 9.9 per cent of the number of votes entitled by the shares.

In addition, two of the board members are entitled to options, which correspond to certain percentages of the company's shares at the time of achieving the defined target market capitalization.

Nightingale Health's share-based incentive programs are described in more detail in note 7 Share based payments in the financial statements.

Environment, health and safety

The analytical performance of Nightingale Health's technology and its capability to detect disease risks at an early stage have been broadly validated. Validations prove that the technology is capable of measuring blood biomarkers in accordance with clinical standards and that it can also be used to improve early risk detection of the most common lifestyle diseases in place of the currently used clinical chemistry tests.

Nightingale Health's blood test, which is based on NMR spectroscopy, has been validated in accordance with clinical standards. Nightingale Health's laboratory processes and sample collection adhere to the SFS-EN ISO/IEC 17025:2017 standard, and the laboratory has been accredited by the FINAS accreditation service.² Blood samples from customers are analyzed using a CE marked IVD device, and 39 biomarkers analyzed with the company's proprietary analysis technology are CE marked as part of the IVD device. The quality management system according to which the laboratory processes are conducted is compliant with the EN ISO 13485 standard and certified by Dekra Certification B.V. Nightingale Health also participates in the UK NEQAS and WEQAS programs that are used to monitor analysis quality between Nightingale Health's laboratory and other laboratories. In Japan, Nightingale Health also participates in the JAMT Clinical Laboratory Accuracy Control Survey program.

Nightingale Health does not use compounds in its operations that are harmful to the environment or health. The biological waste from Nightingale Health's operations is handled and disposed of in an appropriate manner in accordance with separate guidelines. Nightingale Health's operations generate considerably less biological waste than corresponding laboratory operations.

Risks and uncertainties

Nightingale Health is exposed to risks related to possible changes in the company's business, industry, financial position and regulation. Nightingale Health's risk management is based on the risk management policy approved by the company's Board of Directors. Risk management is part of Nightingale Health's strategic and operational planning, day-to-day decision-making processes and internal control systems. Risk management includes all activities related to setting targets and detecting, measuring, reviewing, handling, reporting, monitoring and avoiding risks.

Nightingale Health's risk management is described in detail on the company's website.

The following sections describe the risks that Nightingale Health considers significant with potential negative impact on the company's business, financial position, business result and outlook and the value of the company.

² Nightingale Health Plc, laboratory is a testing laboratory T333 as accredited by FINAS accreditation service, accreditation criteria SFS-EN ISO/IEC 17025. Scope of accreditation for clinical laboratory tests and test sites are available at www.finas.fi.

Risks related to business and industry

Nightingale Health's strategy requires the company to expand its customer base and to achieve this it requires the company to considerably expand its capacity for blood testing and delivery of test results. Expanding testing capacity requires establishing new laboratories with the company's blood analysis technology, and there is a risk that the expansion will not progress as expected due to, for instance, delays, additional costs, dependencies and delivery times related to central supplier and logistics partners, as well as difficulties in finding suitable sites and infrastructure services. Nightingale Health has signed long-term framework agreements with its most important partners to ensure the availability of laboratory equipment and supplies.

Nightingale Health's intellectual property and confidential information related to the company's technology and business creates the majority of its competitive advantage. There is a risk that actors, such as employees and consultants, who have access to the company's intellectual property or other confidential information, will distribute or otherwise use this information in a manner damaging to the company. Nightingale Health has several patents pending, and the company could apply for more patents in the future. There is a risk that patents are not granted based on these applications.

Nightingale Health secures its intellectual property rights through technological, legal, operational, and commercial means. The blood analysis technology developed by Nightingale Health comprises several areas that are all needed to utilize the technology, including handling of samples, authentication and quality assurance protocols, NMR measurement and automated data processing. The company protects as trade secrets such intellectual property rights that the company can commercialize without revealing technical details of the methods and processes applied. The technical architecture of the blood analysis technology has been built to protect these trade secrets. Nightingale Health takes into consideration intellectual property rights protection extensively in all its agreements as well as in personnel onboarding and continuous training. Nightingale Health has already received approval for 10 patents, which shows that the technology can be protected by means of patenting.

The recent changes in the world's geopolitical situation do not have a direct impact on Nightingale Health's operations, as it does not have any activities or stakeholders in the regions, which are directly impacted by the situation.

Risks related to personnel

Nightingale Health is dependent on its key personnel. If these people resign from the company or are not available for the company and if the company is not able to attract new, competent personnel, it could lead to an unfavorable competitive position for the company. Nightingale Health has founded a long-term option-based incentive program for its key personnel, which aims at committing the option holders to the company's financial growth and share price formation and creating a long-standing relationship between the company and the option holders that will benefit the company both financially and operationally.

Furthermore, the company aims to manage personnel-related risks by improving the effectiveness of its recruiting and training processes, investing in improving its brand amongst potential employees, and systematically building a positive employer image. The company is taking necessary actions to ensure the well-being of its employees, mainly consisting of people working with complex specialist tasks. The company is investing in developing the capabilities of its leaders, and in ensuring that employees understand the business priorities. In addition, the company maintains and develops its employees' skills and capabilities and ensures that role descriptions and backup plans for critical roles are in place and documented.

Risks related to financial position

Nightingale Health's future revenue and profitability are heavily dependent on the company's current and future research and development, business development, expanding testing capacity and measures needed for compliance with regulation. There is a risk that a development project or commercialization project will fail, which could threaten the company's potential revenue or future profitability.

The recent increase in inflation rate in Nightingale Health's main operating geographies exposes the company to a risk that the price of the products and service needed by the company will increase. Nightingale Health is actively monitoring the situation and investigating possibilities to minimize the effect of increased inflation on its financial position.

Possible impairment of capitalized development costs may have a material adverse impact on Nightingale Health's financial position and business result. In its balance sheet, the company capitalizes development costs as intangible assets if they are expected to generate revenue over several financial periods. The company assesses on the last day of each reporting period whether there are signs of impairment in the value of capitalized development costs.

Nightingale Health is exposed to currency risks, i.e., translation and transaction risks, due to fluctuations in exchange rates. The key foreign currencies that the company is the most exposed to are U.S. dollar, Japanese yen, and the British pound, as the company's subsidiaries primarily pay the essential costs related to the U.S., Japanese and U.K. subsidiaries in U.S. dollars, Japanese yens, and British pounds. Currently, all external debt of the group is in euros and intra-group loans are in euros, Japanese yens, U.S. dollars, or British pounds. The company monitors its currency position and hedges significant currency risks on a case-by-case basis.

Nightingale Health's exposure to interest rate risk, especially in the light of the recent increase in interest rates, is limited due to its small amount of interest rate-linked liabilities. Nightingale Health does not actively hedge its interest rate risk.

Legal risks and risks related to regulation and compliance

If Nightingale Health does not fulfil the quality standards set by authorities and customers, the reputation of the company's quality and services may be damaged. This kind of failure may result in increased costs or a loss in revenue or sanctions, or corrective measures being imposed on the company. This kind of failure could also lead to the weakening or termination of existing partnerships and customer relations. To ensure high quality in all operations, Nightingale Health's laboratory processes and sample collection adhere to the SFS-EN ISO/IEC 17025:2017 standard, and the laboratory is accredited by the FINAS accreditation service. The quality management system according to which the product development is conducted is compliant with the EN ISO 13485 standard and certified by Dekra Certification B.V. In addition to Nightingale Health's internal audits, Dekra Certification B.V and FINAS regularly carry out external audits.

Risks related to information security

The company may fail to detect information and cyber security risks, which may lead to unauthorized use, publication, corruption, disappearance or abuse of customer data. This kind of failure can lead to customers abandoning the company's services and the company breaching legislation related to information security. Nightingale Health's continuous and systematic detection, evaluation and management of information security risks is an integral part of the ISO/IEC 27001 certified information security management system. The certification requires regular internal and external auditing of the information security management system. Nightingale Health has implemented and continuously develops risk-based information security controls with adherence to the principles of modern information security management. Information security is also tested regularly.

Nightingale Health has improved its information security risk management by implementing new tools and methods. Furthermore, Nightingale Health's ISO27001-certificate was externally audited, and several tests regarding the information security of the company's products and services were successfully carried out.

Estimated future development

Business targets for financial year 2023 – 2024 are:

- Win an international commercial contract with a healthcare industry partner with significant reference and contract value
 - The strategic rationale for the target is to continue to demonstrate the business value of Nightingale Health's technology in high volume clinical use cases to accelerate business growth
- Win an international commercial contract with a white label partner with significant reference and contract value
 - The strategic rationale for the target is to demonstrate Nightingale Health's unique value creation capability and offering in B2B2C to capture strong market share
- Win contract(s) in medical research with a total contract value of at least EUR 3.2 million
 - The strategic rationale for the target is to continuously demonstrate Nightingale Health's unique value creation capability in medical research and further strengthen the outstanding scientific evidence to accelerate clinical translation.

In addition, Nightingale Health will continue to pursue the FDA premarket authorization (510(k)). In parallel, Nightingale Health examines the option to apply for CLIA and/or state certification, which enables providing certain services as a Laboratory Developed Test and potentially allows the company to take the first step as a local service provider in the United States market faster.

Mid-term and long-term business targets

Nightingale Health updates its mid-term and long-term business targets as follows:

Mid-term business targets are:

- To conclude an agreement to analyze two million samples annually in Europe
- To conclude an agreement to analyze ten million samples annually in the United States or in Asia
- To extend laboratory capacity in respective geographical areas to meet the analysis capacity required by the aforementioned agreements
- To achieve positive EBITDA (New target)

Long-term business targets are:

- To analyze 100 million blood samples from partnerships with the healthcare sector, health initiatives, and white label partners (Updated target)
- To generate EUR 500 million in annual revenue from partnerships with the healthcare sector, health initiatives, and white label partners (Updated target)

The Board of Directors' proposal on the management of the result of the financial period

The parent company's distributable non-restricted equity on 30 June 2023 was EUR 80,784,991. The parent company's net loss for the financial period totaled EUR -16,816,398.

In the coming years, Nightingale Health will focus on funding its growth and developing its business. The company is committed to a very strict dividend policy that is connected to Nightingale Health's result and financial standing. The company does not expect to distribute a dividend in the short or medium term.

The Board of Directors proposes to the Annual General Meeting that no dividend be distributed for the financial year 1 July 2022 – 30 June 2023 and that the loss of the financial year is recorded in retained earnings.

Significant events after the end of the period

- On 17 August 2023 Nightingale Health announced the roll out of a remote blood collection kit for its medical research and clinical trial customers as part of its analysis service.
- On 30 August 2023 Nightingale Health announced that Terveystalo adopts Nightingale Health's blood analysis technology in regular health checks in occupational health.
- On 6 September 2023 Nightingale Health announced that it had entered into an agreement in which Mass General Brigham ordered analysis services for blood samples from Nightingale Health.
- On 11 September 2023 Nightingale Health announced its updated strategy which focuses on business to business and business to governments markets.
- On 19 September 2023 Nightingale Health announced that it will set up its UK laboratory in Porton Science Park in South Wiltshire. Nightingale Health expects the laboratory to be operational by the end of the calendar year 2023 and full-scale production capability to ramp up during the first quarter of 2024.
- On 26 September 2023 Nightingale Health announced that it had received three new patents which further strengthened its IP portfolio.
- On 16 October 2023 Nightingale Health announced the Board of Directors' resolution on new share-based incentive programs and amendments to existing incentive programs.

Annual General Meeting

The Annual General Meeting of Nightingale Health Plc will be held on 16 November 2023. An invitation to the meeting will be published on 19 October 2023.

Financial reports during financial year 2023 – 2024

Nightingale Health will publish a half-year financial report for the period 1 July – 31 December 2023 on Thursday 7 March 2024.

Materials will be made available soon after publication at www.nightingalehealth.com/investors.

Helsinki, 18 October 2023
Nightingale Health Plc
Board of Directors

Calculation of key figures

Key figure	Formula
EBITDA	Operating profit (loss) before depreciation and amortization
Operating profit (loss)	Profit (loss) before income taxes and financial income and expenses
Equity ratio, %	Total equity / (Balance sheet total – deferred income)
Net debt to equity ratio, %	Net debt / total equity
Earnings per share (EPS), undiluted, EUR	Profit (loss) for the period / Weighted average number of shares outstanding during the period
Earnings per share (EPS), diluted, EUR	Profit (loss) for the period / Weighted average number of shares outstanding during the period + potential dilutive shares
Relative share trading volume, %	Number of shares traded during the financial period / average number of shares

FINANCIAL STATEMENTS

Consolidated income statement

EUR thousand	Note	7/2022–6/2023	7/2021–6/2022
Revenue	3	4,182	2,313
Other income	4	206	262
Materials and services	5	-590	-1,037
Employee benefits	6, 7	-9,381	-6,499
Depreciation, amortization and impairment losses	9	-6,689	-4,244
Other expenses	8	-6,219	-4,406
Share of joint venture's result	26	-34	-23
Operating profit (loss)		-18,524	-13,634
Finance income	20	1,172	686
Finance costs	20	-816	-1,178
Fair value change in investment in convertible loan	20	94	-2,068
Net finance items		450	-2,560
Profit (loss) before tax		-18,074	-16,194
Income tax expense	10	-9	103
Profit (loss) for the period		-18,083	-16,091
Profit (loss) for the period attributable to Owners of the parent company		-18,083	-16,091
Earnings per share			
Basic earnings per share, EUR – Series A and EMP shares	11	-0.30	-0.27
Basic earnings per share, EUR – Series B shares	11	-0.30	-0.27

Consolidated comprehensive income statement

EUR thousand	Note	7/2022–6/2023	7/2021–6/2022
Profit (loss) for the period		-18,083	-16,091
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign operations – foreign currency translation differences, net of tax		48	29
Other comprehensive income for the period		48	29
Total comprehensive income for the period		-18,034	-16,062
Total comprehensive income attributable to Owners of the parent company		-18,034	-16,062

Consolidated statement of financial position

EUR thousand	Note	30 June 2023	30 June 2022
Assets			
Non-current assets			
Goodwill	12	1,023	1,023
Intangible assets	12	16,037	16,249
Property, plant and equipment	14	4,538	3,911
Right-of-use assets	15	2,682	3,864
Investment in joint venture	26	69	102
Investment in convertible loan	21	-	1,206
Other assets	21	432	421
Total non-current assets		24,780	26,776
Current assets			
Inventories	16	550	591
Trade and other receivables	17	824	1,402
Cash and cash equivalents	21	80,640	95,279
Total current assets		82,013	97,272
Total assets		106,793	124,048
Equity and liabilities			
Equity			
Share capital	18	80	80
Reserve for invested unrestricted equity	18	142,380	142,380
Translation differences		90	41
Accumulated losses		-45,194	-31,061
Total equity		97,355	111,440
Liabilities			
Non-current liabilities			
Loans and borrowings	22	1,276	2,631
Lease liabilities	22	1,406	2,057
Total non-current liabilities		2,681	4,688
Current liabilities			
Loans and borrowings	22	1,384	2,073
Lease liabilities	22	965	1,122
Advances received	3, 19	1,020	1,302
Trade and other payables	19, 22	3,388	3,424
Total current liabilities		6,757	7,921
Total liabilities		9,438	12,609
Total equity and liabilities		106,793	124,048

Consolidated cash flow statement

EUR thousand	Note	7/2022–6/2023	7/2021–6/2022
Cash flows from operating activities			
Loss for the period		-18,083	-16,091
Adjustments:			
Depreciation and amortization	9	6,689	4,244
Share based payments	7	3,950	3,526
Share of joint venture's result	26	34	23
Fair value change in investment in convertible loan	20, 21	-94	2,067
Other finance income and costs, net	20	-636	493
Income tax expense	10	9	-103
Other adjustments		18	-
Cash flows before change in working capital		-8,113	-5,841
Change in working capital			
Change in trade and other receivables (increase (-) / decrease (+))		-151	-549
Change in inventories (increase (-) / decrease (+))		42	67
Change in current non-interest-bearing payables (increase (+) / decrease (-))		368	-325
Cash flows before finance items and taxes		-7,855	-6,648
Interest paid		-202	-822
Interest received		736	-
Income taxes paid		-7	-4
Net cash from operating activities		-7,329	-7,474
Cash flows from investing activities			
Capitalized development costs		-3,581	-6,240
Acquisition of PPE		-833	-1,373
Acquisition of businesses, net of cash acquired	2	-	-710
Net cash used in investing activities		-4,414	-8,323
Cash flows from financing activities			
Grants received		726	-
Repayment of non-current loans and borrowings		-1,531	-1,860
Share subscriptions with options		-	471
Sale and leaseback arrangements		-540	288
Payment of lease liabilities	15	-1,233	-1,762
Net cash from financing activities		-2,579	-2,863
Net decrease in cash and cash equivalents in cash flow statement		-14,322	-18,660
Cash and cash equivalents 1 July		95,279	113,807
Effect of movements in exchange rates		-318	132
Cash and cash equivalents 30 June		80,640	95,279

Consolidated statement of changes in equity

Consolidated statement of changes in equity 1 July 2022 – 30 June 2023

Equity attributable to owners of the parent company

EUR thousand	Share capital	Reserve for invested unrestricted equity	Translation differences	Accumulated losses	Total
Equity on 1 July 2022	80	142,380	41	-31,061	111,440
Comprehensive income					
Profit (loss) for the period	-	-	-	-18,083	-18,083
Other comprehensive income	-	-	48	-	48
Total comprehensive income	-	-	48	-18,083	-18,034
Transactions with owners of the company					
Share issue	-	-	-	-	-
Share issues related to business combination	-	-	-	-	-
Share-based payments	-	-	-	3,950	3,950
Total transactions with owners of the company	-	-	-	3,950	3,950
Equity on 30 June 2023	80	142,380	90	-45,194	97,355

Consolidated statement of changes in equity 1 July 2021 – 30 June 2022

Equity attributable to owners of the parent company

EUR thousand	Share capital	Reserve for invested unrestricted equity	Translation differences	Accumulated losses	Total
Equity on 1 July 2021	80	141,444	12	-18,498	123,039
Comprehensive income					
Profit (loss) for the period	-	-	-	-16,091	-16,091
Other comprehensive income	-	-	29	-	29
Total comprehensive income	-	-	29	-16,091	-16,062
Transactions with owners of the company					
Share issue	-	471	-	-	471
Share issues related to business combination	-	465	-	-	465
Share-based payments	-	-	-	3,527	3,527
Total transactions with owners of the company	-	936	-	3,527	4,463
Equity on 30 June 2022	80	142,380	41	-31,061	111,440

Notes to the consolidated financial statements

1 Company information and basis of accounting

Company information

Nightingale Health group (hereafter 'Nightingale Health' or the 'Group') is a Finnish health technology group that aims to promote preventative health and help people stay healthy. The blood analysis technology developed by Nightingale Health measures a large variety of biomarkers from a single blood sample and identifies personal risks for disease using unique health data assets. The Group's parent company, Nightingale Health Plc (or 'the parent company'), is a Finnish public limited liability company established under the laws of Finland (business ID 1750524-0). It is domiciled in Helsinki, Finland and the parent company's registered address is Mannerheimintie 164a, 00300 Helsinki. Nightingale Health Plc's Series B shares are listed on Nasdaq First North Growth Market Finland marketplace.

Nightingale Health is The Preventative Health Company. Staying healthy is one of the top priorities in human life. Our health has a profound impact on our quality of life, and it's also strongly connected to the lives of those close to us. Nightingale Health enables prevention by combining the power of our in-house developed, advanced blood analysis technology with unprecedented access to global health repositories and world-leading medical research. With this combination, we go beyond the traditional healthcare and wellbeing tools: We provide the scientific connection to multiple health and disease outcomes and the ability to predict future healthy years.

Basis of accounting

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). International financial reporting standards refer to the standards and interpretations adopted for application in the European Union under the procedure laid down in Regulation (EC) No 1606/2002, as specified in the Finnish Accounting Act and regulations issued thereunder. The consolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union and in force on 30 June 2023.

In its meeting on 18 October 2023 the Board of Directors of Nightingale Health Plc approved the publishing of these consolidated financial statements prepared in accordance with IFRS.

Nightingale Health is a growth company with a loss-making history. Since its listing on Nasdaq Helsinki's First North Growth Market Finland marketplace in March 2021 Nightingale Health has had adequate financial resources to remain in operation and expects the resources be adequate for the foreseeable future. The financial statements have been prepared applying the assumption of continuing as a going concern.

The general policies applied that relate to the consolidated financial statements as a whole are addressed in this section Basis of accounting and those that are specific to a component of the financial statements, have been incorporated into the relevant note, together with descriptions of management judgements, related estimates and assumptions. The accounting policies incorporated into the relevant note are highlighted with grey color.

The consolidated financial statements are prepared on the historical cost basis of accounting, except for the following that are measured at fair value: investments measured according to IFRS 9 at fair value through profit or loss and presented on the line-item Investment in convertible loan in the consolidated statement of financial position, share-based payments as well as assets acquired and liabilities assumed in business combinations. For the fair value hierarchy applied, refer to section below Measurement of fair values. Further information about the assumptions made in measuring fair values is included in the

following notes: 2 Business combinations, 7 Share-based payments, 21 Financial assets and 22 Financial liabilities.

The figures in the financial statements are presented in thousands of euro, except when otherwise indicated. All figures presented have been rounded, and consequently the sum of individual figures may deviate from the presented aggregate figure. The figures presented in brackets refer to the comparative annual period 1 July 2021 – 30 June 2022 or to the previous financial year-end date 30 June 2022, unless otherwise stated.

Nightingale Health has not yet adopted the amended standards and interpretations already issued by the IASB applicable for the future financial years. Nightingale Health will adopt these pronouncements as of the effective date of each of the pronouncements, or if the effective date is not the first day of the financial year, as of the beginning of the next financial year following the effective date, provided they have been endorsed for use in the EU. Currently Nightingale Health believes that the adoption of these pronouncements will not have a significant effect on the future consolidated financial statements.

Critical management judgments and key sources of estimation uncertainty

The preparation of IFRS financial statements requires management to make judgments, estimates and assumptions. These affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the period-end as well as the reported amounts of income and expenses during the reporting period. Estimates and judgments are based upon historical experience and on various other assumptions believed to be accurate and reasonable under the circumstances at the end of the reporting period and the time when they were made. Actual results may differ from these estimates due to different assumptions or conditions. Nightingale Health regularly evaluates its estimates and judgments. Changes in accounting estimates may be necessary as a result of new information or more experience, or if the underlying circumstances evolve. Consequently, the estimates made for the financial statements as at 30 June 2023 may have to be revised subsequently. The Group recognizes such changes in the period in which the estimate or the assumption is revised. The descriptions of use of judgments as well as estimates and assumptions are incorporated into the relevant note and highlighted with beige color.

Use of judgments

Judgements that the Group management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements, relate to the following areas:

Topic	Note	Nature
Revenue recognition	3	Determining measure of progress
Intangible assets	12	Recognition criteria of capitalized development costs

Estimates and assumptions

In Nightingale Health, the assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year comprise the following:

Topic	Note	Nature
Impairment testing	13	Assumptions and estimates used in impairment testing
Goodwill and intangible assets	12	Estimates of the probable future economic benefits embodied in the assets under development
Business combinations	2	Assumptions and estimates in determining the fair values
Share-based payments	7	Assumptions and estimates in determining the fair values
Share-based payments	7	Determining the vesting periods
Measurement of the convertible loan	20, 21	Assumptions and estimates in determining the fair value
Leases	15	Estimates on determination of the lease terms

Russia's invasion of Ukraine, interest rates and inflation increase

The Group does not have any operations in Russia or Ukraine. At the current state the sanctions imposed on Russia will not have a direct impact on Nightingale Health's operation.

The Group's risk arising from the recent interest rate increases is limited due to its small amount of variable interest-bearing loans and borrowings. Nightingale Health does not actively hedge its interest rate risk.

The recent increase in the inflation rate in Nightingale Health's main geographical areas exposes the Group to a risk that the prices of the products and the services needed by the Group in its operations will increase. The Group does not expect that increased inflation and the resulting increase in prices will have a significant direct impact on its operation. However, the inflation might have indirect impacts to the Group's current or potential new customers' buying behavior.

Consolidation

The consolidated financial statements incorporate the financial statements of the parent company, Nightingale Health Plc, all subsidiaries controlled by the parent company and the joint venture subject to joint control (PetMeta Labs Oy) at the period-end.

A subsidiary is an entity that is controlled by Nightingale Health. Control is achieved when Nightingale Health is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Nightingale Health has control over its subsidiaries based on 100% holdings in the subsidiaries. All entities Nightingale Health has control over are consolidated, and non-controlling interest (NCI) representing the equity in a subsidiary that is not attributable directly or indirectly to the parent company is presented separately. Nightingale Health had no non-controlling interests on 30 June 2023 or 30 June 2022.

A joint venture is an arrangement where Nightingale Health has joint control with other parties and the parties that have the rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The results, assets and liabilities of the joint venture are incorporated in the consolidated financial statements using the equity method. Under the equity method, the investment in a joint venture is initially carried in the consolidated statement of financial position at cost and subsequently adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture (less any impairment in the value of the investment). Nightingale Health's share of post-tax profits or losses are recognized in the consolidated income statement. Losses of the joint venture in excess of Nightingale Health's interest in that joint venture are recognized only to

the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Consolidation of a subsidiary or a joint venture begins when Nightingale Health obtains control over the subsidiary or joint control over a joint venture, respectively, and ceases when Nightingale Health loses control of the subsidiary or joint control over the joint venture.

In preparation of consolidated financial statements intra-group transactions, balances and unrealized gains, as well as distribution of profits within the Group, are eliminated.

Foreign currency transactions and balances

Items included in the financial statements of each subsidiary are measured using the functional currency, which is the currency of the primary economic environment in which the company operates. The consolidated financial statements are presented in Euro, which is the functional and presentation currency of the parent company.

Subsidiaries' foreign currency transactions are translated into local functional currencies using the exchange rates prevailing at the dates of the transactions. Receivables and liabilities denominated in foreign currencies in the statement of financial position are translated into functional currencies using the exchange rate quoted on that date.

For those subsidiaries with non-Euro functional currency, the income and expenses for the consolidated income statement, and the consolidated comprehensive income statement, and the items for cash flow statement, are translated into Euro using the average exchange rates of the reporting period. The assets and liabilities for each statement of financial position are translated using the closing rates prevailing at the reporting date. Any translation differences arising from the use of different exchange rates explained above are recognized in other comprehensive income (OCI).

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are categorized into hierarchy levels that are representative of the inputs used in the valuation techniques as follows:

- Level 1: Fair value is calculated on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities that Nightingale Health can access at the measurement date.
- Level 2: Fair value is calculated on the basis of inputs other than quoted prices included in Level 1 that are observable for the asset or liability; either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value is calculated on the basis of inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Operating profit (loss)

Nightingale Health considers operating profit (loss) to be a relevant subtotal in understanding the Group's operational financial performance. Since this concept is not defined under IFRS, the Group has defined it as follows:

Operating profit (loss) is the net amount attained when Revenues are added by Other income and deducted by:

- Materials and services, adjusted with change in inventories
- Employee benefits
- Depreciation, amortization and impairment losses
- Other expenses, and
- Share of joint ventures result.

Nightingale Health recognizes exchange rate differences arising from sales and purchases in Operating profit (loss). Exchange rate differences arising from financing are included in Finance income and Finance costs.

All other items are presented below Operating profit (loss) in the consolidated income statement.

Consolidated statement of cash flows

Interest payments related to capitalized borrowing costs are presented in investing activities in the corresponding item where the costs have been capitalized.

Payments related to lease liabilities are presented in financing activities. Interests related to lease liabilities are presented in operating activities under interest paid.

2 Business combinations

Accounting policy

Business combinations are accounted for using the acquisition method. The consideration for the acquisition of a subsidiary consists of the fair value of the assets transferred and liabilities arising from a contingent consideration, equity interests issued, liabilities to the former owners of the acquired business, and any previously held equity interest at fair value. The identifiable assets, liabilities and contingent liabilities acquired in a business combination are initially measured at their fair values at the acquisition date. Any non-controlling interest is recognized either at fair value or at the non-controlling interest's (NCI) proportionate share of the identifiable net assets in the acquired business

Goodwill to be recognized represents the excess of the consideration transferred, amount of any non-controlling interest, measured either at fair value or at the NCI's proportionate share of the net assets, and fair value of any previous equity interest in the acquiree, over the fair value of the net identifiable assets acquired. Goodwill reflects e.g. expected future synergies resulting from acquisitions.

Acquisition-related costs are expensed as incurred. The costs are presented in other expenses in the income statement, with the exception of expenses directly attributable to the issue of equity instruments, which are deducted from equity. Any contingent consideration (additional purchase price) is measured at fair value at the acquisition date, and it is classified as either liability or equity. A contingent consideration classified as a liability is remeasured at fair value at the end of each reporting period and the resulting fair value changes are recognized in profit or loss. A contingent consideration classified as equity is not subsequently remeasured.

Summary of acquisitions during the financial period ended on 30 June 2023

Nightingale Health has not made any acquisitions during the financial period ended on 30 June 2023.

Summary of acquisitions during the financial period ended on 30 June 2022

Nightingale Health acquired the entire share capital of Negen Oy on 2 February 2022. Negen was a Finnish early-stage genetic testing and analysis technology company that was established in 2015. Negen provided its proprietary genetic tests directly to consumers and also via its healthcare partners,

which further validated the acquired technology. With Negen's genetic tests, consumers can find out their genetic risk for several diseases and health conditions, including type 2 diabetes and coronary heart disease.

With this transaction, Nightingale Health acquired a core functionality in direct-to-consumer DNA testing, genomic data processing pipeline and polygenic risk algorithms for e.g., cardiovascular disease and type 2 diabetes. Combining Nightingale Health's proprietary blood test with genomic data provides ground-breaking opportunities to improve early disease risk detection and accelerate preventative medicine. The acquisition-related costs EUR 40 thousand are included in other expenses in the consolidated income statement and in the net cash flow from operating activities in the cash flow statement. The fair value of the identifiable intangible assets at the acquisition date was EUR 174 thousand.

Nightingale Health's consolidated income statement for the financial year 2021-2022 comprises the loss EUR -81 thousand of Negen. The company generated no revenue during the financial year.

Nightingale Health acquired the entire share capital of Yolife GmbH on 9 July 2021. Yolife is a German digital health company. Yolife has created a mobile application helping everyone to live longer in good health through science-based lifestyle changes. Yolife is an early-stage technology and service company founded in 2019.

The Yolife acquisition is expected to substantially support the development of Nightingale Health's digital health capabilities particularly in the direct-to-consumer market. The Yolife acquisition, and Nightingale Health's in-house high-performance team together enabled the launch of a new version of a globally competitive mobile application in March 2022. The new mobile application integrates Nightingale Health's leading biotechnology with digital health capabilities. Furthermore, the acquisition of Yolife supported the launch of Nightingale Health's at-home testing solution for consumers and business partners.

The acquisition-related costs, EUR 25 thousand are included in other expenses in the consolidated income statement and in the net cash flow from operating activities in the cash flow statement. The fair value of the identifiable intangible assets at the acquisition date amounted to EUR 244 thousand.

Nightingale Health's consolidated income statement for the financial year 2021-2022 comprises the loss of EUR 293 thousand of Yolife GmbH. The company generated no revenue during the financial year.

Identifiable assets acquired and liabilities assumed

The following table discloses the combined amounts for the acquired assets and liabilities assumed at the dates of acquisition:

EUR thousand	
Assets	
Non-current assets	
Technology assets acquired	418
Total non-current assets	418
Current assets	
Trade and other receivables	1
Cash and cash equivalents	33
Total current assets	34
Total assets	451
Liabilities	
Non-current liabilities	
Deferred tax liabilities	108
Total non-current liabilities	108
Current liabilities	
Trade and other payables	108
Total current liabilities	108
Total liabilities	216
Net assets	235

The valuation techniques used for measuring the fair value of intangible assets acquired were as follows:

The relief-from-royalty method was used as the valuation technique for Yolife's technology-related assets. The Yolife business can be assumed to be driven by the technology it owns and develops. Yolife's key technological asset was a digital health mobile application it had created. This application together with the technological knowhow forms technology. A royalty rate of 7.5% was applied, based on industry benchmark royalty rates. The estimated remaining useful life of the asset is 10 years.

The relief-from-royalty method was used as the valuation technique for Negen's technology-related assets. Negen's key technology assets include, e.g., a core functionality in direct-to-consumer DNA testing capabilities, genomic data processing pipeline, and polygenic risk algorithms. A royalty rate of 17.0% was applied, based on industry benchmark royalty rates. The estimated remaining useful life of the asset is 10 years.

Nightingale Health estimates the contractual gross amount of acquired trade receivables to equal their fair value (EUR 3 thousand).

The fair values associated with the acquisitions are classified as Level 3 fair values owing to the unobservable inputs used in the valuations.

Goodwill on acquisition

EUR thousand	
Consideration transferred for the acquisitions	
Consideration – cash	743
Consideration – equity instruments (80,179 shares, EUR 5.80 per share)	465
Consideration – contingent consideration	50
Total consideration	1,258
Net identifiable assets of the acquirees	235
Goodwill	1,023

The goodwill is attributable to the professional workforce and other synergy benefits expected to be derived from the acquisitions of Negen and Yolife. Expanded service selection of the combined Group enables increase of revenues. The Group has one cash-generating unit and goodwill has been allocated to that. The goodwill will not be deductible for tax purposes. Disclosures on the goodwill impairment testing are presented in Note 13 Impairment testing.

If the acquired Yolife business reaches certain pre-defined sales volumes and user volume targets for two consecutive months, Nightingale Health will be required to pay an additional purchase price of EUR 50 thousand. The payment of the additional purchase price is expected to be realized in full over the next two years, and a liability of EUR 50 thousand has been recognized in the statement of financial position for the additional purchase price at the acquisition date.

Consideration transferred – net outflow of cash

EUR thousand	
Cash consideration	-743
Less: cash acquired	33
Net outflow of cash	-710

Significant judgements – identifying and measuring intangible assets

Recognition of a business combination requires the identification and measurement of the identifiable assets, liabilities and contingent liabilities. With regard to intangible assets, significant judgement is related to whether the intangible assets identified in the acquisition are identifiable and separable from goodwill. The valuation of technology-related intangible assets acquired in the business combination is performed by using the relief-from-royalty method and is based on estimated future cash flows. They involve assumptions of the future revenue development, the applicable royalty rate and discount rate, and the useful life of the asset.

3 Revenue and segment information

Accounting policy

Nightingale Health's promise to its customers, the performance obligation, is a service where a blood sample is analyzed and the results are delivered to the customer.

The services are accounted for as a series of services as one performance obligation, and revenue is recognized over time with a method based on number of blood samples analyzed compared to total number of blood sample analyses sold. The revenue is recognized to the amount that Nightingale Health expects to be entitled to, based on the services transferred. The transaction price includes promised discounts and indirect taxes, which reduce the amount to be recognized. As the services provided by

Nightingale Health have been sold at fixed prices, transaction prices have not been adjusted for the variable considerations.

Nightingale Health collects advance payments for most of its services. When an advance payment is received, it is recognized as a contract liability under advances received in the consolidated statement of financial position. The contract liability is recognized as revenue over time when the analyses are performed. A contract asset is recognized, if the advance payments received do not cover the work performed when Nightingale Health recognizes revenue.

Once an advance payment has been received, timing of Nightingale Health's performance is partially in the customer's discretion as the customer decides on timing of deliveries of blood samples, thus, no significant financing component exists. In those services where payment, or a part of the payment, for the services is collected after performing the analyses for customer's blood samples, Nightingale Health does not adjust the consideration for the services with time value of money if the expected timing difference is less than a year. Nightingale Health does not have customer contracts with expected timing difference exceeding one year at contract inception.

Nightingale Health does not recognize an asset for incremental costs to obtain a contract but recognizes the costs as an expense when incurred when the amortization period would be a year or less.

Disaggregation of revenue

Nightingale Health's revenue consisted mainly of research services offered to universities and health programs in accordance with academic collaboration agreements as well as sales to corporates and consumers.

Revenue by geographical market

EUR thousand	7/2022–6/2023	7/2021–6/2022
Finland	221	425
UK	2,362	950
Rest of Europe	1,034	556
Others	565	381
Total	4,182	2,313

The geographical breakdown of revenue is presented based on location of the customers. All of the revenue shown above has been recognized over time.

Contract balances

EUR thousand	30 Jun 2023	30 Jun 2022
Trade receivables	207	138
Contract assets	-	151
Contract liabilities	919	1,201
- of which revenue recognized during the next financial year	-	940

Nightingale Health has a policy of requiring advance payments for most of its services. When an advance payment is received, it is recognized as a contract liability under advances received in the consolidated statement of financial position. The contract liability is recognized as revenue over time when the analyses are performed, typical timing difference between receiving an advance payment and performing the analyses vary between 3 to 6 months. Due to the policy of advance payments, Nightingale Health has less contract assets than contract liabilities. The results are mainly delivered after full payment has been received, thus, the Group has no non-current overdue trade receivables, nor a history of credit losses.

All of Nightingale Health's contract assets and liabilities arise in normal course of business operations. However, individual customer contracts may significantly impact balances between reporting dates.

Nightingale Health has not recognized revenue from contracts where consumer customers have not used their rights to all or some of the agreed number of samples within agreed contract period of 12 months. Therefore, contract liabilities include advance payments where the customer's legal right to the remaining samples have expired, but Nightingale Health has voluntarily extended the period of use for its consumer customers.

Significant judgements – Determining measure of progress

Nightingale Health recognizes revenue over time with an output method as measure of progress. The method is based on number of units produced i.e. samples analyzed. Nightingale Health believes that the proportion of analyzed samples compared to total number of samples to be analyzed reflects best how the Group has performed in transferring control of the services promised to a customer. The method is directly observable and provides a faithful depiction of the work performed by Nightingale Health.

Segment information

Accounting policy

An operating segment is a component of the Group, that engages in business activities from which discrete financial information is available and for which earn revenues are assessed by the chief operating decision maker (CODM). Segment information is reported to the CODM combined with Group's internal reporting.

In Nightingale Health the CEO has been identified as being the chief operating decision maker responsible for assessing performance of the Group and making resource allocation decisions. The CEO monitors Nightingale Health's profitability and financial position as a one unit, hence the Group has one operating segment.

In the financial year 2022–2023 Nightingale Health had two customers, whose share of the Group's revenue was more than 10%. The total amount of revenue received from these customers was EUR 1,619 thousand.

In presenting the geographic information, segment assets are based on the geographic location of the assets. Non-current assets are presented in accordance with IFRS standards and they exclude financial instruments and deferred tax assets.

EUR thousand	30 Jun 2023	30 Jun 2022
Finland	23,129	24,876
Japan	1,098	1,468
UK	553	-
Total	24,780	26,344

4 Other income

Accounting policy

Other operating income includes income from activities outside the ordinary business of Nightingale Health, such as government grants and insurance compensations.

The Group recognizes a government grant only when there is reasonable assurance that:

- Nightingale Health will comply the conditions attached to the grant, and
- the grant will be received.

Breakdown of other income

EUR thousand	7/2022–6/2023	7/2021–6/2022
Grants received	-	220
Insurance compensations	144	-
Other income	62	43
Total	206	263

5 Materials and services

Accounting policy

Materials and services comprise external services and materials acquired during the financial year, which mainly consists of materials needed for the laboratory, sampling and at-home blood collection kit as well as changes in inventories.

Breakdown of expenses for materials and services

EUR thousand	7/2022–6/2023	7/2021–6/2022
Purchase expenses	-549	-890
Change in inventories	-41	-68
External services	-	-79
Total	-590	-1,037

Purchases in the amount of EUR 104 thousand (EUR 49 thousand) have been capitalized in development expenditure during the financial period.

6 Employee benefits

Accounting policy

The Group's employee benefits comprise short-term employee benefits, post-employment benefits, and share-based payments. Nightingale Health provided no other long-term employee benefits, nor any material termination benefits in the financial years presented.

Short-term employee benefits comprise wages, salaries, fringe benefits, annual leave and bonuses. Nightingale Health recognizes these benefits in the period in which employees perform the work.

Post-employment benefits are payable to employees after the completion of employment. In Nightingale Health these benefits relate to pensions. The pensions are arranged in external pension institutions. Pension plans are classified as either defined benefit plans or defined contribution plans. A defined contribution plan is a pension plan under which Nightingale Health pays fixed contributions into a separate entity and has no legal or constructive obligations to pay further contributions if the separate entity does not hold sufficient assets to pay all employees the related benefits. All other plans are classified as defined benefit plans. The Group only has defined contribution plans. The Group's most significant defined contribution plan is the TyEL plan in Finland. Contributions made to the plans are expensed in

the period during which the services are provided. Nightingale Health records prepaid contributions as an asset to the extent that a cash refund or a reduction in future payments is available.

Termination benefits are not based on an employees' service but arise from the termination of an employee's employment. Termination benefits are benefits provided in exchange for termination of an employee's employment as a result of the Group's decision or an employee's decision to accept an offer of benefits in exchange for termination. Termination benefits are recognized at the earlier of the following: when the Group can no longer withdraw the offer of those benefits or when the Group recognizes costs for a restructuring that includes the payment of termination benefits.

Disclosures on the share-based payments of the Group are provided in Note 7 Share-based payments and those on the compensation of the key management personnel in Note 25 Related party transactions.

Employee benefit expenses recognized in profit or loss

EUR thousand	7/2022–6/2023	7/2021–6/2022
Salaries and wages	-4,537	-2,428
Pension expenses (defined contribution plans)	-626	-329
Other social security expenses	-268	-216
Share-based payments	-3,950	-3,526
Total	-9,381	-6,499
The average number of employees for the financial year	82	64

The table above shows employee benefits less employee benefit costs capitalized in development costs under intangible assets. Capitalized employee benefits totaled EUR 1,078 thousand (EUR 2,453 thousand), of which EUR 0 thousand (EUR 1 thousand) were capitalized share-based payments. The total (gross) employee benefits amounted to EUR 10,459 thousand (EUR 8,952 thousand).

7 Share-based payments

Accounting policy

Nightingale Health has various option programs. Some of the programs include conditions requiring the option holder to be employed in the company for a certain period (service condition), and some of the programs include conditions related to the share price development of the Company (market condition). The option programs are described in the table Option programs

Non-market vesting conditions are not considered when measuring the fair value of option on the grant date. Service conditions are considered on each reporting date to estimate the quantity of awards that will vest and expense will be adjusted accordingly. Expense will ultimately reflect those awards that do ultimately vest.

Market conditions need to be considered when measuring the fair value of options. Expense for an award with a market condition should be recognized even if the market condition is never satisfied, if the service condition and/or other non-market vesting condition is fulfilled.

Options are measured at fair value on their grant date and expense is recognized as an expense to Employee benefits and to Accumulated losses in equal tranches for the vesting period.

When the use of the option right is subject to achieving certain level for the Company's market capitalization and the employee staying at the Company's service until such target is achieved, the Company has estimated the expected vesting period at grant date based on most probable outcome of the

performance condition. When the performance condition is a market condition, the expected length of the vesting period is aligned with the assumptions used in determining the fair value of the options and it will not be further adjusted. The estimated vesting periods are presented in table Information on option programs.

The fair value on grant date is determined using Black-Scholes or binomial option pricing model. The various assumptions used as input for the models are presented in table Assumptions used in determining fair value.

When the options are exercised, the proceeds received from the share subscriptions are recognized in accordance with the terms of the plan under the reserve for invested unrestricted equity, adjusted for any transaction costs.

Option programs

Nightingale Health has established option programs as incentive programs for the company's personnel, including the company's and its group companies' employees and other key personnel. The purpose of issuing the option rights is to bind the option holders to the economic growth of the company and to the development of the company's value as well as create a long-term relationship between the company and the option holders, which benefits the company both economically and operationally.

Nightingale Health has option programs in three share classes: i) EMP option programs established before the initial public offering in which the options entitle to Series EMP shares and in which all options vested in connection to the initial public offering, ii) Option programs that entitle to Series B shares and have vesting conditions that are mainly related to the development of the company's market capitalization, and iii) Option programs that entitle to Series A shares and in which part of the options vested in connection to the initial public offering and a part of the options will vest based on the development of the company's market capitalization.

Vesting events for option programs that entitle to subscribe Series B shares are described in the below table. All defined market capitalization triggers are based on 45-day volume weighted average purchase price. Each option program that has different vesting events, is presented on separate row in the below table.

Vesting events for the option programs

Option Program	First Vesting Event	Second Vesting Event	Third Vesting Event	Fourth Vesting Event
2021 Board members, CEO and Key Management Option Program	½ of the total maximum number of option rights when the company's market capitalization is at least EUR 500 million	½ of the total maximum number of option rights when the company's market capitalization is at least EUR 1,000 million	-	-
2022 Key persons Option Program	½ of the total maximum number of option rights when the company's market capitalization is at least EUR 500 million	½ of the total maximum number of option rights when the company's market capitalization is at least EUR 10,00 million	-	-
2022 Management Team Option Program	100,000 option rights when 12 months has	250,000 option rights when the company's market	250,000 option rights when the company's market	400,000 option rights when the company's market

Option Program	First Vesting Event	Second Vesting Event	Third Vesting Event	Fourth Vesting Event
	passed since the beginning of the employment	capitalization is at least EUR 1,000 million	capitalization is at least EUR 1,250 million	capitalization is at least EUR 1,500 million
	100,000 option rights when 12 months has passed since the beginning of the employment	150,000 option rights when the company's market capitalization is at least EUR 1,000 million	150,000 option rights when the company's market capitalization is at least EUR 1,250 million	200,000 option rights when the company's market capitalization is at least EUR 1,500 million
	150,000 option rights when the company's market capitalization is at least EUR 1,000 million	150,000 option rights when the company's market capitalization is at least EUR 1,250 million	200,000 option rights when the company's market capitalization is at least EUR 1,500 million	-
2022 Acquisition related Option Program	½ of the total maximum number of option rights when the company's market capitalization is at least EUR 1,000 million	½ of the total maximum number of option rights when the company's market capitalization is at least EUR 1,500 million	-	-

According to the 2022 Key personnel option program the subscription right may be used only if the option holder has an employment or service relationship with the company at the time of the subscription. Also other option programs presented in the above table include a condition related to the continuance of the work or service relationship, according to which the option holders lose their right to the options if they terminate their employment or service relationship. If the option holder's relationship is terminated by the company, the option holder is entitled to retain the vested options and the options that will vest during the following vesting event.

Vesting events for option programs that entitle to subscribe Series A shares are described below:

2020 Board member (TS) options

The member of the Board of Directors earned the right to subscribe 1,362,025 Series A options in connection with the company's First North listing.

In addition, the member of the Board of Directors is entitled to,

- stock options equaling to 1 per cent of the company's shares on fully diluted basis shall be vested based on reaching target valuation, i.e. the company's pre-money valuation in connection to a financing round, trade sale or IPO exceeding EUR 500 million and
- the right to stock options equaling to 1 per cent of the company's shares on fully diluted basis shall be vested based on reaching target valuation, i.e. the company's pre-money valuation in connection to a financing round, trade sale or IPO exceeding EUR 1 billion.

In case the board membership ends the member of the Board of Directors shall maintain the right to subscribe for shares with the stock options that have vested before the end of the board membership.

2020 Board member (LN) options

The member of the Board of Directors earned the right to subscribe for 231,770 stock options in connection with the First North listing.

In addition, the member of the Board of Directors is entitled to,

- stock options equaling to 0.5 per cent of the company's shares on fully diluted basis shall be vested based on reaching target valuation, i.e., the company's pre-money valuation in connection to a financing round, trade sale or IPO exceeding EUR 500 million and
- the right to stock options equaling to 0.5 per cent of the company's shares on fully diluted basis shall be vested based on reaching target valuation, i.e., the company's pre-money valuation in connection to a financing round, trade sale or IPO exceeding EUR 1 billion.

In case the board membership ends the member of the Board of Directors shall maintain the right to subscribe for shares with the stock options that have vested before the end of the board membership.

Information on option programs

The below tables describe key terms for each option program and total number of shares that can be subscribed in each option program.

Option program	EMP II	EMP III	2020 Board member (TS) options	2020 Board member (LN) options
Subscription price, EUR	1.42	1.63	1.63	2.48
Number of shares 30 June 2023*	2,017,603	465,346	2,269,841	695,310
Number of shares 30 June 2022*	2,164,190	480,396	2,269,841	695,310
Start date	8 May 2018	28 Oct 2020	7 Sep 2020	15 Dec 2020
End date	30 Apr 2028	30 Oct 2030	4 Dec 2030	7 Jan 2031
Estimated vesting date			500m: 14 Aug 2030 1000m: 3 Sep 2030	500m: 22 Sep 2030 1000m: 21 Dec 2030

Option program	2021 Board members, CEO, and key management option program**	2022 Key Persons option program**	2022 Management Team option program**	2022 Acquisition-related option program**
Subscription price, EUR	2.50 (6.75)	2.50 (6.75)	2.50 (6.75)	2.50 (6.75)
Number of shares 30 June 2023	4,600,000	1,530,200	2,100,000	100,000
Number of shares 30 June 2022	5,200,000	270,200	2,100,000	200,000
Start date	3 Mar 2021	18 Mar 2022	18 Mar 2022	18 Mar 2022
End date	31 Dec 2031	31 Dec 2033	31 May 2032	31 May 2032
Estimated vesting date	500m: 14 Aug 2027 (11 Sep 2024) 1000m: 2 Jan 2029 (9 July 2029)	500m: 6 Aug 2028– 1 Sep 2030 (14 May 2030) 1000m: 22 Dec 2029–13 June 2031 (14 May 2031)	1000m: 6.3.2029 (14.5.2031) 1250m: 14.7.2029 (14.11.2032) 1500m: 3.11.2029 (14.5.2032)	1000m: 4 Mar 2029 (14 May 2030) 1500m: 3 Nov 2029 (14 May 2031)

*) As per the stock split decision by the EGM on 18 February 2021, all options granted prior to the stock split allow for subscription of 301 shares. The effect of the stock split is accounted for in the table.

***) Nightingale Health's Board of Directors resolved on 11 August 2022 to change the subscription price of shares in all the company's stock option programs that entitle to subscribe for Series B shares. The new subscription price of each share in the stock option programs is EUR 2.50. Prior to the change the subscription price was EUR 6.75 per share. The table above contains the amended subscription price (original subscription price in parentheses) and the amended estimated vesting dates (original estimated vesting dates in parentheses)

Assumptions used in determining fair value

The tables below contain the assumptions used in determining the fair value of each option program and the fair values of the programs.

Option program	EMP II	EMP III	2020 Board member (TS) options	2020 Board member (LN) options
Subscription price, EUR	1.42	1.63	1.63	2.48
Share price at the grant date, EUR	1.42	1.63	1.63	2.48
Maturity, years	5.8	8.3	8.2	9.5
Expected volatility, %	37.4–40.4	41.4	41.4	41.6
Risk-free rate, %	-0.41–0.69	-0.44 – -0.43	-0.28	-0.40
Expected dividends, EUR	0	0	0	0
Valuation model	Black-Scholes	Black-Scholes	Black-Scholes, Binomial model	Black-Scholes, Binomial model
Fair value, EUR	0.6–0.7	0.77-0.78	0.12–0.78	0.4–1.19

Option program	2021 Board members, CEO, and key management option program*	2022 Key Persons option program*	2022 Management Team option program*	2022 Acquisition-related option program*
Subscription price, EUR	2.5 (6.75)	2.5 (6.75)	2.5 (6.75)	2.5 (6.75)
Share price at the grant date, EUR	2.01 (6.75)	0.86–2.01 (2.05)	2.01 (2.05)	2.01 (2.05)
Maturity, years	9.4 (10.8)	10.5–11.4 (11.7)	9.8 (10.1)	9.8 (10.1)
Expected volatility, %	43.0 (41.2)	42.6–43.1 (42.6)	43.0 (42.3)	43.0 (42.3)
Risk-free rate, %	1.47 (-0.13)	1.47–3.12 (1.3)	1.47 (1.30)	1.47 (1.30)
Expected dividends, EUR	0	0	0	0
Valuation model	Binomial model	Binomial model	Black-Scholes, Binomial model	Binomial model
Fair value, EUR	0.06–0.35 (3.15–3.31)	0.11–0.63 (0.53–0.6)	0.06–0.51 (0.31–0.51)	0.06–0.14 (0.31–0.40)

*) Nightingale Health's Board of Directors resolved on 11 August 2022 to change the subscription price of shares in all the company's stock option programs that entitle to subscribe for Series B shares. The new subscription price of each share in the stock option programs is EUR 2.50. Prior to the change the subscription price was EUR 6.75 per share. The table above contains the amended assumptions (original assumptions in parentheses) and the fair values with the amended assumptions (fair value with original assumptions in parentheses).

Summary of option programs	30 June 2023		30 June 2022	
	Average exercise price per option	Number of options	Average exercise price per option	Number of options
Outstanding on 1 July 2022	4.61	13,379,937	3.91	11,694,376
Granted during period	2.50	1,320,000	6.75	2,570,200
Forfeited during period	2.31	-921,637	1.53	-598,388
Exercised during period	-	-	1.53	-286,251
Outstanding on 30 June 2023	2.23	13,778,300	4.61	13,379,937
Exercisable on 30 June 2023	1.62	4,276,744	1.55	4,238,381
Weighted average price of shares at the date of exercise	-		2.97	

Impact of share-based payments on income statement and statement of financial position	1 July 2022 – 30 June 2023	1 July 2021 – 30 June 2022
Employee benefits recognized in profit and loss	3,950	3,526
Capitalized to intangible assets	-	1
Total	3,950	3,527

Share incentive programs

Nightingale Health has had two share incentive programs, in which employees could purchase Series EMP shares for their market value deducted with the reduction allowed for personnel issues pursuant to section 66 of the Income Tax Act. The expense is recognized for the vesting period with corresponding entry made to equity.

Significant estimate – assumptions used in measuring fair value

The fair value of stock options is determined on their grant date. The fair value is determined using the Black-Scholes or binomial option pricing model. For rewards with market conditions, the binomial model is used in modeling the development of the Company's market capitalization. Expected volatility is based on the Company's available historical volatility and the historical volatility of four peer companies. The Finnish Government 10-year bond yield is used as a proxy for the risk-free rate. Details on the assumptions are presented above in the table Assumptions used in determining fair value.

On each reporting date, the company estimates the amount of awards that will vest and expense cost will be adjusted accordingly.

8 Other expenses

Accounting policy

Other expenses include expenses other than those related to sale of goods sold and employee benefits, such as service, maintenance and IT, marketing, administrative and losses on the disposals of non-current assets and other personnel related costs such as recruitment costs.

Disaggregation of other expenses by nature

EUR thousand	7/2022–6/2023	7/2021–6/2022
Other personnel-related expenses	-430	-285
Service, maintenance and IT	-1,790	-570
Sales and marketing	-934	-968
Administrative	-2,469	-1,358
Research and development (R&D)	-596	-1,225
Total	-6,219	-4,406

Other expenses include R&D expenses of EUR 596 thousand which did not meet the criteria for being capitalized in development costs.

Fees to auditors

EUR thousand	7/2022–6/2023	7/2021–6/2022
Audit fees	-447	-50
Engagement related to auditing act 1.1.2 §	-	-13
Tax consultancy	-15	-
Other fees	-	-33
Total	-462	-95

9 Depreciation, amortization and impairment losses

Accounting policy

Depreciation and amortization are the systematic allocation of the depreciable/amortizable amount of a/an tangible/intangible asset over its useful life. Nightingale Health records the depreciation/amortization on a straight-line basis. Amortization of intangible assets commences from the date they are available for use as intended by Nightingale Health's management. Depreciation of property, plant and equipment commences from the date that they are available for use. Nightingale Health reviews the depreciation/amortization periods applied at least at the end of each financial year. If the expected useful life of an asset is significantly different from previous estimates, the Group adjusts the depreciation/amortization prospectively. More information is in note 14 Property, plant and equipment and 12 Goodwill and intangible assets.

Impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount. Further information is provided in Note 13 Impairment testing.

Intangible assets

Amortization is recognized on a straight-line basis in profit or loss over the estimated useful life of an intangible asset. The useful lives are 3-5 years, except for certain intangible assets acquired through business combinations, which have a useful life of 10 years.

The Group recognized no impairment losses on intangible assets in the financial years 1 July 2022 – 30 June 2023 and 1 July 2021 – 30 June 2022.

Property, plant and equipment

Depreciation is recognized on a straight-line basis in profit or loss over the estimated useful lives of the assets. The estimated useful lives are as follows:

- Machinery and equipment 4–10 years

- Leasehold improvement costs 5 years

The Group recognized no impairment losses on property, plant and equipment in the financial years 1 July 2022 – 30 June 2023 and 1 July 2021 – 30 June 2022.

Depreciation and amortization

EUR thousand	7/2022–6/2023	7/2021–6/2022
Intangible assets		
Other technology	-36	-30
Applications	-2,098	-856
Laboratory technology	-1,303	-1,290
Risk models	-1,326	-295
Intangible rights	-108	-
Total	-4,872	-2,471
Property, plant and equipment		
Machinery and equipment	-640	-326
Buildings and structures	-117	-141
Total	-757	-467
Right-of-use assets		
Right-of-use assets	-1,060	-1,307
Total	-1,060	-1,307
Total depreciation and amortization in profit or loss	-6,689	-4,244

10 Income taxes

Accounting policy

The income tax expense in profit or loss comprises both current tax and change in deferred taxes. Income taxes are recognized in profit or loss except to the extent that it relates to a business combination, items recognized directly in equity or in other comprehensive income (OCI).

Where tax positions are uncertain, accruals are recorded within income tax liabilities for management's best estimate of the ultimate liability expected to arise based on the specific circumstances, Group's interpretation of the tax laws and historical experience.

Current tax

The current income tax charge is calculated on the taxable income on the basis of the tax rate and tax laws enacted (or substantively enacted) by the period-end date in the countries where the Group operates and generates taxable income. Current taxes are adjusted for the taxes of previous financial periods, if applicable.

Taxable profit may differ from the profit reported in financial statements, since some income or expense items may be taxable or deductible in other years, and/or certain income items are not taxable or certain expense items are non-deductible for taxation purposes.

Deferred taxes

Deferred taxes are calculated on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. On 30 June 2023, the Group's deferred taxes mainly arise from fair value measurement of assets in business combinations, leases,

revenue recognition, tax losses carried forward and intra-group margins. Deferred taxes are determined using the statutory tax rates (and tax laws) or the tax rates substantively enacted by the period-end.

Deferred tax liabilities

A deferred tax liability is recognized for taxable temporary differences between the carrying amount of the item and the tax base. Deferred tax liability is not recognized upon initial recognition of goodwill or initial recognition of an asset or liability and if the transaction is not a business combination and does not affect the accounting result, taxable profit or tax loss at the time the transaction is completed.

Deferred tax assets

A deferred tax asset is recognized for deductible temporary differences, the carry forward of unused tax losses and unused tax credits, only to the extent that it is probable that future taxable profits will be available, against which Nightingale Health can utilize the abovementioned items.

- Recognized deferred tax assets: the Group reviews the amount and the probability of the utilization of such assets at each period-end. If the utilization of the related tax benefit is no more considered probable, Nightingale Health recognizes a write-down against the deferred tax asset.
- Unrecognized deferred tax assets: Nightingale Health re-assesses these items at each period-end and recognizes those to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. This applies, for example, to deferred tax assets to be recognized on tax losses carried forward. In making this determination, the Group considers all available positive and negative evidence including projected future taxable income, future reversals of existing temporary differences, changes in tax laws and/or rates and recent financial arrangements.
- However, a deferred tax asset is not recognized if it arises from the initial recognition of an asset or liability and that the transaction is not a business combination and does not affect the accounting result or taxable profit or tax loss at the time the transaction is executed.

Current tax expense

EUR thousand	7/2022–6/2023	7/2021–6/2022
Current tax for the financial year	-4	-3
Current tax adjustments for prior years	0	-2
Change in deferred taxes	0	108
Withholding tax	-5	-
Total	-9	103

Reconciliation between income tax expense in profit or loss and tax expense calculated using the Finnish corporate tax rate

EUR thousand	7/2022–6/2023	7/2021–6/2022
Loss before tax	-18,074	-16,194
Tax using the Finnish corporate tax rate (20%)	3,615	3,239
Unrecognized deferred tax assets on tax losses for the period	-3,220	-2,050
Share based payments	-790	-705
Change in fair value of investments	19	-462
Share of joint venture's result	-7	-9
Taxes for prior financial years	0	-2
Other	374	92
Taxes in the income statement	-9	103

Changes in deferred tax assets and deferred tax liability balances

EUR thousand	1 Jul 2022	Recognized in profit or loss	30 Jun 2023
Deferred tax assets			
Tax losses carried forward	305	-25	280
Intra-group margins	49	-4	44
Total	354	-29	324
Deferred tax liabilities			
Leases	-182	-44	-226
Financial instruments	-5	5	0
Revenue recognition	-66	66	0
Fair value measurement of intangible assets	-101	10	-91
Intangible assets	-	-7	-7
Total	-354	29	-325
Netting	354	-29	325
Deferred tax asset / liability, net	-	-	-

Income tax on items of other comprehensive income

The Group recognized no income taxes related to other comprehensive income in the financial years ended on 30 June 2023 and 30 June 2022.

Tax losses for which no deferred tax asset is recognized

EUR thousand	30 Jun 2023	30 Jun 2022
Tax losses	47,594	31,481

Of the tax losses carried forward for which no deferred tax asset is recognized, EUR 46,883 thousand have arisen in the parent company Nightingale Health Plc (EUR 30,984 thousand on 30 June 2022). No deferred tax asset has been recognized for the losses, as at the date of preparation of the financial statements it was not considered that there was convincing evidence that the losses would be recoverable, except for the amounts for which deferred tax assets have been recognized, as they can be offset against deductible temporary differences. EUR 10,836 thousand of the losses expire between 2026 and 2030 and EUR 36,047 thousand between 2031 and 2033. Tax losses of EUR 711 thousand (EUR 497 thousand) have been incurred by the subsidiaries in Japan, in the USA and in the UK.

Other deductible temporary differences for which no deferred tax asset is recognized

The Group also has other deductible temporary differences for which no deferred tax assets have been recognized, amounting to EUR 3,873 thousand on 30 June 2023 (EUR 5,006 thousand on 30 June 2022).

11 Earnings per share

Accounting policy

Basic earnings per share is calculated by dividing the profit (loss) attributable to owners of the company by the weighted average number of ordinary shares outstanding during the financial year (excluding any treasury shares held).

In calculating diluted earnings per share, the weighted average number of ordinary shares outstanding is adjusted to assume conversion of all dilutive potential ordinary shares. Share options have a dilutive effect only when the average market price of ordinary shares during the period exceeds the exercise price of the options. The share options have no dilutive effect if there is a loss for the period.

Earnings per share

	7/2022–6/2023	7/2021–6/2022
Profit attributable to owners of the company (loss)	-18,083	-16,091
Weighted average number of ordinary shares outstanding during the financial year (1,000 pcs)	60,341	60,239
Basic and diluted earnings per share, Series A and Series EMP, EUR	-0.30	-0.27
Basic and diluted earnings per share, Series B, EUR	-0.30	-0.27

The Company's Series A, Series B and Series EMP shares are ordinary shares of the Company. Series B shares are entitled to a five percent higher dividend than Series A shares and Series EMP shares. The preference does not concern other distribution of assets or capital distribution, only payment of dividends. Based on the dividend preference Series B shares are considered a separate class of ordinary shares, hence Nightingale Health presents earnings per share ("EPS") separately for all share classes that have different right to earnings. Therefore, Nightingale Health presents two different EPS-numbers, Series B EPS is presented separately from the EPS for Series A and Series EMP. As the Group has been lossmaking the dividend preference has no effect on earnings per share for Series B shares.

The Company's potential dilutive instruments consist of granted share options. As the Group has been lossmaking, the share options would have an anti-dilutive effect and therefore they have not been considered when measuring the diluted earnings per share. Therefore, there is no difference between the basic and diluted earnings per share.

12 Goodwill and intangible assets

Accounting policy

Goodwill

Goodwill represents the excess of the

- consideration transferred,
- amount of any non-controlling interest (NCI) in the acquiree, measured either at fair value or at the NCI's proportionate share of the acquired entity's net assets, and
- acquisition-date fair value of any previous equity interest in the acquiree,

over the fair value of the net identifiable assets acquired in business combinations. Goodwill reflects, for example, expected future synergies resulting from the acquisitions. Goodwill is not subject to amortization but is tested annually for impairment and whenever there is an indication of impairment. Goodwill is carried at historical cost less accumulated impairment losses.

Intangible assets

An intangible asset is recognized if the item is identifiable, Nightingale Health controls the asset, there are future economic benefits associated with the intangible asset and it is probable that the future economic benefits that are attributable to the asset will flow to the Group, and the cost of the asset can be measured reliably. Intangible assets are initially measured at cost, except for those assets acquired as part of a business combination. Subsequently, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Amortization is provided on a straight-line basis over the useful lives of the assets.

The technology-related assets acquired in business combinations were initially measured at fair value at the acquisition date using the relief-from-royalty method. This method considers the discounted estimated royalty payments that are expected to be avoided as a result of the technology acquired.

Research and development expenditures

Research is original and planned investigation Nightingale Health undertakes with the prospect of gaining new scientific or technical knowledge and understanding. Such costs are expensed as incurred.

Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use. The Group capitalizes such costs when all the following criteria are met:

- Nightingale Health can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The Group intends to complete the intangible asset and use or sell it.
- Nightingale Health is able to use or sell the intangible asset.
- The Group is able to demonstrate how the intangible asset will generate probable future economic benefits.
- Nightingale Health has adequate technical, financial and other resources available to complete the development and to use or sell the intangible asset
- Nightingale Health is able to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalization of development expenditures begins when all the criteria described above are met and ceases when the intangible asset is available for use as intended by management. Capitalized development costs comprise all directly attributable cost of preparing the asset for its intended use. Those costs at Nightingale Health mainly include employee benefit costs, analysis costs for research samples and purchases from third parties. The Group has also:

- capitalized borrowing costs incurred by Nightingale Health, from the government loans drawn for development activities, or from the generally borrowed funds, where a capitalization rate is applied to the expenditures on that asset.
- deducted the government grants Nightingale Health has received for development activities and capitalized the related costs.

Amortization periods

The intangible assets internally developed by the Group are amortized over 3 to 5 years. The amortization period for other technology, i.e. technology-related assets acquired in business combinations, is 10 years.

Nightingale Health reviews the amortization periods and methods applied at least at each financial year-end. If the expected useful life of an asset is different from previous estimates, the amortization period is adjusted prospectively. The changes in useful lives may arise from technical developments, or changes in demand or competition, for example.

Impairment testing

Nightingale Health performs an annual impairment test for goodwill and intangible assets not yet available for use. In addition, the Group assesses at each reporting date whether there is any indication that an intangible asset may be impaired. For details on impairment testing, refer to Note 13 Impairment testing.

Significant estimate – eligibility of development costs for capitalization

Nightingale Health recognizes internally generated development costs as an intangible asset in its balance sheet when the recognition criteria are met. This requires management to use judgement in considering whether the capitalization criteria for an asset under development are met, such as the technical feasibility of the intangible asset and its probable future economic benefits. Technical feasibility is assessed as part of the product development process and capitalization of the development costs is only started when the project has technically reached a predefined stage. The future economic benefits are assessed on a project-by-project basis, taking into account qualitative factors. The company determines the recoverable cash flows by using cash flow-based income calculations. The cash flows involve assumptions about future sales and their development, costs and profitability, and useful lives, and may differ significantly from subsequent cash flows.

When an intangible asset is completed, management assesses the useful life of the asset, i.e. the amortization period, and, in respect of the expenditures incurred after completion, whether it is an improvement to the existing assets recorded as an intangible asset, or if it is considered maintenance activity accounted for as an expense.

Development costs

The Group's development expenditures relate to the following areas:

- Applications comprise mobile applications through which the company delivers blood analysis results to its customers, and interfaces through which the company delivers blood analysis results for use by customers of its partners.
- Laboratory technology consists of laboratory software and analytical methods developed by the company for the analysis of blood samples, including the capabilities to analyze both venous blood samples and dry blood samples.
- Risk models are algorithms developed to identify the risk of disease. The algorithms have been developed on the basis of historical data collected in biobank studies. The medical evidence-based algorithms developed by the company can be used to identify the level of risk associated with a person's prevalent heart health, type 2 diabetes and obesity, lung health, gut health, joint health, mental health and immunity, among others.

Other technology includes assets recognized in the business combinations. Further information on business combinations of Yolife GmbH and Negen Oy carried out in the financial period ended 30 June 2022 is presented in Note 2 Business combinations.

Licenses include the worldwide license and rights to the Velvet™ blood collection device acquired from Weavr Health Corp. In consideration of the royalty free license, the Group gave up its rights based on the convertible loan. See Note 20 Finance items and Note 21 Financial assets for detailed information.

Reconciliation of carrying amounts

7/2022–6/2023 EUR thousand	Goodwill	Other technology	Licenses	Applications	Laboratory technology	Risk models	Total
Acquisition cost							
Balance on 1 July 2022	1,023	418	-	7,737	7,285	4,237	20,700
Additions		-	1,300	1,280	1,029	1,051	4,660
Balance on 30 June 2023	1,023	418	1,300	9,017	8,315	5,288	25,360
Accumulated amortization and impairment losses							
Balance on 1 July 2022	-	-30	-	-1,395	-1,489	-514	-3,429
Amortization	-	-36	-108	-2,098	-1,303	-1,326	-4,872
Balance on 30 June 2023	-	-66	-108	-3,494	-2,792	-1,840	-8,301
Carrying amount on 1 July 2022	1,023	388	-	6,342	5,796	3,723	17,272
Carrying amount on 30 June 2023	1,023	351	1,192	5,523	5,523	3,447	17,060

7/2021–6/2022 EUR thousand	Goodwill	Other technology	Licenses	Applications	Laboratory technology	Risk models	Total
Acquisition cost							
Balance on 1 July 2021	-	-	-	3,973	6,136	2,631	12,740
Business combination	1,023	418	-	-	-	-	1,441
Additions	-	-	-	3,764	1,149	1,606	6,519
Balance on 30 June 2022	1,023	418	-	7,737	7,285	4,237	20,700
Accumulated amortization and impairment losses							
Balance on 1 July 2021	-	-	-	-539	-199	-219	-958
Amortization	-	-30	-	-856	-1,290	-295	-2,471
Balance on 30 June 2022	-	-30	-	-1,395	-1,489	-514	-3,429
Carrying amount on 1 July 2021	-	-	-	3,433	5,938	2,412	11,783
Carrying amount on 30 June 2022	1,023	388	-	6,342	5,796	3,723	17,272

Research and development costs expensed totaled EUR 596 thousand in the financial year 1 July 2022 – 30 June 2023 (EUR 1,225 thousand in the financial year 1 July 2021 – 30 June 2022).

13 Impairment testing

Accounting policy

Nightingale Health tests goodwill and intangible assets not yet available for use annually for impairment. In addition, at each period-end the Group assesses if there is any indication of impairment of an intangible asset. If any indication exists, Nightingale Health performs an impairment test for the asset concerned.

At each period-end Nightingale Health management assesses if there is any indication of impairment of goodwill or intangible, tangible or right-of-use asset. The Group evaluates indicators based on internal and external sources of information that measure financial performance, such as internal group reporting or monitoring of the economic environment and markets. Indicators may include, among others:

- unexpected changes in significant factors underlying impairment tests (revenues, profitability levels and prevailing interest rates)
- the carrying amount of the net assets of the company is more than its market capitalization
- changes in market conditions.

For the purposes of impairment testing goodwill is allocated to the cash-generating units (CGUs), or groups of cash-generating units, that are expected to benefit from the business combination in which the goodwill arose. A cash-generating unit is the smallest identifiable group of assets in Nightingale Health that generates inflows that are largely independent from the cash inflows from other assets or groups of assets.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use.

An impairment loss is recognized in profit or loss if the carrying amount of a cash-generating unit exceeds its recoverable amount. An impairment loss is allocated to reduce the carrying amount of the unit's assets by first reducing the carrying amount of any goodwill allocated to the cash-generating unit, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. After the recognition of an impairment loss, depreciation/amortization on the assets is reviewed in future periods so that the adjusted carrying amount of the asset, less any residual value, is depreciated/amortized on a systematic basis over the remaining useful life of the asset. An impairment loss recognized for goodwill is not subsequently reversed.

Assets subject to impairment testing

Nightingale Health has internally developed intangible assets, for example a blood analysis technology that measures metabolism and disease risks in a comprehensive way, which includes technology and risk models for identifying disease risks. Nightingale Health has also developed applications and interfaces for reporting results. The Group's intangible assets are used together to provide the services of blood analysis and disease risk prediction. Therefore, no intangible asset of Nightingale Health generates cash flows independently and all assets are a single cash-generating unit.

Goodwill and intangible assets not yet available for use at the reporting dates

EUR thousand	30 Jun 2023	30 Jun 2022
Goodwill	1,023	1,023
Intangible assets not yet available for use	1,955	1,638
Total	2,978	2,661

Testing level

Nightingale Health has a single cash-generating unit (CGU), so both goodwill and intangible assets not yet available for use are tested as part of that CGU.

Impairment testing methodology and inputs

Nightingale Health has determined recoverable amounts based on value-in-use calculations using discounted net cash flow projections.

Nightingale Health is a growth company the initial product development phase of which was mostly concluded in the financial year ended 30 June 2022. Consequently, the Group has no comparable historical data as a basis for the cash flow projections used in the value-in-use calculations. In the impairment test performed on 1 April 2023, the value-in-use calculations rely on the budget prepared by management and approved by the Group's Board of Directors for the financial year 2023-2024 and on forecasts for the following four years.

Nightingale Health has used a single forecast of future cash flows that reflects the most likely outcome and excludes adjustments to cash flows for risks. Nightingale Health has accounted for the risks associated with the growth stage in the pre-tax discount rate, or WACC, for which Nightingale Health has used a conservative discount rate 21.4% that reflects the risks of growth stage companies, including the risks associated with the amount and timing of cash flows and a risk-free market rate. An average revenue growth rate of 59% over the forecast period and 2% after the forecast period has been used. Direct costs are assumed to scale with the current gross margin level in relation to revenue. Given the highly scalable nature of the company's operations, indirect costs are assumed to remain almost unchanged over the forecast period, leading to a significant improvement in the operating margin. The operating margin for the last year of the forecast period has been estimated at 24.5% and the period after that at 36.3%.

No need for impairment was identified based on the impairment test performed on 1 April 2023. The impairment test showed a buffer compared to the carrying amounts of the tested assets. The impairment test is based on the assumption of significant revenue growth and the realization of the estimated revenue growth is subject to significant uncertainty as the services to be provided are newly launched on the market.

Significant estimate – assumptions and estimates used in impairment testing

The recoverable amounts of the cash-generating unit have been determined based on value-in-use calculations. The preparation of value-in-use calculations requires management of Nightingale Health to make assumptions. The key assumptions relate to the revenue growth rate, costs, operating margin and discount rate. Nightingale Health is a growth company that has completed its key capabilities related to its preventive health platform in the comparison period. Consequently, the Group's revenue growth rate in the management forecasts is not based on historical data and, in the absence of comparable market data, nor on the revenue growth rate of industry peers. The revenue growth rate used in the impairment test is derived from management's expectations of the sales volume, price, and development of blood analysis capacity for blood analysis services. Sales volume development is based on management's assessment of how quickly and successfully the company can bring its products to market and gain market share in existing market revenue streams, as well as create new business opportunities and revenue streams. The price assessment is based on information about the price level in the existing market, an understanding of the internal cost structure of the company, and an idea of how much potential customers might be willing to pay for the value added that the company can provide to them. The company's production processes are expected to become approximately 8% more efficient per year, leading to an increase in sample analysis capacity. The cost structure is based on the current cost structure of the company, both in terms of direct and indirect costs. The company's production capacity

utilization is already very high, although most samples do not generate revenue. Thus, the shift in capacity utilization towards revenue-generating samples does not impose any additional costs on the company, which means that there is a significant potential for scaling up the company in terms of costs.

14 Property, plant and equipment

Accounting policy

Nightingale Health's property, plant and equipment (PPE) mainly consist of laboratory equipment and leasehold improvement costs. The acquisition cost comprises directly attributable incremental costs incurred in acquisition and installation. Subsequently property, plant and equipment are carried at cost, less any accumulated depreciation and any accumulated impairment losses.

Depreciation of property, plant and equipment commences when the asset is available for use to Nightingale Health. Depreciation is recognized to profit or loss on a straight-line basis over the estimated useful lives of an item of property, plant and equipment as follows:

- Leasehold improvement costs 5 years
- Machinery and equipment 4–10 years

Nightingale Health reviews expected useful lives and residual values at least at each financial year-end. If they differ significantly from previous estimates, the useful lives are adjusted prospectively.

At each reporting date, the Group assesses whether there is an indication that an asset of property, plant and equipment may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the difference, i.e. an impairment loss, is recognized in profit or loss.

If an item of property, plant and equipment is sold, disposed or retired, the resulting gain or loss is recognized in Other income or Other expenses.

Sale and leaseback transaction

When Nightingale Health (the seller-lessee) transfers an asset to another entity (the buyer-lessor) and leases that asset back from the buyer-lessor, the Group assesses if it has transferred control of the asset to the buyer-lessor.

- If the control of the asset has been transferred, Nightingale Health measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by Nightingale Health
- If the control of the asset has not been transferred, Nightingale Health continues to recognize the transferred asset and recognizes a financial liability equal to the transfer proceeds.

Capital expenditure

In the financial year ended on 30 June 2023 Nightingale Health invested in its laboratory machinery and equipment.

Reconciliation of carrying amounts

7/2022–6/2023 EUR thousand	Leasehold improvement costs	Machinery and equipment	Total
Cost on 1 Jul 2022	616	3,979	4,595
Additions		1,503	1,503
Transfers between lines	-18	14	-4
Exchange rate differences	-23	-97	-120
Cost on 30 Jun 2023	574	5,400	5,974
Accumulated depreciation and im- pairment on 1 Jul 2022	-289	-394	-684
Transfers between lines	18	-14	4
Depreciation	-117	-640	-757
Accumulated depreciation and im- pairment on 30 Jun 2023	-389	-1,049	-1,437
Carrying amount on 1 Jul 2022	326	3,585	3,911
Carrying amount on 30 Jun 2023	186	4,351	4,538

7/2021–6/2022 EUR thousand	Leasehold improvement costs	Machinery and equipment	Total
Cost on 1 Jul 2021	616	2,015	2,631
Additions	-	1,973	1,973
Exchange rate differences	-	-9	-9
Cost on 30 Jun 2022	616	3,979	4,595
Accumulated depreciation and im- pairment on 1 Jul 2021	-148	-68	-217
Depreciation	-141	-326	-467
Accumulated depreciation and im- pairment on 30 Jun 2022	-289	-394	-684
Carrying amount on 1 Jul 2021	467	1,947	2,414
Carrying amount on 30 Jun 2022	326	3,585	3,911

15 Leases

Accounting policy

Nightingale Health acts as a lessee mainly leasing business premises, laboratory equipment, other machinery and equipment as well as cars. Generally, the Group recognizes a leased asset (right-of-use asset) and a lease liability for all leases, except for short-term leases and leases of low-value items (accounting treatment discussed below). The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is a lease or includes a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Nightingale Health recognizes a right-of-use asset and a lease liability at the commencement date. The right-of-use asset is initially measured at cost, which comprises:

- the amount of the initial measurement of the lease liability
- any lease payments made at or before the commencement date, less any lease incentives (e.g. rent-free months)
- any initial direct costs incurred by Nightingale Health, and
- an estimate of restoration costs, if any, to be incurred by the Group.

After the commencement date, the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for certain remeasurements of the lease liability. Right-of-use assets are depreciated on a straight-line basis from the commencement date over the shorter of the lease term or the estimated useful lives of the assets. If the lease contains a purchase option that Nightingale Health believes is reasonably certain to be exercised, the depreciation period may be determined by the economic useful life of the asset, even if it is longer than the lease term. A right-of-use asset is tested for impairment, if necessary, and any impairment loss is recognized in profit or loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The Group uses the interest rates implicit in the leases for discounting and if those rates cannot be readily determined, its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date of the contract
- amounts expected to be payable under a residual value guarantee, and
- the exercise price under a purchase option that Nightingale Health is reasonably certain to exercise.

Subsequently, the lease liability is measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if Nightingale Health changes its assessment of whether it will exercise a purchase, extension or termination option. When a lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Nightingale Health has elected not to recognize right-of-use assets and lease liabilities for:

- short-term leases (that have a lease term of 12 months or less) and
- leases of low-value assets (each asset with a value of approximately EUR 5,000 or less when new).

Such assets mainly comprise IT equipment, as well as other machinery and equipment.

The Group expenses the related lease payments on a straight-line basis over the lease term.

Nightingale Health has elected not to separate non-lease-components from lease components, which primarily include service components.

Depreciation by class of right-of-use asset

EUR thousand	7/2022–6/2023	7/2021–6/2022
Business premises	-726	-698
Laboratory equipment	-262	-475
Other	-72	-133
Total	-1,060	-1,307
Interest expenses on leases	-135	-206

The depreciation of right-of-use assets is included in the line item Depreciation, amortization and impairment losses in the consolidated income statement, and interest expenses are included in the line item Finance cost in the consolidated income statement.

Amounts presented in cash flow statement

EUR thousand	7/2022–6/2023	7/2021–6/2022
Cash outflow for leases	-1,256	-1,968
Cash outflow for leases of low-value assets	-87	-80
Total	-1,343	-2,048

The cost of low value leases is included in the line item Other expenses in the consolidated income statement.

Leased tangible assets

EUR thousand	Business premises	Laboratory equipment	Other	Total
On 1 July 2022				
Carrying amount	2,367	1,379	117	3,863
30 June 2023				
Additions to right-of-use assets	188	128	153	468
Carrying amount at year-end	1,829	699	154	2,682

Right-of-use assets are presented as right-of-use assets on the comprehensive statement of financial position.

Lease liabilities

EUR thousand	30 Jun 2023	30 Jun 2022
Current	1,406	1,122
Non-current	965	2,057
Total	2,371	3,179

Lease liabilities are presented in the consolidated statement of financial position classified as non-current and current according to their maturity. For the related maturity analysis refer to Note 23 Financial risk management (section Liquidity risk).

Significant estimate – determination of lease term

Some of the Group's business premise leases include extension options. Nightingale Health uses such conditions in its contractual practices to maximize operational flexibility. The Group assesses the use of the extension options on a case-by-case basis, alongside the regular management review process. In doing so, Nightingale Health evaluates, among other factors, the contractual terms for optional periods compared to market rates, the importance of the underlying asset to Group's operations, leasehold improvements undertaken, and the costs of terminating the contract and replacing the asset. Nightingale Health includes the extension options in the lease term if it is reasonably certain that the options will be exercised. The Group's most important business premise lease is for the parent company's premises in Helsinki.

16 Inventories

Accounting policy

Inventories of Nightingale Health comprise laboratory supplies, materials for home sampling kits, supplies needed for the laboratory tests, and finished home sampling kits. Inventories are measured at the lower of cost or net realizable value. Nightingale Health determines the cost of materials and supplies using the first-in, first-out (FIFO) method. The cost of finished goods comprises purchase price, direct delivery and handling costs and other directly attributable costs. Net realizable value is the estimated selling price in the course of ordinary business less the estimated cost to make the sale.

Breakdown of inventories

EUR thousand	30 Jun 2023	30 Jun 2022
Materials and services	550	591
Total	550	591

Nightingale Health recognized a write-down on inventories amounting to EUR 76 thousand (EUR 390 thousand) in the financial year ended on 30 June 2023. No write-downs were reversed during the financial year or in the comparison period. The write-downs and their reversals are included in Materials and services.

In the financial year 2022–2023, Nightingale Health has expensed the cost of inventories amounting to EUR 310 thousand (EUR 238 thousand). The expense is presented in Materials and services in the income statement.

17 Trade and other receivables

Accounting policy

Nightingale Health presents receivables arising from provision of services in the course of ordinary business as trade receivables. Trade receivables are presented separately from contract assets, which include accrued revenues. The accounting policy for revenue recognition is explained in Note 3 Revenue and segment information, and the measurement principles applied to trade receivables in Note 21 Financial assets. Those current receivables which are not trade receivables, contract assets or prepaid expenditures are included in other receivables. The carrying amount of trade receivables and other receivables are considered to be equal to their fair values due to the nature of the items being short-term. The impairment policy for trade receivables is explained in Note 21 Financial Assets.

Disaggregation of trade and other receivables

EUR thousand	30 Jun 2023	30 Jun 2022
Trade receivables	207	138
Contract assets	-	151
Other receivables	430	98
Government grant receivable	-	726
Prepaid expenses	186	288
Total	824	1,402

Analysis of Group's trade receivables by age category

EUR thousand	30 Jun 2023	30 Jun 2022
Current	190	128
Past due 1–30 days	3	10
Past due 30–90 days	13	-
Past due 91–180 days	2	-
Past due over 180 days	-	-
Total	207	138

The Group manages the credit risk arising from trade receivables by collecting advance payments. Trade receivables are mainly from universities and other public entities. The overdue receivables shown by the age category are due to the customers' slow payment behavior and the Group has historically had no credit losses. The results for the blood tests are mainly only released after the full payment has been made.

18 Equity

Accounting policy

Nightingale Health classifies the instruments it has issued either as financial liabilities or equity instruments, based on their substance. A financial liability is any liability that obligates Nightingale Health to deliver cash or another financial asset to another entity, or the holder of which has the right to demand cash, other financial assets, or a variable number of the Group's own equity instruments from the Group. An equity instrument is any contract that evidences a residual interest in the assets of Nightingale Health after deducting all of its liabilities. Transaction costs directly attributable to the issue of new shares are recorded in equity as a deduction, net of tax, from the proceeds.

The Group's equity comprises the following items:

- Share capital: the subscription price of a share received by the company in connection with share issues is credited to the share capital, unless it is provided in the share issue decision that a part of the subscription price is to be recorded in the Reserve for invested unrestricted equity.
- Reserve for invested unrestricted equity: this reserve comprises other equity investments and that part of the share subscription price that has not specifically been allocated to share capital.
- Translation differences: this reserve includes cumulative translation differences arisen from the translation of the financial statements of foreign operations into euros.
- Accumulated losses: the item includes accumulated losses from previous accounting periods.

Changes in share numbers and Group's equity

The parent company has three share series. In the shareholders general meeting, Series A entitles to 10 votes, Series B to 1 vote. Series EMP shares have no voting rights. The shares have no voting restrictions. The parent company's shares do not have a nominal value. All shares issued have been fully paid.

The table below discloses changes in the number of shares and respective changes in Group's share capital and reserve for invested unrestricted equity.

EUR thousand	Share capital	Reserve for invested unrestricted equity	Pcs Series A shares	Pcs Series B shares	Pcs Series EMP shares
1 July 2022	80	142,380	20,787,594	38,892,100	1,238,765
Conversion of share series	-	-	-201,670	201,670	-
30 June 2023	80	142,380	20,585,924	39,093,770	1,238,765

Shares

The number of shares in Nightingale Health Plc by series of shares is presented in the table below.

Pcs	30 Jun 2023	30 Jun 2022
Series A shares	20,585,924	20,787,594
Series B shares	39,093,770	38,892,100
Series EMP shares	1,238,765	1,238,765
Total shares	60,918,459	60,918,459

At the end of the financial year 30 June 2023 Nightingale Health had issued 60,918,459 fully paid shares. Shares are divided into share series as follows: Series A shares (20,585,924 pcs), which entitle the holder to 10 votes at the General Meeting, Series B shares (39,093,770 pcs), which entitle the holder to one vote at the General Meeting and Series EMP share (1,238,765 pcs), which do not carry voting rights. The dividends that will be paid to Series B shares will be 5% higher than those paid to Series A shares and EMP shares. No voting restrictions or limits on the number of shares that can be held are in place. The company's shares do not have a nominal value.

Nightingale Health held 577,920 EMP shares at the end of the financial period, 30 June 2023, which constituted approximately 1 per cent of outstanding shares. The shares held by the company carry no voting rights and no entitlement to dividends.

According to the company's Articles of Association, Series A shares or EMP shares can be converted into Series B shares at the request of a shareholder, or, in case of nominee-registered shares, a nominee custodian entered in the shareholders' register. The conversion is made with a conversion rate of

one to one (1:1), in which case one Series A share or EMP share is converted into one Series B share. During the financial year 2022–2023 0 Series EMP shares and 201,670 Series A shares, totaling 201,670 were converted to Series B shares.

Authorizations

Authorization for repurchase of company's own shares

The General Meeting held on 17 November 2022 authorized the Board of Directors to decide on the repurchase of the company's own shares on the following terms and conditions:

- By virtue of the authorization, the Board of Directors is entitled to repurchase a maximum of 2,078,759 A-series shares and 3,889,210 B-series shares by using the non-restricted equity of the company. The shares may be repurchased in one or more lots.
- The company's own shares shall be repurchased at the market price prevailing at the time of the repurchase through public trading on Nasdaq First North Growth Market Finland marketplace organized by Nasdaq Helsinki Ltd or otherwise at a market price. The authorization entitles the Board of Directors to decide on the repurchase also other than in proportion to the shareholdings of the shareholders (directed repurchase).
- The shares may be repurchased to be used in the implementation of possible acquisitions or other arrangements within the company's business, to finance investments, to develop the company's financial structure, as part of the implementation of possible incentive schemes of the company and/or otherwise to be kept by the company, transferred or cancelled.
- The authorization includes the right of the Board of Directors to decide on other terms and conditions related to the repurchase of the company's own shares. The authorization is valid for 18 months.

Authorization for issuing new shares

The General Meeting held on 17 November 2022 authorized the Board of Directors to decide on issuing new shares, conveying the company's own shares held by the company and/or granting of special rights referred to in Chapter 10, Section 1 of the Companies Act on the following terms and conditions:

- By virtue of the authorization, the Board of Directors is entitled to issue and/or convey a maximum of 615,159 A-series shares under one or more decisions. The share issue and shares granted under the special rights are included in the specified maximum amount.
- The authorization does not apply to the company's B-series or EMP-series shares.
- The authorization is valid for 18 months.

The granted authorization does not revoke or change the authorization resolved at the Extraordinary General Meeting held on 18 February 2021, which is valid until 18 February 2026. By virtue of the granted authorization and the unused part of the already valid authorization, the Board of Directors is entitled to issue and/or convey no more than 1,463,600 A-series shares and 9,100,000 B-series shares of the company in total.

Other conditions

The shares may be issued either against payment or without payment and they may also be issued to the company itself. The authorization entitles the Board of Directors to implement the share issue also as a directed issue. The authorization may be used in the implementation of possible acquisitions or other arrangements within the company's business, to finance investments, to develop the company's financial structure, as part of the implementation of possible incentive schemes of the company and/or for other purposes decided by the Board of Directors.

The authorization includes the right of Board of Directors to decide on other terms and conditions of the share issue and granting of special rights referred to in Chapter 10, Section 1 of the Companies Act.

Capital management

Nightingale Health's goal is to maintain a strong capital structure and ensure the ability to continue operations in order to maintain the trust of customers, investors, creditors and the market. The Board of Directors of Nightingale Health Plc evaluates the capital structure regularly.

Nightingale Health is focused on financing its growth and business development. Nightingale Health is committed to a strict dividend distribution policy, which is linked to the Group's result and financial position. Nightingale Health does not expect to pay a dividend in the short to medium term. The current bank loans include a finance covenant of 25% equity ratio.

Equity ratio

EUR thousand	30 Jun 2023	30 Jun 2022
Total assets	106,793	124,048
Advances received	-1,020	-1,302
Total equity	97,355	111,440
Equity ratio	92.0 %	90.8 %

Nightingale Health calculates the equity ratio by dividing the Group's reported equity by the total assets, from which advance payments received have been deducted.

Dividend distribution

For each year, the future amount of dividends, if any, and their timing will depend on the future results of the companies belonging to the Group, financial position, cash flows, investment needs, solvency, the ability of the parent company's subsidiaries to distribute dividends or otherwise transfer assets to the company, and other factors. Under the Finnish Limited Liability Companies Act, the amount of capitalized development costs (accounted for in accordance with the Finnish Accounting Act) is deducted from unrestricted equity in calculating distributable funds. Nightingale Health has not paid any dividends to date.

19 Trade and other payables and advances received

Accounting policy

Nightingale Health includes unpaid purchase invoices in trade payables, payables related to employee benefits, such as payroll taxes and social security liabilities, in employee benefit payables, and other payables that are not trade payables nor employee benefit payables in other payables. Trade and other payables are measured at their nominal values and their carrying amounts are considered a reasonable approximation of their fair value, based on their short maturity. Details on the financial liabilities and related accounting policy are provided in Note 22 Financial liabilities.

Nightingale Health includes in advances received contractual liabilities and other advance payments received. A revenue-related advance payment is recognized as a contractual liability under advances received in the statement of financial position. The item other advance payments received includes advance payments received that are not contractual liabilities.

Breakdown of trade and other payables and advances received

EUR thousand	30 Jun 2023	30 Jun 2022
Trade payables	1,059	1,118
Employee benefits payables	1,904	1,705
Other payables	425	601
Total	3,388	3,424
Advances received		
Contractual liabilities	919	1,201
Other advance payments received	101	101
Total	1,020	1,302

The most significant items under employee benefit payables comprise accruals for salaries and holiday pays and related employer contributions.

Advances received consist mainly of contractual liabilities (see Note 3 Revenue and segment information).

20 Finance items

Accounting policy

Nightingale Health recognizes interest income and interest expenses using the effective interest method (EIR). Interest expenses, EIR amortization, foreign exchange gains and losses as well as any gain or loss on derecognition of financial instruments are recorded in profit or loss under finance items. The Group presents foreign exchange rate differences arising from financial instruments under finance items.

Financial instruments measured at fair value through profit or loss are recognized at the trade date at fair value and subsequently remeasured at fair value at the end of each reporting period. The resulting realized and unrealized gains and losses are recognized in profit or loss in the reporting period in which they are incurred and presented under finance items.

The accounting policies applied to financial assets and financial liabilities are presented in more detail in Note 21 Financial assets, 22 Financial liabilities and 23 Financial risk management.

Finance income and costs

EUR thousand	7/2022–6/2023	7/2021–6/2022
Finance income		
Foreign exchange gains	434	685
Other finance income	738	1
Total finance income	1,172	686
Finance costs		
Foreign exchange losses	-801	-385
Interest expenses on financial liabilities measured at amortized cost	-7	-449
Negative interest on bank accounts	-63	-474
Other finance costs	-13	-26
Total finance costs	-884	-1,334
Capitalized interest	68	156
Finance costs after capitalization	-816	-1,178
Fair value change in investment in convertible loan	94	-2,068
Net finance items	450	-2,560

Finance income

The Group's financial income consists of interest income from fixed-term deposits made in a Finnish bank and foreign exchange gains related to the Group's operational activities.

Finance costs - capitalized interest

In determining the amount of borrowing costs to be capitalized, the realized weighted average borrowing rate of the Group during the financial year is used as the capitalization rate, i.e. 4.3% (4.2%).

Fair value change of issued convertible loan

In June 2021 Nightingale Health invested EUR 3,274 thousand (USD 4,000 thousand) in a convertible loan issued by Weavr Health Corp (Weavr). The investment in the convertible loan does not meet the criteria for measurement at amortized cost and therefore the investment has been classified as at fair value through profit or loss. On 31 January 2023 Nightingale Health announced that it had acquired a worldwide license and rights to the Velvet™ blood collection device from Weavr Health Corp., and in consideration of the royalty free license, gave up its rights based on the convertible loan. The fair value of the investment was EUR 1,300 thousand on 31 January 2023 (1,206 thousand on 30 June 2022), resulting in a change in fair value of EUR 94 thousand recognized in the period ended on 30 June 2023 (EUR -2,068 thousand in the period ended on 30 June 2022). For details on determining the fair value see Note 21 Financial assets. As part of the acquisition, the investment in the convertible loan was written off and the acquired license and rights were recognized as an intangible asset with the same value as the investment on the day of the acquisition with an amortization period of 5 years.

21 Financial assets

Accounting policy

Nightingale Health classifies financial assets of the Group either as

- financial assets measured at amortized cost, or
- financial assets measured at fair value through profit or loss (FVTPL).

Classification of financial assets is made based on their purpose of use upon initial recognition. Classification is based on the objectives of Nightingale Health's business model and the contractual cash flows from financial assets, or by applying the fair value option upon initial recognition. Nightingale Health has financial assets measured at amortized cost such as trade receivables, loan receivables and other receivables, cash and cash equivalents and financial assets measured at fair value through profit or loss.

All purchases and sales of financial assets are recognized at the transaction date. For financial assets not carried at fair value through profit or loss, transaction costs are included in the initial carrying amount. Financial assets are derecognized when Nightingale Health loses the rights to receive the contractual cash flows on the financial asset or it has transferred substantially all the risks and rewards outside the Group.

Financial assets are categorized as either current or non-current based on their maturity.

Financial assets measured at amortized cost

At Nightingale Health, financial assets measured at amortized cost primarily comprise cash and cash equivalents, trade receivables, and loan receivables. Assets classified in this category are measured at amortized cost using the effective interest rate (EIR) method.

The Group trade receivables are held within a business model whose objective is to collect the contractual cash flows, and those cash flows which are solely payments of principal and interest. Trade receivables are current assets that the Group has the intention to hold for less than 12 months from the end of reporting period.

Nightingale Health recognizes a loss allowance for expected credit losses on a financial asset that is not measured at fair value through profit or loss. Impairment of trade receivables corresponds to lifetime expected credit losses for the trade receivables. Customers with increased credit risk are assessed individually. To measure expected credit losses a simplified provision matrix is in use and individual assessments are used with the customers bearing an increased credit risk. An impairment analysis is performed at each reporting date. The maximum exposure to credit risk at each reporting date is the carrying amount of the financial assets. Nightingale Health has a policy of writing off the gross carrying amount on a case by case basis. Nightingale Health can also make a case-specific assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. Financial assets that are written off could still be subject to enforcement activities to comply with the Group's procedures of recovery of amounts due. Nightingale Health has no history of credit losses.

Financial assets measured at fair value through profit or loss

These instruments are recognized at the transaction date at fair value and subsequently remeasured at fair value at the end of each reporting period. The resulting realized and unrealized gains and losses are recognized in profit or loss in the reporting period during which they are incurred and presented under finance items.

Financial assets in this category are classified as non-current or current based on their maturity.

Financial assets

EUR thousand	30 Jun 2023	30 Jun 2022
Financial assets at amortized cost		
Non-current		
Loan receivables from employees	220	248
Current		
Trade receivables	207	138
Cash and cash equivalents	80,640	95,279
Financial assets at fair value through profit or loss		
Investment in convertible loan	-	1,206
Total	81,067	96,871

Financial assets measured at amortized cost

Loan receivables from employees relate to the Group's remuneration plans. The company has, as part of remuneration, offered the opportunity to borrow funds from the company to purchase EMP shares. The interest rate on the loans is linked to the 12-month Euribor rate. The loan receivables are classified as non-current.

Trade receivables are receivables from customers for goods sold or services rendered in the ordinary course of business. They are generally due for payment within 30 days and are therefore all classified as current.

Cash and cash equivalents consist of bank accounts. No interest has been paid on the account balances.

The company estimates that the carrying amounts of loan receivables, trade receivables and other short-term financial assets at amortized cost corresponds to their fair values due to mainly short-term nature. The fair values are based on management judgement (level 3), as the fair value measurement is based on other than observable inputs.

Investment in convertible loan (Investment measured at fair value through profit or loss)

In June 2021, the company made a strategic convertible loan investment in at-home blood collection device manufacturer Weavr Health Corp ("Weavr"). The investment was made on 29 June 2021 as part of a strategic partnership between Nightingale Health and Weavr, which included distribution agreement for the at-home blood collection devices manufactured by Weavr. The commercial terms agreed as part of the investment, including pricing, global availability, development, production capacity and delivery times enabled global scalability of Nightingale Health's at-home testing solution. With the agreement, Nightingale Health had also ensured long-term availability of Weavr's technology by agreeing on usage rights to Weavr's protected technology.

On 31 January 2023 Nightingale Health announced that it had acquired a worldwide license and rights to the Velvet™ blood collection device from Weavr Health Corp., and in consideration of the royalty free license, gave up its rights based on the convertible loan. As part of the acquisition, the investment in the convertible loan was written off and the acquired license and rights were recognized as an intangible asset with the same value as the investment on the day of the acquisition.

The principal amount of the loan was USD 4,000 thousand and had a 6.5% annual interest rate and the maturity date according to the loan agreement was 29 June 2023. Any outstanding capital amount of the convertible loan would have been due and payable on the maturity date or upon the occurrence of a company acquisition or other contractually agreed liquidation event, including a contractually agreed premium. If Weavr would have received new financing defined in the agreement prior to the loan maturity date, the then outstanding capital amount of the convertible loan would have automatically converted into a variable number of preferred shares.

The fair value of the convertible loan was determined using a probability weighted expected return method, where the probability of each scenario and their probable outcomes were estimated by management. The inputs used in determining the fair value included information received from Weavr, Nightingale Health's right to use Weavr's intellectual properties, recent transactions in similar instruments, transactions involving similar companies, amount of funding raised by similar companies, and inflation rate, GDP growth and consumer behavior in Weavr's main markets.

The convertible loan was a level 3 investment and was therefore remeasured for each reporting date taking into consideration any changes in estimates, projections or assumptions, as well as any changes in economic and other relevant conditions.

Significant judgment-based decision and assessment – Fair value of the convertible loan

The measurement of financial assets at fair value through profit or loss requires Nightingale Health's management to use assumptions. The key assumptions associated with the fair value measurement include construction of various scenarios and their cash flows and assessment of their probabilities. Management has estimated the amount of the cash flows of the different scenarios and their probabilities. The cash flow estimates and the probabilities of the various scenarios being realized are updated at the end of each reporting period, and the final outcome may differ from the current estimate.

22 Financial liabilities

Accounting policy

Nightingale Health classifies most of its financial liabilities in the measurement category financial liabilities measured at amortized cost. Financial liabilities are classified either as non-current or current financial liabilities based on their maturity. A financial liability is classified as current if Nightingale Health does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. In respect of loans and borrowings current financial liabilities comprise of the portion falling due within less than 12 months.

A financial liability (or part of the liability) is not derecognized until the liability has ceased to exist, that is, when the obligation identified in a contract has been fulfilled, cancelled or is no longer effective.

Financial liabilities at fair value through profit or loss (FVTPL)

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Such financial liabilities are measured at fair value both at initial recognition and thereafter and resulting fair value changes are recognized under financial items in profit or loss. Nightingale Health includes in this category contingent considerations arisen from business combinations.

Financial liabilities at amortized cost

For the Group, this category mainly comprises loans and borrowings, lease liabilities and trade payables. These financial liabilities are initially recognized at fair value. Transaction costs are included in the original carrying amount. Subsequently, these financial liabilities are measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

An initial facility fee, if it is probable that the borrower draws down a facility, is typically accounted for as an adjustment to the interest cost. Therefore, the fee is deferred and treated as an adjustment to the instrument's effective interest rate and recognized as an expense over the instrument's estimated life. If it is not probable that a facility will be drawn down, then the fee is considered a service fee and recognized as an expense on a straight-line basis over the commitment period. In case of non-utilization fees of the facility, Nightingale Health records the fee as a finance expense when the utilization is no longer probable, and the expense is updated based on expected payment and actual payment.

Financial liabilities

EUR thousand	30 Jun 2023	30 Jun 2022
Amortized cost		
Non-current		
Bank loans	749	1,849
Government development loans	521	782
Lease liabilities	1,406	2,057
Current		
Bank loans	1,123	1,812
Government development loans	261	261
Lease liabilities	965	1,122
Trade payables	1,059	1,118
Other liability	-	400
Fair value through profit or loss		
Contingent consideration	50	50
Total	6,134	9,451

The bank loans comprise regular bank loans and the liabilities arisen from the sale and leaseback transactions. The interest rate on these loans is linked to the Euribor rate of 3-12 months, the bank loans have an interest margin of approx. 3.35%.

The interest rate on the government product development loan is 3 percentage points below the base rate, however, always at least 1%.

Other liability in the comparative period includes the undrawn loan facility fee. Nightingale Health had a loan arrangement agreed with the European Investment Bank, with an obligation to pay a commitment fee, unless the loan is withdrawn by a certain time. The loan was not withdrawn, but on 25 October 2022, Nightingale Health and the European Investment Bank agreed to reduce the fee from EUR 400 thousand to EUR 120 thousand. The fee of EUR 120 thousand was paid in December 2022.

Fair values

For the loans, the fair values are not materially different from the carrying amounts, as the interest payable on the loans is close to current market rates and the loans have a relatively short maturity. The Group estimates that the fair values for financial assets and financial liabilities correspond to their carrying values. The fair value is based on management judgement (level 3), as they are determined based on unobservable inputs.

Nightingale Health has a contingent consideration measured at fair value through profit or loss resulting from an acquisition. The contingent consideration is classified at the fair value hierarchy level 3, because the Group has used unquoted input data and management judgment in determining the fair value.

Changes in liabilities from financing cash flows

The following table provides a reconciliation between the opening and closing balances for liabilities arising from financing activities.

EUR thousand	7/2022–6/2023		7/2021–6/2022	
	Loans	Lease liabilities	Loans	Lease liabilities
Balance on 1 July	4,704	3,179	6,270	4,822
Changes from financing cash flows				
Repayments of loans	-1,531	-	-1,860	-
Sale and leaseback arrangement	-540	-	288	-
Payment of lease liabilities	-	-1,232	-	-1,762
Total changes from financing cash flows	-2,072	-1,232	-1,572	-1,762
New leases	-	468	-	112
Transaction costs related to loans	4	-	7	-
Other changes	18	-45	-	7
Balance on 30 June	2,655	2,371	4,704	3,179

23 Financial risk management

The Group has exposures to the following risks arising from financial instruments, market risk, credit risk and liquidity risk. The Group's Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's financial risk management aims to reduce the uncertainty potentially caused by changes in the financial markets on the Group's financial result and cash flow. The target is to ensure contingency in different market conditions and to ensure the Group's long term strategic development.

The Group's financial risk management is centralized to align it with the Group's strategic, operational and financial targets. As the Group does not have a specific treasury function, the CFO together with the CEO is responsible for financing, liquidity, finance relations and financial risks according to the risk management principles approved and overseen by the Board of Directors.

Sensitivity analysis for financial risks presented below are based on the risk exposures of Group's financial assets and liabilities at the reporting dates. Sensitivities are calculated by assuming a change in one of the risk factors of a financial instrument, such as interest rate or foreign exchange rate. When calculating the sensitivity, the management has estimated that a reasonable possible change is 1 percentage point (100 basis points) for interest rates, and 10% change for foreign exchange rates.

Market risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group does not currently use derivatives to manage market risks.

Foreign exchange risk

The Group is exposed to foreign currency transaction risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables, and borrowings are denominated and the respective functional currencies of the companies in the Group. The functional currencies of the companies in the Group are euro (EUR), Japanese Yen (JPY), US Dollar (USD), British pound (GBP) and Swedish Krona (SEK).

The Group companies operate locally, and they are exposed to currencies other than their functional currency only to a limited extent, with the exception of the Group's internal receivables and liabilities. Foreign currency-denominated inter-company receivables and payables, which do not form part of a net investment in a foreign operation are included in the sensitivity analysis for foreign currency risks. This is because, even though the balances are eliminated in the consolidated statement of financial position, the effect on profit or loss is not fully eliminated.

The Group monitors its foreign exchange exposures and is planning to implement a systematic way to hedge its foreign exchange exposures using, for example, derivative instruments.

Foreign exchange risk exposure

EUR thousand	JPY	USD	SEK	GBP
30 Jun 2023				
Trade payables	-	56	-	-
Inter-company receivables	2,587	155	301	373
Inter-company payables	-618	-	-	-
Net position	1,969	211	301	373
30 Jun 2022				
Trade payables	-	103	-	-
Inter-company receivables	2,694	258	277	-
Inter-company payables	-691	-	-	-
Net position	2,004	361	277	-

Foreign exchange rate sensitivity analysis

EUR thousand	Effect on pre-tax profit	
	Strengthening	Weakening
30 Jun 2023		
JPY	10%	-10%
USD	-219	179
SEK	-23	19
GBP	-33	27
	-41	34
30 Jun 2022		
JPY	10%	-10%
USD	-223	182
SEK	-40	33
GBP	-31	25
	-	-

Interest rate risk

The Group is exposed to cash flow interest rate risk through its variable rate bank loans. This is the risk that the group's financial costs will change as a result of changes in market interest rates.

Assets and liabilities with exposure to interest rate

EUR thousand	30 Jun 2023	30 Jun 2022
Cash and cash equivalents	80,640	95,279
Variable interest rate liabilities	1,873	3,684
Exposed to interest rate risk – net	78,767	91,595

Below is a sensitivity analysis of the effects of a reasonably possible change in interest rates on the Group's profit before taxes. The sensitivity is calculated based on the Group's variable rate loans. Cash and cash equivalents have not been included in the sensitivity analysis because their interest income is not directly exposed to changes in market interest rates. Interest rates on bank accounts are not directly linked to market rates, but banks usually adjust interest levels with a delay at their discretion.

Interest rate sensitivity analysis

EUR thousand	Effect on pre-tax profit	
	Increase	Decrease
	1%	-1%
30 Jun 2023	-15	13
30 Jun 2022	-13	5

On 30 June 2023, 53% (42% on 30 June 2022) of the variable rate liabilities were linked to 3-month Euribor, 6% (5%) to 6-month Euribor, and 41% (53%) to 12-month Euribor. Changes in interest rates do not have a material impact on the Group's interest expenses.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Group's cash and cash equivalents and receivables from customers and employees. The carrying amounts of financial assets represent the maximum credit exposure.

The amount of the Group's trade receivables is managed by collecting advance payments. The credit risk associated with trade receivables is low because the counterparties are universities and other public bodies to which the results of blood analyses are generally only provided after full payment has been made. The principles for determining expected credit losses are explained in Note 21 Financial assets. The amount of expected credit losses is immaterial.

The employee loans are secured by the EMP shares, the fair value of which exceeds the nominal value of the loans, and those receivables are not considered to be exposed to material credit risk.

The Group has a major risk concentration of EUR 80,027 thousand (EUR 94,450 thousand) related to cash and cash equivalents. The counterparty is Nordea Bank Abp with a short-term credit rating of A-1+ which is the highest rating by Standard & Poor's. The Group considers its level of credit risk related to cash and cash equivalents to be low and no expected credit loss has been recognized.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash. The objective of Group's liquidity management is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Contractual maturities and cash flows of financial liabilities

The table below shows the maturity analysis for the Group's undiscounted cash flows of financial liabilities classified under principal headings at the balance sheet dates.

EUR thousand	Carrying amount	Total cash flows	Less than 12 months	1-2 years	2-3 years	3-4 years	Over 4 years
30 Jun 2023							
Bank loans	1,873	1,946	1,634	312	-	-	-
Government development loans	782	798	268	266	263	-	-
Lease liabilities	2,371	2,890	1,034	979	458	418	-
Trade payables	1,059	1,059	1,059	-	-	-	-
Other liabilities	-	-	-	-	-	-	-
Contingent consideration	50	50	-	50	-	-	-
Total	6,135	6,743	3,996	1,607	721	418	0

EUR thousand	Carrying amount	Total cash flows	Less than 12 months	1-2 years	2-3 years	3-4 years	Over 4 years
30 Jun 2022							
Bank loans	3,661	3,865	1,933	1,619	312	-	-
Government development loans	1,043	1,069	271	268	266	263	-
Lease liabilities	3,179	3,453	1,353	911	822	367	-
Trade payables	1,118	1,118	1,118	-	-	-	-
Other liabilities	400	400	400	-	-	-	-
Contingent consideration	50	50	-	50	-	-	-
Total	9,451	9,955	5,075	2,848	1,400	630	-

Since commencing operations, the Group has reported operating losses and operating cash flows have been negative. The Group expects the capital raised and cash and cash equivalents of EUR 80,640 thousand (EUR 95,279 thousand) to be sufficient until the end of financial year 2027/2028.

24 Provision, contingencies and commitments

Accounting policy

Provisions comprise liabilities of uncertain timing or amount. Nightingale Health recognizes a provision when the Group has a present obligation (legal or constructive) as a result of a past event, an outflow of resources is probable, and the amount of the obligation can be estimated reliably. A restructuring provision is recorded when the Group prepared a detailed restructuring plan and has commenced to implement the plan or has announced it to those concerned.

The amount recognized as a provision is the best estimate of Nightingale Health of the settlement amount at the end of the reporting period, being the present value of the expected expenditures after taking account of the risks and uncertainties surrounding the obligation.

Contingent assets and contingent liabilities comprise potential assets and liabilities. They arise from past events and their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not fully within the control of Nightingale Health.

Provisions

The Group had no provision on 30 June 2023 or on 30 June 2022.

Collaterals and other obligations

EUR thousand	30 Jun 2023	30 Jun 2022
<u>Loans secured by business mortgages</u>		
Bank loans	886	2,157
Business mortgages	7,800	6,400

If the company's operations would become partially or completely VAT-exempt, the company has undertaken to reimburse the lessor for the amount of any VAT refundable to the tax authorities in respect of the renovation of the premises in Helsinki.

Off-balance sheet commitments

EUR thousand	30 Jun 2023	30 Jun 2022
<u>Off-balance sheet commitments</u>		
Machinery acquisition commitments	1,763	622

Legal proceedings and disputes

The Group is not currently involved in any disputes or legal proceedings that would have a significant impact on the Group's financial position according to the opinion of the Board.

25 Related party transactions

Accounting policy

Nightingale Health classifies a party as related party if one party has control over the other party or significant influence over the other party in making financial and operational decisions. The related parties also include the Management Team. Nightingale Health considers and discloses all transfers of resources, services or obligations between the Group and a related party as related party transaction, regardless of whether they are entered into on terms equivalent to those in an arm's length transaction or whether a price is charged. The related party transactions disclosed consist of transactions carried out with related parties that are not eliminated in the consolidated financial statements.

The parent company Nightingale Health Plc's related parties comprise the following:

- its subsidiaries
- joint venture PetMeta Labs Oy
- key management personnel, comprising the members of the Board of Directors, CEO of the parent company and the other Group Management Team members
- entities, over which the above-mentioned persons have control or joint control
- close family members of the above-mentioned persons
- the following major shareholders considered to have significant influence in Nightingale Health Plc based on voting power and/or the membership in the Board of Directors (in brackets voting power 30 June 2023 / 30 June 2022): Antti Kangas (21.81% / 21.65%), Pasi Soinen (21.81% / 21.65%) and Cor Group Oy (12.70% / 11.92%)
- Companies controlled by Cor Group Oy, including Labquality Oy, are considered to be related parties to Nightingale Health

- Villagecape Ventures Oy is considered to be a related party to Nightingale Health, as the company is a closely associated company of the parent company's Member of the Board of Directors, Timo Soininen.

Key management personnel compensation

Accounting policy

Compensation of key management personnel of Nightingale Health consists of salary, non-monetary benefits, share-based payments and pension benefits. Any fringe benefits are included in the salary amounts. The pension benefits and retirement age of the CEO and other members of the Group's Management Team are determined by the Finnish statutory pension plan under the Employees' Pension Act (TyEL). The Group has no voluntary supplementary pension plans. The amounts disclosed below represent the expenses recognized in those financial years. The Group's share-based remuneration plans are detailed in Note 7 Share-based payments.

EUR thousand	CEO Teemu Suna		Other management team		Board of Directors		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Salaries and other short-term employee benefits	-299	-290	-819	-785	-164	-168	-1,282	-1,243
Pension benefits (defined contribution plans)	-63	-50	-145	-136	-9	-8	-217	-194
Share-based payments	-1,204	-1,315	-1,432	-1,372	-1,126*	-836*	-3,762	-3,523
Total	-1,566	-1,655	-2,396	-2,293	-1,299	-1,012	-5,262	-4,960

* Excluding the CEO

Members of Nightingale Health's Management Team at the end of the financial period were Teemu Suna (Chief Executive Officer), Antti Kangas (Chief Technology Officer), Satu Saksman (Chief Operating Officer), Minja Salmio (Chief Legal Officer), Salla Ruosaari (Chief Research and Development Officer), Jeffrey Barrett (Chief Scientific Officer) and Tuukka Paavola (Chief Financial Officer).

Board of Directors fees

EUR thousand	7/2022–6/2023	7/2021–6/2022
Board of Directors		
Leena Niemistö, Chair	-24	-24
Tom Jansson (until 24 April 2023)	-20	-24
Antti Kangas	-24	-24
Olli Karhi	-24	-24
Lotta Kopra (until 24 April 2023)	-20	-24
Ilkka Laurila (from 24 April 2023)	-4	-
Teemu Suna	-24	-24
Timo Soininen	-24	-24
Total	-164	-168

The General Meeting held on 17 November 2022 decided that each Board member will be paid a monthly fee of EUR 2 thousand.

Loans granted by the parent company (employee share issue)

The parent company has granted loans to its employees in connection with employee share issues. These loans were granted in 2017 to pay the subscription price of Series EMP shares as part of the share-based remuneration plans. All employees were offered the opportunity to borrow funds from the company to purchase EMP shares. The interest rate on these loans is linked to the 12-month Euribor rate but is always at least 0.0%. The interest is due and payable on repayment of the loan. The loans granted mature on 31 December 2026 at the latest. The employee has the right to repay the loan to the company in part or in full before the maturity date. The shares relating to the loans are pledged as collateral.

EUR thousand	30 Jun 2023	30 Jun 2022
Loans granted to employees	220	248
Accrued interest	2	1

Key management shareholdings

The number of shares disclosed below includes respective persons' own holdings, their close family members' holdings and holdings of entities under their control.

Pcs	Series A 30 Jun 2023	Series B 30 Jun 2023	Series EMP 30 Jun 2023	Series A 30 Jun 2022	Series B 30 Jun 2022	Series EMP 30 Jun 2022
Board of Directors						
Leena Niemistö, Chair	403,340	444,444	-	403,340	444,444	-
Tom Jansson	-	-	-	-	-	-
Antti Kangas	5,340,342	17,458	-	5,340,342	17,458	-
Olli Karhi	-	-	-	-	-	-
Lotta Kopra	201,670	-	-	201,670	-	-
Ilkka Laurila	-	-	-	-	-	-
Teemu Suna	2,637,964	31,237	-	2,637,964	22,737	-
Timo Soinen	649,558	182,259	-	649,558	182,259	-
Total	9,232,874	675,398	-	9,232,874	666,898	-
Management team						
Teemu Suna	2,637,964	31,237	-	2,637,964	22,737	-
Antti Kangas	5,340,342	17,458	-	5,340,342	17,458	-
Satu Saksman	529,158	17,458	75,250	529,158	17,458	75,250
Minja Salmio	-	-	82,775	-	-	82,775
Salla Ruosaari	-	-	75,250	-	-	75,250
Jeffrey Barrett	-	8,364	-	-	3,264	-
Tuukka Paavola	-	-	-	-	-	-
Total	8,507,464	74,517	233,275	8,507,464	60,917	233,275
Total	9,762,032	701,220	233,275	9,762,032	687,620	233,275
From all shares, %	16.02%	1.15%	0.38%	16.02%	1.13%	0.38%
From the share of voting power resulting from the shares, %	39.85%	0.29%	N/A	39.85%	0.28%	N/A

Management option rights

On 30 June 2023, the members of the Board of Directors and the management team owned a total of 7,697,145 company options, which entitle them to subscribe for a total of 8,702,145 company shares if vesting conditions are met.

On 30 June 2022, the members of the Board of Directors and the management team owned a total of 8,897,145 company options, which entitle them to subscribe for a total of 9,902,145 company shares if vesting conditions are met.

In addition, two of the board members are entitled to options, which correspond to certain percentages of the company's shares at the time of achieving the defined target market capitalization.

Option programs are described in detail in note 7 Share based payments.

Transactions with the joint venture and open balances

The parent company has acquired the services needed for its business and delivered them accordingly to the joint venture PetMeta Labs Oy.

EUR thousand	7/2022–6/2023	7/2021–6/2022
Sales of services	65	50
Purchases of services	-	-

EUR thousand	30 Jun 2023	30 Jun 2022
Trade and other receivables	5	5
Trade and other payables	-	-

Transactions with other related companies and open balances (excluding joint venture)

The parent company has acquired the services needed for its business and delivered them accordingly to the related party companies: Cor Group Oy, Labquality Oy, Professio Finland Oy and Villagecape Ventures Oy.

EUR thousand	7/2022–6/2023	7/2021–6/2022
Sales of services	8	4
Purchases of services	-306	-249

EUR thousand	30 Jun 2023	30 Jun 2022
Trade and other receivables	-	-
Trade and other payables	45	42

Group structure

Subsidiary	Domicile	30 Jun 2023 ownership %	30 Jun 2022 ownership %
NG Health Sweden AB	Sweden	100	100
Nightingale Health United States, Inc.	USA	100	100
Nightingale Health Japan KK	Japan	100	100
Nightingale Health Asia Pte. Ltd.	Singapore	100	100
Nightingale Health Germany GmbH ¹⁾	Germany	100	100
Negen Oy ²⁾	Finland	N/A	100
Nightingale Health Estonia OÜ	Estonia	100	100
Nightingale Health UK Limited ³⁾	UK	100	-

¹⁾ Former name Yolife GmbH.

²⁾ Negen Oy merged into Nightingale Health Plc on 31 August 2022.

³⁾ Nightingale Health established a subsidiary in the UK on 17 August 2022.

Joint venture	Domicile	30 Jun 2023 ownership %	30 Jun 2022 ownership %
PetMeta Labs Oy	Finland	35	35

26 Joint venture

Accounting policy

A joint venture is a joint arrangement according to which the parties who have joint control have rights to the net assets of the arrangement. Joint control is keeping the control over the arrangement jointly based on an agreement, and it prevails only when decisions concerning relevant activities require the unanimous approval of the parties sharing the control. The result, assets and liabilities of the joint venture are included in the consolidated financial statements using the equity method. In this case, the investment made in the joint venture is recorded in the consolidated statement of financial position at cost, which is adjusted by changes in the Group's share of the joint venture's net assets (less any impairment of the investment) that occurred after the acquisition date. If an ownership interest in a joint venture is acquired by making a non-monetary investment in the joint venture, i.e., by handing over an asset in exchange for shares, this investment is measured at fair value and the unrealized portion of the gain or loss is eliminated.

Nightingale Health's share of the post-tax profits or losses of the joint venture, adjusted in accordance with Nightingale Health's accounting principles, is recorded in the consolidated income statement. If the joint venture incurs losses that exceed Nightingale Health's investment in that joint venture, they are recorded only to the extent that the Group has legal or constructive obligations or has made payments on behalf of the joint venture.

Consolidation of the joint venture commences when Nightingale Health gains joint control over the joint venture, and it ceases when Nightingale Health loses joint control over the joint venture.

Investment in joint venture

Nightingale Health established a joint venture PetMeta Labs Oy (PetMeta) with PetBiomics Oy in October 2020. Nightingale Health's share of the joint venture is 35%.

When establishing the joint venture, Nightingale Health entered into an exclusive license agreement with PetMeta, whereby the company granted to PetMeta a perpetual, irrevocable, exclusive license to use the company's NMR-based quantitative metabolomics platform restricted only for venous ethylenediaminetetraacetic acid or heparin plasma sample or serum sample drawn from dogs and developed solely for metabolomics analyses for dogs and the use of which can be later extended for metabolomics analyses for cats, horses or camels. Nightingale Health owns all intellectual properties related to the platform. The Exclusive License Agreement does not grant PetMeta any right to use the company's NMR-based quantitative metabolomics platform for human sample analyses. Under the Exclusive License Agreement, PetMeta granted an unlimited, perpetual, irrevocable, transferrable, royalty free right to use, copy and modify for internal research and development purposes the quantitative biomarker data produced through the use of the Nightingale Health's NMR-based quantitative metabolomics platform. In accordance with the equity method, the license transferred by Nightingale Health was measured in the consolidated financial statements at fair value, less deferred taxes and unrealized margin.

Financial information on the joint venture

EUR thousand	Assets	Liabilities	Revenue	Profit (loss) for the period
7/2022–6/2023				
PetMeta Labs Oy	685	132	-	-277

EUR thousand	Assets	Liabilities	Revenue	Profit (loss) for the period
7/2021–6/2022				
PetMeta Labs Oy	691	114	-	-145

Carrying amount of the joint venture

EUR thousand	30 Jun 2023	30 Jun 2022
Carrying amount on 1 July	102	125
Profit for the financial period	9	20
Adjustments in applying the equity method – harmonization of the accounting principles	-43	-43
Carrying amount on 30 June	68	102

27 Events after the reporting period

Accounting policy

As events after the reporting period are disclosed events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue.

This note discloses events after the end of the reporting period that arise from circumstances after the end of the reporting period that do not result in adjustments to the financial statements (non-adjusting events).

- On 17 August 2023 Nightingale Health announced the roll out of a remote blood collection kit for its medical research and clinical trial customers as part of its analysis service.
- On 30 August 2023 Nightingale Health announced that Terveystalo adopts Nightingale Health's blood analysis technology in regular health checks in occupational health.
- On 6 September 2023 Nightingale Health announced that it had entered into an agreement in which Mass General Brigham ordered analysis services for blood samples from Nightingale Health.
- On 11 September 2023 Nightingale Health announced its updated strategy which focuses on business to business and business to governments markets.
- On 19 September 2023 Nightingale Health announced that it will set up its UK laboratory in Porton Science Park in South Wiltshire. Nightingale Health expects the laboratory to be operational by the end of the calendar year 2023 and full-scale production capability to ramp up during the first quarter of 2024.
- On 26 September 2023 Nightingale Health announced that it had received three new patents which further strengthened its IP portfolio.
- On 16 October 2023 Nightingale Health announced the Board of Directors' resolution on new share-based incentive programs and amendments to existing incentive programs.

PARENT COMPANY FINANCIAL STATEMENTS

Parent company income statement

EUR thousand	Note	7/2022–6/2023	7/2021–6/2022
Revenue	2.1	3,674	1,671
Other operating income	2.2	495	889
Materials and services	2.3	-518	-989
Personnel expenses	8.2	-4,865	-2,455
Depreciation, amortization and impairment losses	2.4	-5,406	-2,951
Other operating expenses	2.5	-9,642	-6,965
Operating profit (loss)		-16,263	-10,800
Financial income and expenses	2.6	-549	-3,637
Profit (loss) before appropriation and taxes		-16,812	-14,437
Income taxes	2.7	-4	-2
Profit (loss) for the period		-16,816	-14,439

Parent company balance sheet

EUR thousand	Note	30 Jun 2023	30 Jun 2022
ASSETS			
Non-current assets			
Intangible assets	3.2	15,968	18,035
Tangible assets	3.3	504	157
Investments	3.4	16	1,599
Total non-current assets		16,488	19,791
Current assets			
Inventories	3.5	541	579
Receivables from group companies	3.6	3,429	3,236
Loan receivables	3.8	220	248
Accrued income	3.7	297	1,238
Trade receivables		31	128
Other receivables		394	178
Cash and cash equivalents		79,394	94,452
Total current assets		84,307	100,058
TOTAL ASSETS		100,795	119,849
EQUITY AND LIABILITIES			
Equity			
	4.1		
Share capital		80	80
Reserve for invested unrestricted equity		147,469	147,390
Accumulated losses		-35,759	-21,651
Profit (loss) for the period		-16,816	-14,439
Total equity		94,974	111,380
Liabilities			
Non-current liabilities			
	4.3		
Loans from financial institutions		554	1,667
Total non-current liabilities		554	1,667
Current liabilities			
	4.4		
Loans from financial institutions		1,114	1,532
Advances received		761	1,477
Liabilities to group companies		638	724
Trade payables		598	1,103
Other liabilities	4.5	464	379
Accruals and deferred income	4.6	1,692	1,586
Total current liabilities		5,267	6,802
Total liabilities		5,821	8,469
TOTAL EQUITY AND LIABILITIES		100,795	119,849

Parent company cash flow statement

EUR thousand	7/2022–6/2023	7/2021–6/2022
Cash flow from operating activities		
Profit (loss) before appropriations and taxes	-16,812	-14,437
Adjustments		
Other operating expenses	829	0
Depreciation and amortization	5,406	2,951
Financial income	-1,299	-934
Financial expenses	1,069	4,571
Other adjustments	1,111	56
Adjustments total	7,116	6,644
Changes in working capital		
Increase (-) or decrease (+) in trade and other receivables	188	-563
Increase (-) or decrease (+) of inventories	38	65
Increase (+) or decrease (-) in trade and other payables	-815	-93
Interest and other financial expenses paid	-506	-775
Interest and other financial income received	962	8
Income taxes paid	-4	-2
Net cash flow from operating activities	-9,834	-9,153
Cash flow from investments		
Investments in intangible and tangible assets	-4,000	-6,590
Income from tangible and intangible non-current assets	-	699
Investments in subsidiaries	-10	-2,600
Net cash flow from investments	-4,010	-8,491
Cash flow from financing activities		
Grants received	726	-
Share subscriptions with options	-	471
Repayment of non-current loans and borrowings	-1,531	-1,860
Net cash from financing activities	-806	-1,390
Net decrease in cash and cash equivalents in cash flow statement	-14,650	-19,034
Cash and cash equivalents 1 July	94,452	113,344
Effect of movements in exchange rates	-408	141
Cash and cash equivalents 30 June	79,394	94,452

Parent company notes to the financial statements

1 Basis of preparation

1.1 Accounting principles for the parent company financial statements

The financial statements of Nightingale Health Plc (Parent company) have been prepared in accordance with Finnish accounting legislation (FAS). The financial statements have been prepared in accordance with the accrual principle, going concern principles and principle of prudence irrespective of the result for the financial period.

1.2 Valuation and accrual principles and methods

Receivables are measured at nominal value or at the lower of the nominal value or probable value. Securities included in the financial assets and other such financial assets are measured at the lower of the acquisition cost or fair value. Debts are measured at nominal value.

1.3 Research and development expenses and other capitalized long-term expenses

The company records research expenses, such as the acquisition of new information and the search for alternative products and processes, as expenses on an accrual basis, i.e. on the date the expense is incurred.

The company capitalizes development expenditure on the balance sheet under intangible assets if they are expected to generate income over several financial periods. When the company classifies a development expenditure or other capitalized long-term expenditure as an intangible asset, the completion of the asset is technically feasible so that the asset is available for use or sale, the company has the capacity, intention, and resources to complete the asset as well as to use it or sell it, the company estimates that the asset is likely to have future economic benefits that can be demonstrated, and the company is able to reliably measure the expenditure attributable to the intangible asset during its development phase.

The estimates concerning capitalized development expenditure or other capitalized long-term expenditure on the balance sheet involve factors of uncertainty and it is possible that the expected economic benefits to be generated from development projects may vary as conditions change. The value of capitalized development expenditure or other capitalized long-term expenditure on the balance sheet may be reduced if the expected economic benefits changes. If the expected economic benefits to be generated by an asset capitalized on the balance sheet is less than the amount of development expenditure capitalized on the balance sheet, the value of the capitalized development expenditure is adjusted with a write-down to correspond to the expected economic benefits to be generated by the asset.

Capitalized development expenditure has arisen directly from the process of completing the asset for its intended use. Capitalized development expenditure and other capitalized long-term expenditure are amortized over the estimated useful economic life of 3-5 years using straight-line method.

2 NOTES TO INCOME STATEMENT

2.1 Revenue by geographical market

Revenue is recognized over time with a method based on number of blood samples analyzed compared to total number of blood sample analyses sold. The revenue is recognized to the amount that Nightingale Health expects to be entitled to, based on the services transferred. The transaction price includes promised discounts and indirect taxes, which reduce the amount to be recognized.

EUR thousand	7/2022–6/2023	7/2021–6/2022
Geographical distribution		
Finland	222	431
United Kingdom	2,362	706
Rest of Europe	692	246
Others	398	288
Total	3,674	1,671

2.2 Other operating income

EUR thousand	7/2022–6/2023	7/2021–6/2022
Other operating income		
Other operating income from group companies	305	633
Insurance compensations	144	-
Received grants	-	220
Other operating income	46	36
Total	495	889

Grants received are recognized in other operating income when the grant is received for costs to be recognized in the income statement. Grants received that are related to capitalized development expenditure in the balance sheet are recorded to offset balance sheet development expenditure.

2.3 Materials and services

Costs are recorded on an accrual basis when the company has received goods or services.

EUR thousand	7/2022–6/2023	7/2021–6/2022
Materials and services		
Materials and consumables		
Purchases during financial year from others	-480	-845
Purchases during financial year from group companies	-	-
Increase (+) / decrease (-) in inventories	-38	-65
External services		
Subcontracting	-	-79
Total	-518	-989

Purchases in the amount of EUR 104 (49) thousand have been capitalized in development expenditure during the financial period.

2.4 Depreciation and amortization according to a predetermined plan

EUR thousand	7/2022–6/2023	7/2021–6/2022
D&A according to a predetermined plan		
Intangible assets		
Intangible rights	-23	-8
Development expenditure	-4,778	-2,273
Other long-term expenditure	-558	-488
Advance payments	-	-140
Tangible assets		
Machinery and equipment	-47	-42
Total depreciation and amortization	-5,406	-2,951

2.5 Other operating expenses

EUR thousand	7/2022–6/2023	7/2021–6/2022
Other operating expenses		
Voluntary social security contributions	-417	-283
Premises	-1,008	-838
Vehicle expenses	-135	-107
Computer hardware and software expenses	-1,233	-535
Machinery and equipment expenses	-1,202	-1,442
Travel and representation expenses	-141	-45
Sales and marketing expenses	-737	-340
Research and development expenses	-915	-1,347
Administrative services	-1,992	-1,009
Other administrative expenses	-1,862	-1,018
Total	-9,642	-6,965

Other operating expenses have been capitalized in development expenditure and in other capitalized long-term expenditure in the amount of EUR 2,111 (4,708) thousand during the financial period. Other administrative expenses include the merger loss arising from the merger of Negen Oy.

2.6 Financial income and expenses

EUR thousand	7/2022–6/2023	7/2021–6/2022
Financial income and expenses		
Other interest and financial income		
From group companies	181	148
From others	738	242
Total interest and financial income	919	390
Write-downs on long-term investments	-779	-3,515
Interest and other financial expenses		
To group companies	-	-
To others	-281	-771
Total interest and other financial expenses	-281	-771
Translation difference		
Translation gains	379	644
Translation losses	-787	-385
Total translation difference	-408	259
Total financial income and expenses	-549	-3,637

2.7 Income taxes

EUR thousand	7/2022–6/2023	7/2021–6/2022
Income taxes		
Income taxes on business operations	-4	-2
Total income taxes	-4	-2

3 NOTES TO ASSETS IN THE BALANCE SHEET

3.1 Intangible and tangible assets

Intangible and tangible assets are recognized in the balance sheet at the variable acquisition cost less any planned depreciations, possible adjustments and grants received related to capitalized development expenditure. Non-deployed assets whose useful life has not yet begun, are recorded under advance payments for intangible assets or advance payments for tangible assets and assets in progress according to their nature. Intangible and tangible assets are recorded as expenses as depreciation according to predetermined plans during their useful life. The following principles are applicable to depreciation according to predetermined plans:

Development expenditure and other long-term expenses	3–5 years
Intangible rights	10 years
Production machinery and equipment	3–10 years
Office furniture	25% reducing balance method

3.2 Intangible assets

EUR thousand	7/2022–6/2023	7/2021–6/2022
Development expenditure		
Acquisition cost on 1 July	17,576	11,304
Additions	3,293	6,643
Transfer from advance payments to development expenditure	660	-
Grants received	-	-371
Acquisition cost on 30 June	21,529	17,576
Accumulated depreciation on 1 July	-2,642	-369
Amortization	-4,778	-2,273
Accumulated depreciation on 30 June	-7,420	-2,642
Book value as of 30 June	14,109	14,934

EUR thousand	7/2022–6/2023	7/2021–6/2022
Other capitalized long-term expenses		
Acquisition cost 1 July	2,731	2,260
Additions	-	566
Other deductions	-	-96
Acquisition cost on 30 June	2,731	2,731
Accumulated depreciation on 1 July	-514	-26
Amortization	-558	-488
Accumulated depreciation on 30 June	-1,073	-514
Book value as of 30 June	1,658	2,216

Capitalized development expenditure and other capitalized long-term expenditure during the financial period amounted to EUR 3,293 (7,209) thousand. The expenses consisted of wages in the amount of EUR 1,078 (2,452) thousand and purchases and other expenses in the amount of EUR 2,215 (4,757)

thousand. The capitalization of development expenditure consisted of investments made in the development of digital applications, investments made in health data and samples and investments made in the development of the laboratory technology.

EUR thousand	7/2022–6/2023	7/2021–6/2022
Intangible rights		
Acquisition cost on 1 July	231	-
Additions	-	231
Acquisition cost on 30 June	231	231
Accumulated depreciation on 1 July	-8	-
Amortization	-23	-8
Accumulated depreciation on 30 June	-31	-8
Book value as of 30 June	201	224

EUR thousand	7/2022–6/2023	7/2021–6/2022
Advance payments for intangible assets		
Acquisition cost on 1 July	800	700
Additions	-	100
Transfer from advance payments to development expenditure	-660	-
Acquisition cost on 30 June	140	800
Accumulated depreciation on 1 July	-140	-
Amortization	-	-140
Accumulated depreciation on 30 June	-140	-140
Book value as of 30 June	-	660

3.3 Tangible assets

EUR thousand	7/2022–6/2023	7/2021–6/2022
Machinery and equipment		
Acquisition cost on 1 July	242	643
Additions	394	166
Deductions	-	-567
Acquisition cost on 30 June	636	242
Accumulated depreciation/impairment 1 July	-85	-42
Depreciation	-47	-42
Accumulated depreciation on 30 June	-131	-85
Book value as of 30 June	504	157

3.4 Investments

EUR thousand	7/2022–6/2023	7/2021–6/2022
Holdings in group companies		
Acquisition cost on 1 July	1,599	13
Additions	30	1,595
Deductions	-834	-9
Impairment	-779	-
Acquisition cost on 30 June	16	1,599
Other investments		
Acquisition cost on 1 July	-	3,274
Additions	-	241
Impairment	-	-3,515
Acquisition cost on 30 June	0	0
Investments total	16	1,599

Deductions in Holdings in group companies include the effect of the merger of Negen Oy on 31 August 2023, EUR -834 thousand, and impairment includes the write-down of Nightingale Health Germany GmbH's shares, EUR -779 thousand.

3.5 Inventories

EUR thousand	30 Jun 2023	30 Jun 2022
Inventories		
Materials and services	541	579
Total	541	579

The acquisition cost of inventories consists of the purchase price, production costs, and other costs arising directly from the acquisition of the item, which are incurred in bringing the inventories to their present condition. Inventories are valued at the lower of acquisition cost or probable selling price.

3.6 Receivables from group companies

EUR thousand	30 Jun 2023	30 Jun 2022
Non-current receivables from group companies		
Loan receivables	2,958	2,706
Current receivables from group companies		
Trade receivables	302	458
Accrued income	170	72
Total	3,429	3,236

3.7 Accrued income

EUR thousand	30 Jun 2023	30 Jun 2022
Long-term equipment lease expenses	15	71
Short-term equipment lease expenses	15	58
Insurance expenses	1	42
Premises rent	89	169
Computer hardware and software expenses	104	88
Other accrued income	74	810
Total	297	1,238

On 30 June 2023, the parent company had tax losses carried forward in the amount of EUR 32,508 (21,589) thousand, for which a deferred tax asset has not been recognized. The losses in question will expire in 2027–2032.

3.8 Loan receivables

The parent company has granted loans to its owners in relation to employee share issues. These loans have been granted in 2017 for the purpose of paying the subscription price of EMP shares as part of a share-based incentive scheme. All employees have been offered the opportunity to loan funds from the company for the acquisition of EMP shares. The interest rate of these loans is tied to the 12-month Euribor interest but will always be at least 0 per cent. The outstanding loans will become due no later than 31 December 2026.

EUR thousand	30 Jun 2023	30 Jun 2022
Loans to personnel in relation to share issues	220	248
Total	220	248

4 NOTES TO EQUITY AND LIABILITIES IN THE BALANCE SHEET

4.1 Consolidated statement of changes in equity

1 July 2022 – 30 June 2023

EUR thousand	Share capital	Reserve for invested un-restricted equity	Accumulated losses	Total equity
Equity 1 July 2022	80	147,390	-36,090	111,380
Profit (loss) for the financial period	-	-	-16,816	-16,816
Translation difference	-	-	-	-
Directed share issue	-	-	-	-
Other changes	-	79	332	410
Equity 30 June 2023	80	147,469	-52,575	94,974

1 July 2021 – 30 June 2022

EUR thousand	Share capital	Reserve for invested un-restricted equity	Accumulated losses	Total equity
Equity 1 July 2021	80	146,378	-21,651	124,807
Profit (loss) for the financial period	-	-	-14,439	-14,439
Translation difference	-	-	-	-
Directed share issue	-	1,012	-	1,012
Equity 30 June 2022	80	147,390	-36,090	111,380

EUR thousand	30.6.2023	30.6.2022
Calculation of the parent company's distributable non-restricted equity		
Reserve for invested unrestricted equity	147,467	147,390
Accumulated losses	-35,759	-21,651
Profit (loss) for the financial period	-16,816	-14,439
Total non-restricted equity	94,894	111,300
Capitalized development expenditure	-14,109	-14,934
Total distributable equity	80,785	96,366

The Board of Directors proposes to the Annual General Meeting that no dividend is paid and that the loss for the financial period EUR -16,816,398 is recorded under accumulated losses.

4.2 Shares

At the end of the financial year 30 June 2023 Nightingale Health had issued 60,918,459 fully paid shares. Shares are divided into share series as follows: Series A shares (20,585,924 pcs), which entitle the holder to 10 votes at the General Meeting, Series B shares (39,093,770 pcs), which entitle the holder to one vote at the General Meeting and Series EMP share (1,238,765 pcs), which do not carry voting rights. The dividends that will be paid to Series B shares will be 5% higher than those paid to Series A shares and EMP shares.

Nightingale Health held 577,920 EMP shares at the end of the financial period, 30 June 2023, which constituted approximately 1 per cent of outstanding shares. The shares held by the company carry no voting rights and no entitlement to dividends.

4.3 Non-current liabilities

EUR thousand	30 Jun 2023	30 Jun 2022
Non-current liabilities		
Loans from financial institutions	554	1,667
Total non-current liabilities	554	1,667

Some loans of the parent company include covenant clauses, under which the company's equity ratio must exceed 25%.

4.4 Current liabilities

EUR thousand	30 Jun 2023	30 Jun 2022
Current liabilities		
Liabilities to group companies		
Trade payables	638	724
Total	638	724
Liabilities to others		
Loans from financial institutions		
Advances received	1,114	1,532
Trade payables	761	1,477
Accrued liabilities	598	1,103
Other liabilities	1,692	1,586
Total	464	379
Total current liabilities	4,629	6,078
Current liabilities	5,267	6,802

4.5 Key items in other liabilities

EUR thousand	30 Jun 2023	30 Jun 2022
Key items in other liabilities		
Tax withholdings	218	252
Social security contribution	12	12
VAT liability	109	0
Others	126	116
Total key items in other liabilities	464	379

4.6 Key items included in accruals and deferred income

EUR thousand	30 Jun 2023	30 Jun 2022
Key items included in accruals and deferred income		
Accrued salary expenses	1,658	1,398
Accrued interest payable	9	12
Expense provisions	25	176
Total	1,692	1,586

5 Collaterals and commitments

5.1. Collaterals

EUR thousand	30 Jun 2023	30 Jun 2022
Collaterals		
<u>Loans secured by business mortgages</u>		
Bank loans	886	2,157
Business mortgages	7,800	6,400

5.2. Off-balance sheet commitments

EUR thousand	30 Jun 2023	30 Jun 2022
Off-balance sheet commitments in total		
To be paid within one year		
Machinery and equipment lease liabilities	1,182	1,181
Facility rental liabilities	1,019	1,026
Machinery acquisition contracts	1,514	622
Total	3,715	2,830
To be paid after one year		
Machinery and equipment lease liabilities	626	1,437
Facility rental liabilities	1,585	2,368
Total	2,211	3,804

If the company's operations would become partially or completely VAT-exempt, the company has undertaken to reimburse the lessor for the amount of any VAT refundable to the tax authorities in respect of the renovation of the premises in Helsinki.

6 FEES TO AUDITORS

6.1 Fees to auditors

EUR thousand	7/2022–6/2023	7/2021–6/2022
Audit fees	-447	-49
Engagement related to auditing act 1.1.2 §	-	-13
Tax consultancy	-15	-
Other fees	-	-32
Total	-462	-94

7 RELATED PARTY TRANSACTIONS

See note 25 Related party transactions in Notes to the consolidated financial statements.

8 NOTES CONCERNING PERSONNEL AND MEMBERS OF GOVERNING BODIES

8.1 Average number of personnel

	30 Jun 2023	30 Jun 2022
Officers	4	4
Workers	71	54
Total	75	58

8.2 Personnel expenses

EUR thousand	30 Jun 2023	30 Jun 2022
Wages and salaries	4,063	2,002
Pension expenses	592	272
Other social security expenses	211	181
Total	4,865	2,454

Of the personnel expenses, wages have been capitalized in development expenditure in the amount of EUR 1,078 thousand (EUR 2,452 thousand).

8.3 Remuneration of the management

See note 25 Related party transactions in Notes to the consolidated financial statements.

8.4. Stock and stock option plans

See note 7 Share-based payments in Notes to the consolidated financial statements.

Signatures to the financial statements and Board of Directors' report

Helsinki, 18 October 2023

Leena Niemistö
Chair

Teemu Suna
Board member, CEO

Antti Kangas
Board member

Olli Karhi
Board member

Timo Soininen
Board member

Ilkka Laurila
Board member

The Auditor's note

A report of the audit performed has been issued today.

Helsinki, 18 October 2023

PricewaterhouseCoopers Oy

Authorized Public Accountants

Panu Vänskä
Authorized public accountant

Auditor's Report (Translation of the Finnish Original)

To the Annual General Meeting of Nightingale Health Oyj

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial performance and financial position and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

What we have audited

We have audited the financial statements of Nightingale Health Oyj (business identity code 1750524-0) for the year ended 30 June 2023.

The financial statements comprise:

- the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies
- the parent company's balance sheet, income statement, statement of cash flows and notes.

Basis for opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OTHER REPORTING REQUIREMENTS

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 18 October 2023

PricewaterhouseCoopers Oy
Authorised Public Accountants

Panu Vänskä
Authorised Public Accountant (KHT)