



Nightingale Health

FINANCIAL STATEMENTS
1 July 2021–30 June 2022

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Board of Directors' Report

Overview of Nightingale Health and the financial period

Nightingale Health

Nightingale Health's mission is to bring disease prevention and a healthier life within everyone's reach. When building a healthier society, it is essential to make people more aware of their health and potential disease risks and provide them with tools for regularly monitoring and maintaining their health. By monitoring the impacts of lifestyle changes on health, it is possible to find the best lifestyle for each individual and help them gain as many healthy years as possible. Nightingale Health's wide-ranging disease risk predictions consist of two interconnected factors: Our proprietary blood analysis technology and a large amount of data on health events. As a result of years of development work related to biotechnology, the world's leading medical research, and AI software, we at Nightingale Health can offer health monitoring capabilities that comprehensively and accurately detect disease risks that traditional health monitoring tools cannot detect. By empowering the world with comprehensive health insights, we accelerate scientific discoveries, industry developments and improve personal health for everyone.

The Nightingale Health Group comprises of Nightingale Health Plc and its subsidiaries. Nightingale Health is headquartered in Helsinki, Finland. Nightingale Health owns and independently oversees two laboratories in Finland, in Helsinki and Kuopio, and one laboratory in Tokyo, Japan. Nightingale Health's blood analysis technology has been installed in a laboratory managed by PerkinElmer in Pittsburgh, Pennsylvania as well as in the United Kingdom in laboratories managed by the universities of Oxford and Bristol.

Significant events during the financial period

Strong scientific evidence further showcases the ability of Nightingale Health's technology to predict disease risks

In 2018, we announced a strategic investment in the UK Biobank, the world's leading health data repository. In June 2022, we published a scientific article based on that investment and our long-term research work, introducing further scientific evidence about the links between the blood biomarkers measured by Nightingale Health's proprietary blood analysis technology and the future disease risks of hundreds of diseases. In the study, blood samples taken from 150,000 individuals participating in the biobank research were analyzed, making it the largest study of its kind to utilize extensive biobank data. With Nightingale Health's technology, we can provide a holistic biomarker panel for each blood sample that captures diverse metabolic factors in the human body. The biomarker values in the panel were combined with information on what diseases the sample donors developed in the decade after giving the blood sample. This revealed the connection between the biomarker panel measured by Nightingale Health's technology and future health outcomes.

The scientific analyses conducted in the study uncovered relationships between biomarker levels and immunity, mind health, lung health, and many other health areas, demonstrating how Nightingale Health's biomarkers can broadly capture overall health status. The key breakthrough in Nightingale Health's technology is that it automatically detects future disease risks for hundreds of diseases from each blood sample in one go. The risk assessment is also more accurate than traditional health monitoring tools. In addition, the technology is ready for wide-scale healthcare use in terms of scalability and price.

Consumer service Livit by Nightingale Health utilizing an at-home testing solution

With the support of strong research evidence and the already received regulatory approvals, Nightingale Health's technology offers a significant opportunity to implement preventative health. As part of our mission, we also made the key features of our technology directly available to consumers by launching the Livit by Nightingale Health consumer service in March 2022. Livit starts a new era in global consumer health as it provides health metrics that have real relevance to health and well-being. The breakthrough of the Livit service is its ability to predict the most essential factor in personal health and well-being, the number of future healthy years. Ultimately, we adopt healthy habits to live a healthy life for as long as possible, and Livit is the world's first comprehensive tool for understanding how lifestyle can affect the number of future healthy years.

Nightingale Pro – significant steps forward in Japan

During the past financial year, the implementation of preventative health has advanced especially in Japan, where the cooperation with Welltus Inc, a subsidiary of Mitsui, has progressed well. We launched our service in Shin-Oyama City Hospital and several other clinics that offer preventative health checks. Additionally, Nightingale Health expanded its Japan laboratory by doubling the analysis capacity.

Entering the Japanese healthcare system is a significant achievement for a European company. As a result of years of work, the progress in Japan provides strong evidence of the applicability of our technology to integrate with a significant healthcare system and indicates approval from medical experts in one of the most challenging markets in the world. These achievements create a solid foundation for the company to pursue the expansion of its business both in Japan and in other international markets.

Nightingale Health's technology is also used by the private healthcare sector in Finland through the Terveystalo + Nightingale well-being membership launched in cooperation with Terveystalo in October 2021.

Acquisitions

In July 2021 Nightingale Health acquired a German digital health company Yolife GmbH. With the acquisition, Yolife's digital health solutions were integrated into Nightingale Health's preventative health offering and were utilized in the Livit by Nightingale Health consumer service.

In February 2022, Nightingale Health acquired a Finnish genetics company Negen Ltd and launched an excellence center focusing on genomics. The excellence center will develop machine learning and artificial intelligence tools. Combining Nightingale Health's proprietary blood test and genomic data provides ground-breaking possibilities to improve early disease risk detection and accelerate the development of preventative medicine.



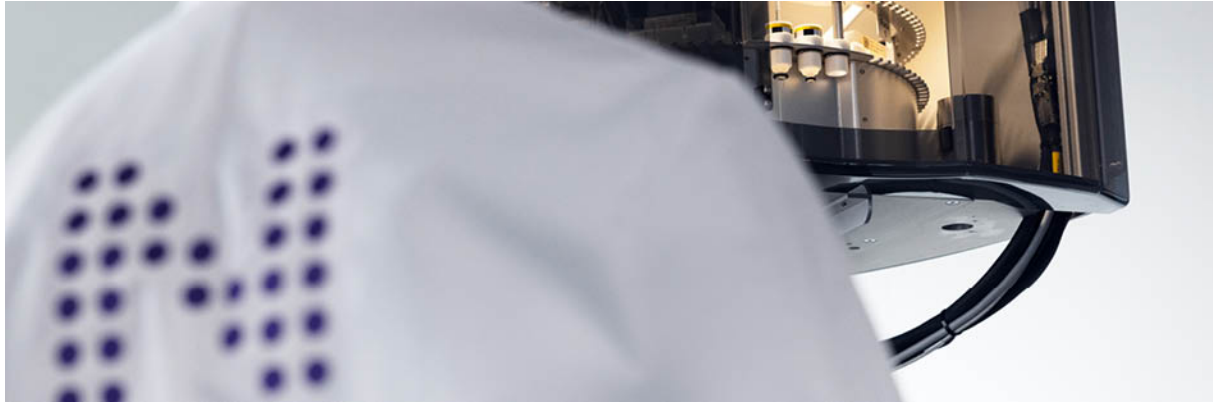
Key figures (IFRS)

EUR thousand	Group 2021–2022	Group 2020–2021
Revenue	2,313	2,305
EBITDA	-9,389	-7,301
Operating profit (loss)	-13,634	-9,754
Net income (loss) for the financial period	-16,091	-9 725
Equity ratio	91%	90%
Net debt to equity ratio	-78%	-84%
Balance sheet total	124,048	138,987
Number of employees on average	64	76
Personnel expenses	-6,499	-6,365
Cash and cash equivalents at the end of the period	95,279	113,807

Share performance indicators

	Group 2021–2022	Group 2020–2021
Earnings per share (EPS), undiluted and diluted*, EUR	-0.27	-0.23
Equity per share, EUR	1.83	2.03
Lowest share price, HEALTH, EUR	1.70	4.51
Highest share price, HEALTH, EUR	5.95	6.75
Closing price at the end of the financial period, HEALTH, EUR	1.81	5.77
Average daily trading volume of the share	76,623	112,483
Market value of the shares at the end of the financial period, EUR	109,183,687	349,254,950

*) 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.



Financial review 1 July 2021–30 June 2022

Revenue

The group's revenue during the financial year totaled EUR 2.31 (2.31) million.

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

Result

Group-level operating profit (loss) was EUR -13.63 (-9.75) million. EBITDA was EUR -9.39 (-7.30) million. Profit (loss) before appropriations and taxes was EUR -16.19 (-9.72) million. Net income (loss) for the financial year totaled EUR -16.09 (-9.73) million.

The increase in the group's operating loss is mainly explained by depreciation, as well as an increase in material and service expenses and other operating expenses.

The group's material and service expenses totaled EUR 1.04 (0.32) million.

The group's personnel expenses including expenses in accordance with the IFRS 2 Share based payments - standard during the financial year totaled EUR 6.50 (6.37) million.

Depreciation and amortization of tangible and intangible assets during the financial year totaled EUR 4.24 (2.45) million.

The negative result reflects the stage in the company's development where investments have been made to enable development and commercialization of the company's technology.

Balance sheet, cash flows and investments

Balance sheet and cash flows

At the end of the financial year, the group balance sheet totaled EUR 124.05 (30 June 2021: 138.98) million, of which equity constituted EUR 111.44 (123.04) million. Equity ratio at the end of the financial year was 91 (90) per cent.

At the end of the financial year, the company's net debt totaled EUR -87.37 (-102.71) million. Long-term interest-bearing debt totaled EUR 4.69 (7.20) million. Net debt to equity ratio at the end of the financial year was -78 (-84) per cent.

Net cash flow from operating activities during the financial year totaled EUR -7,33 (-2,06) million.

Cash flow from investments totaled EUR -8.32 (-6.61) million consisting of investments in tangible and intangible assets, and acquisitions.

Cash flow from financing activities totaled EUR -2.86 (121.57) million.

Cash and cash equivalents at the end of the financial year amounted to EUR 95.28 (113.81) million, with cash flows from operations, investments and financing totaling EUR -18.54 (112.90) million.

Investments, research and product development

Investments in tangible and intangible assets during the financial year totaled EUR 8.30 (3.33) million. Investments were mainly related to the development of digital services and laboratory technology as well as the procurement of blood samples and health data. Development of digital applications includes investments in the company's mobile application, which the company uses to provide its customers with blood analysis results and connect the customers to partner services. Investments in laboratory technology act as a foundation for all the company's products and enable international expansion of the business. Investments in the procurement of blood samples and health data, on the other hand, have an integral role as the company develops the core parts of its products, i.e., disease risk prediction algorithms.

The investments in product development during the financial year were higher than expected due to the company's assessment of additional investments in the development of the new version of its mobile application being strategically important.

During the financial year, the company also invested in laboratories in Finland and Japan.

Market outlook

The comprehensive health predictions provided by Nightingale Health are mainly related to lifestyle diseases such as heart diseases and type 2 diabetes. Lifestyle diseases are the most common cause of death in the world, and their treatment constitutes over 80 per cent of total healthcare costs in many countries. Prevention of lifestyle diseases could be carried out much more extensively than currently, but the healthcare system is forced to focus primarily on the treatment of diseases due to the increasing number of sick people.

It is possible to prevent lifestyle diseases by motivating and guiding people towards better lifestyles. The information offered by Nightingale Health enables detecting personal health risks at an early stage, making it possible to prevent diseases by changing one's lifestyle. A better lifestyle creates an opportunity for a healthier life at the level of the individual, which, as a result, helps to mitigate the massive healthcare costs stemming from lifestyle diseases and to decrease the stress on healthcare systems.

Preventative care helps to detect and prevent diseases and medical issues before they develop into serious problems. The importance of preventative healthcare has been recognized all over the world. The growing prevalence of chronic diseases and the growing demand for preventive measures are expected to lead to growth in the market for healthcare technologies and services preventing diseases.

In recent years, consumers have adopted solutions that connect basic healthcare functions to their everyday lives. Although the avoidance of close contacts during the COVID-19 pandemic has mainly ended, the active use of digital services has continued in many age groups in Finland as well as internationally. Using different technologies to monitor changes in health is a growing trend among consumers.

Nightingale Health believes that it will benefit from the prevailing global megatrend of consumers wanting to manage and improve their personal health and well-being. The COVID-19 pandemic has made at-home testing familiar to consumers and Nightingale Health expects this familiarity to lead to an increase in the market for at-home testing for other diseases and conditions. Nightingale Health expects

that its services will respond to this demand and provide completely new kinds of tools to care for health for consumers interested in managing and improving their personal health. Additionally, Nightingale Health can connect consumers to the services of healthcare operators to help consumers improve their health and well-being.

Personnel

The company had an average of 64 (76) employees during the financial year. Of the employees, 17 worked in sales and business development, 40 in research and development and operations and 7 in administration. At the end of the financial year, Nightingale Health employed 71 people including the CEO. Of the 71 employees 64 worked in Finland, 4 in Japan, 2 in Germany and 1 in Estonia.

Shares and shareholders

Nightingale Health'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.

Shares 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 2022, Nightingale Health's share capital amounted to EUR 80 thousand and the company had issued 60,918,459 fully paid shares of which 20,787,594 were Series A shares, 38,892,100 were Series B shares, and 1,238,765 were EMP shares.

Nightingale Health held 577,920 EMP shares at the end of the financial year, 30 June 2022, which constituted approximately 1 (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 2022, was EUR 1.81. The highest price quoted in the financial year was EUR 5.95 and the lowest EUR 1.70. The average closing price of the share during the financial year was EUR 3.32, and the average daily trading volume was 76,623 shares.

Nightingale Health's market value on 30 June 2022 was EUR 109.22 million.

Shareholders

Nightingale Health had 12,467 shareholders on 30 June 2022 (30 June 2021: 7,073). 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 in the number of shares held on 30 June 2022

Shareholder	A-series	B-series	EMP	Total	% of all shares	% of votes
Kangas Antti Juhana	5,340,342	17,458	-	5,357,800	8.80	21.65
Soininen Pasi Pekka Kristian	5 340,342	17,458	-	5,357,800	8.80	21.65
Cor Group Oy	2,769,802	1,711,185	-	4,480,987	7.36	11.92
Suna Teemu Pentti	2,637,964	22,737	-	2,660,701	4.37	10.70
Würtz Peter	1,126,342	17,458	-	1,143,800	1.88	4.58
Koskelo Maarit Irene	-	1,096,129	-	1,096,129	1.80	0.44
Nordea Henkivakuutus Suomi Oy	-	814,800	-	814,800	1.34	0.33
Saksman Satu Sinikka	529,158	17,458	75,250	621,866	1.02	2.15
Taimenia Oy	-	615,244	-	615,244	1.00	0.25
Nightingale Health Oyj	-	-	577,920	577,920	0.95	0
10 largest shareholders total	17,743,950	4,329,927	653,170	22,727,047	37.32	73.67
In joint account*	-	7,862,388	-	7,862,388		
Others**	3,043,644	26,699,785	585,595	30,329,024		
Yhteensä	20,787,594	38,892,100	1,238,765	60,918,459	100.00	100.00

* Includes 7,121,058 Series B shares owned by PerkinElmer, Inc, and 714,574 Series B shares owned by Afos LLC.

** Includes nominee-registered shareholders

Distribution of holdings on 30 June 2022

Shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1–100	3,120	25.03	152,797	0.25
101–1,000	7,645	61.32	2,799,858	4.57
1001–10,000	1,565	12.55	4,136,787	6.79
10,001–100,000	98	0.79	2,666,102	4.38
100,001–1,000,000	30	0.24	10,261,706	16.85
over 1,000,000	9	0.07	33,038,821	54.23
Total	12,467	100.00	53,056,071	87.09
Of which nominee-registered	8	0.00	13,254,413	21.76
In joint account			7,862,388	12.90
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	392	3.14	9,087,439	14.92	16.64
Financial and insurance institutions	14	0.11	8,360,327	13.72	3.76
Households	12,013	96.36	28,457,066	46.71	73.52
Non-profit instit serving households	12	0.1	525,996	0.87	0.21
Foreigners	36	0.29	14,487,631	23.78	5.87
Total	12,467	100.00	60,918,459	100.00	100.00
Of which nominee-registered	8	0.00	13,254,413	21.76	5.38
Of which in joint account	2	0.00	7,862,388	12.91	3.17

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 for the financial year 2021–2022 is released as part of the annual report.

Annual General Meeting

Nightingale Health's Annual General Meeting, held on 28 October 2021, adopted the financial statements and discharged the members of the Board of Directors and the CEO from liability for the financial year of 1 July 2020–30 June 2021. The Annual General Meeting approved in an advisory decision the remuneration report and remuneration policy of governing bodies, which are presented on the company's website.

The General Meeting resolved in accordance with the proposal of the Board of Directors that, based on the balance sheet adopted for the financial year ended on 30 June 2021, no dividend will be distributed.

The number of members of the Board of Directors was confirmed to be seven members. 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.

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

Authorized Public Accounting firm PricewaterhouseCoopers Oy was elected as the Auditor with Valtteri Helenius as the Responsible Auditor. Valtteri Helenius is included in the register of auditors referred to in Chapter 6, Section 9 of the Auditing Act (1141/2015, with amendments). The remuneration of the Auditor will be paid in accordance with a reasonable invoice approved by the company.

The organizational meeting of the Board of Directors elected from among its members Timo Soininen as its Chair.

Extraordinary General Meeting

The Extraordinary General Meeting of Nightingale Health Plc was held on 29 June 2022 in Helsinki.

The General Meeting resolved in accordance with the proposal of the Board of Directors, subject to the entering into force of the law based on the governmental proposal 47/2022 relating to the matter, to amend Section 12 of the Articles of Association of Nightingale Health Plc by adding the option to the Board of Directors to decide on organizing a General Meeting so that the shareholders may use their decision-making rights also through telecommunication and technical means, or so that General Meeting is arranged without a meeting venue and the shareholders exercise their decision-making rights fully through telecommunications and technical means.

Management Team

Members of Nightingale Health's Management Team at the end of the financial year 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).

Barrett joined Nightingale Health's Management Team on 27 September 2021 and Paavola on 7 December 2021.

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. In February 2021, the company's Board of Directors 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 2022, members of the company's Board of Directors and Management Team held a total of 8,897,145 option rights, entitling to the subscription of a total of 9,902,145 shares in the company. Other personnel held a total of 2,705,552 option rights on 30 June 2022, entitling to the subscription of 4,371,152 shares in the company. The total number of unsubscribed options corresponded on 30 June 2022 to approximately 23.4 per cent of the total number of the company's shares (60,918,459) and 10.5 per cent of the number of votes entitled by the shares.

Nightingale Health's share based incentive programs are described in the financial statements note 8 Share based payments.

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. Currently, 39 of the 250 biomarkers produced by the company's blood analysis technology are CE marked.

In addition, 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.¹ Blood samples of individual customers are analyzed using a CE marked 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. ("Dekra"). 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 CAP and JAMT Clinical Laboratory Accuracy Control Survey programs and the Clinical Laboratory Accuracy Control program of the Tokyo metropolitan government.

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.

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.

A large share of Nightingale Health's competitive advantages is formed by the company's intellectual property and confidential information related to the company's technology and business. 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

¹ 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.

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.

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 future revenue or 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. The financial impact of the increased price of electricity, mainly caused by the recent events in the geopolitical situation, is limited and does not substantially affect the company's financial result.

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 and Japanese yen, as the company's subsidiaries primarily pay the essential costs related to the U.S. and Japanese subsidiaries in U.S. dollars and Japanese yens. Currently, all external debt of the group is in euros and intra-group loans are in euros, Japanese yens or U.S. dollars. The company monitors its

currency position and initiated activities to systematically manage currency risks using, for instance, derivative contracts.

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 debt. 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/EIC 17025:2017 standard, and the laboratory is accredited by the FINAS accreditation service. The quality management system according to which the laboratory processes and product development are conducted is compliant with the EN ISO 13485 standard and certified by Dekra. In addition to Nightingale Health's internal audits, Dekra 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/EIC 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.

During the previous financial year, Nightingale Health has improved its information security risk management by implementing a system for continuously monitoring information security threats and by implementing new tools and methods to further improve its information security risk management. 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

Nightingale Health's business targets for financial year 2022–2023 are:

- Win a significant commercial contract in the public healthcare sector
 - The contract enables tapping into major existing blood sample volumes and bring Nightingale Health prevention tools to public health.
- Win B2B commercial contract(s) with more than 50,000 blood samples
 - The contract(s) enables tapping into major existing blood sample volumes and demonstrating Nightingale Health's unique value creation capability in disease prevention.
- Win contract(s) in medical research with more than 175,000 blood samples
 - The contract(s) enables tapping into major blood sample volumes and delivering strong impact of Nightingale Health's technology to advance global medical science.

Nightingale Health launched the Livit at-home testing consumer service in spring 2022 and the service is available in selected markets. The development of the consumer business will continue to be a key focus area in the company's strategy. The company will release financial targets for the consumer business later when there is more data available for the forecast.

Additionally, Nightingale Health will continue to pursue the FDA 510k approval, which will broaden company's B2B offering to diagnostic applications in the US.

In addition to the targets set for the financial year 2022–2023, Nightingale Health has medium- and long-term targets that are described on the company's website. The mentioned targets remain unchanged.

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 2022 was EUR 96,365,573. The parent company's net loss for the financial period totaled EUR -14,438,586.

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 2021–30 June 2022 and that the loss of the financial year is recorded in accumulated loss.

Significant events after the end of the period

On 11 August 2022, Nightingale Health's Board of Directors resolved to change the subscription price of shares in the company's stock option programs. The change is applicable in all 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 subscription price is changed to maintain the purpose of the stock option programs to incentivize the option holders to the economic growth of the company and the development of the company's market value as well as create a long-term relationship between the company and the option holders.

On 16 August 2022, Nightingale Health established a fully owned subsidiary in the United Kingdom.

On 25 October 2022, Nightingale Health and the European Investment Bank have agreed to reduce the loan arrangement fee of EUR 400 thousand to EUR 120 thousand.

Annual General meeting

The Annual General Meeting of Nightingale Health Plc will be held on 17 November 2022. An invitation to the meeting was published on 14 October 2022.

Financial reports during financial year 2022-2023

Nightingale Health will publish a half-year financial report for the period 1 July–31 December 2022 on 2 March 2023.

Helsinki, 27 October 2022
Nightingale Health Plc
Board of Directors

Calculation of key figures

Key figure	Formula
EBITDA	Operating profit (loss) before depreciation and amortisation
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

Consolidated income statement

EUR thousand	Note	1 July 2021 - 30 June 2022	1 July 2020 - 30 June 2021
Revenue	4	2,313	2,305
Other income	5	262	304
Materials and services	6	-1,037	-319
Employee benefits	7,8	-6,499	-6,365
Depreciation, amortization and impairment losses	10	-4,244	-2,453
Other expenses	9	-4,406	-3,351
Share of joint venture's result	27	-23	125
Operating profit (loss)		-13,634	-9,754
Finance income	21	686	2,258
Finance costs	21	-1,178	-2,227
Fair value change in investment in convertible loan	21	-2,068	-
Net finance items		-2,560	31
Profit (loss) before tax		-16,194	-9,723
Income tax expense	11	103	-2
Profit (loss) for the period		-16,091	-9,725
Profit (loss) for the period attributable to			
Owners of the parent company		-16,091	-9,725
Earnings per share			
Basic earnings per share, euro – Series A and EMP shares	12	-0.27	-0.23
Basic earnings per share, euro – Series B shares	12	-0.27	-0.23

Consolidated comprehensive income statement

EUR thousand	1 July 2021 - 30 June 2022	1 July 2020 - 30 June 2021
Profit (loss) for the period	-16,091	-9,725
Other comprehensive income		
Items that may be reclassified subsequently to profit of loss		
Foreign operations - foreign currency translation differences, net of tax	29	12
Other comprehensive income for the period, net of tax	29	12
Total comprehensive income for the period	-16,062	-9,713
Total comprehensive income attributable to		
Owners of the parent company	-16,062	-9,713

Consolidated statement of financial position

EUR thousand	Note	30 June 2022	30 June 2021	1 July 2020
Assets				
Non-current assets				
Goodwill	13	1,023	-	-
Intangible assets	13	16,249	11,783	10,150
Property, plant and equipment	15	3,911	2,415	1,677
Right-of-use assets	16	3,864	5,652	5,811
Investment in joint venture	27	102	125	-
Investment in convertible loan	22	1,206	3,274	-
Other assets	22	421	589	453
Total non-current assets		26,776	23,838	18,091
Current assets				
Inventories	17	591	658	186
Trade and other receivables	18	1,402	685	8,014
Cash and cash equivalents	22	95,279	113,807	905
Total current assets		97,272	115,150	9,105
Total assets		124,048	138,987	27,196
Equity and liabilities				
Equity				
Share capital		80	80	8
Reserve for invested unre- stricted equity		142,380	141,444	12,250
Equity loans		-	-	6,657
Translation differences		41	12	-
Accumulated losses		-31,061	-18,498	-12,662
Total equity	19	111,440	123,039	6,253
Liabilities				
Non-current liabilities				
Loans and borrowings	23	2,631	4,064	5,034
Lease liabilities	23	2,057	3,137	3,574
Total non-current liabilities		4,688	7,201	8,608
Current liabilities				
Loans and borrowings	23	2,073	2,205	1,350
Lease liabilities	23	1,122	1,685	1,365
Advances received	4,20	1,302	1,915	224
Trade and other payables	20,23	3,424	2,942	9,396
Total current liabilities		7,921	8,748	12,336
Total liabilities		12,609	15,949	20,943
Total equity and liabilities		124,048	138,987	27,196

Consolidated cash flow statement

EUR thousand	Note	1 July 2021 - 30 June 2022	1 July 2020 - 30 June 2021
Cash flows from operating activities			
Loss for the period		-16,091	-9,725
Adjustments:			
Depreciation and amortization	10	4,244	2,453
Share based payments	8	3,526	3,731
Share of joint venture's result	27	23	-125
Fair value change in convertible loan investment	21, 22	2,067	-
Other financial assets at fair value through profit or loss - change in fair value	21	-	-649
Other finance income and costs, net	21	493	618
Income tax expense	11	-103	2
Cash flows before change in working capital		-5,841	-3,695
Change in working capital			
Change in trade and other receivables (increase (-) / decrease (+))		-549	375
Change in inventories (increase (-) / decrease (+))		67	-472
Change in current non-interest-bearing payables (increase (+) / decrease (-))		-325	2,189
Cash flows before finance items and taxes		-6,648	-1,603
Interest paid		-822	-268
Income taxes paid		-4	-1
Net cash from operating activities		-7,474	-1,872
Cash flows from investing activities			
Capitalized development costs		-6,240	-2,436
Acquisition of property, plant and equipment		-1,373	-895
Acquisition of businesses, net of cash acquired	3	-710	-
Acquisition of investment in convertible loan		-	-3,274
Net cash used in investing activities		-8,323	-6,605
Cash flows from financing activities			
Initial public offering (IPO)	19	-	110,000
Bridge financing		-	8,793
Transaction costs attributable to issue of new shares		-	-6,469
Proceeds from the stabilization arrangement	21	-	2,258
Proceeds from convertible bonds		-	1,000
Proceeds from equity loans		-	6,818
Repayment of non-current loans and borrowings		-1,860	-779
Paid non-utilisation fee		-	-190
Share subscriptions with options		471	26
Sale and leaseback arrangements		288	1,240
Acquisition of treasury shares		-	-20
Payment of lease liabilities	16	-1,762	-1,298
Net cash from financing activities		-2,863	121,379
Net (decrease) increase in cash and cash equivalents in cash flow statement		-18,660	112,902
Cash and cash equivalents at the beginning of period		113,807	905
Effect of movements in exchange rates		132	-
Cash and cash equivalents at the end of period	22	95,279	113,807

Consolidated statement of changes in equity

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

Equity attributable to owners of the parent company

EUR thousand	Note	Share capital	Reserve for invested unrestricted equity	Equity loan	Translation differences	Accumulated losses	Total
Equity on 1 July 2021		80	141 444	-	12	-18 498	123 039
Comprehensive income		-	-	-	-	-	-
Profit (loss) for the financial 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	19	-	471	-	-	-	471
Share issues related to business combination	19	-	465	-	-	-	465
Share-based payments	19, 8	-	-	-	-	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	-31 062	111 440

Consolidated statement of changes in equity 1 July 2020-30 June 2021

Equity attributable to owners of the parent company

EUR thousand	Note	Share capital	Reserve for invested unrestricted equity	Equity loans	Translation differences	Accumulated losses	Total
Opening balances on 1 July 2020 (FAS)							
		8	12,762	6,818	1	-10,854	8,735
Impacts of transition to IFRS		-	-512	-161	-1	-1,808	-2,482
Equity on 1 July 2020 (IFRS)							
		8	12,250	6,657	-	-12,662	6,253
Comprehensive income							
Profit (loss) for the financial period		-	-	-	-	-9,725	-9,725
Other comprehensive income		-	-	-	12	-	12
Total comprehensive income							
		-	-	-	12	-9,725	-9,713
Transactions with owners of the company							
Share capital increase	19	72	-72	-	-	-	-
Directed share issue 12 Dec. 2020	19	-	8,794	-	-	-	8,794
Convertible equity loan increase	19	-	-	7,065	-	-	7,065
Directed share issue 25 Feb. 2021	19	-	2,609	-	-	-	2,609
Directed share issues 25 Feb. 2021	19	-	13,722	-13,722	-	-	-
Acquisition of treasury shares	19	-	-68	-	-	-	-68
Initial public offering (IPO)	19,8	-	110,000	-	-	-	110,000
Expenses related to the IPO	19	-	-6,469	-	-	-	-6,469
Termination of share purchase obligation	19	-	598	-	-	-	598
Share-based payments	19	-	26	-	-	3,886	3,912
Other	19,8	-	54	-	-	3	57
Total transactions with owners of the company							
		72	129,194	-6,657	-	3,889	126,498
Equity on 30 June 2021							
		80	141,444	0	12	-18,498	123,039

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 has been listed on Nasdaq Helsinki's First North Growth Market Finland marketplace since March 2021.

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 are the first consolidated financial statements of Nightingale Health prepared in accordance with International Financial Reporting Standards (IFRS). In the EU IFRS are standards and their interpretations adopted in accordance with the procedure laid down in regulation (EC) No 1606/2002 of the European Parliament and of the Council. The consolidated financial statements were prepared in accordance with IFRS as adopted by the European Union and in force on 30 June 2022. Nightingale Health has consistently applied the accounting policies disclosed in these IFRS financial statements both in the financial years 2020/2021 and 2021/2022, prepared in accordance with IFRS, and in preparation of the opening IFRS statement of financial position on 1 July 2020, unless otherwise stated below.

The Group's date of transition to IFRS was 1 July 2020 and the first financial statements in accordance with IFRSs are prepared for the financial period ended on 30 June 2022, with comparative information for the period ended on 30 June 2021 and the opening statement of financial position on 1 July 2020. Until 30 June 2021, the Group's consolidated financial statements were prepared in accordance with Finnish Accounting Standards (FAS). The FAS-based accounting policies were presented in the consolidated financial statements as of 30 June 2021. The impacts resulting from the adoption of IFRS are discussed in Note 2 Transition to IFRS.

In its meeting on 27 October 2022 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 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 Measurement of fair values. Further information about the assumptions made in measuring fair values is included in the following notes: 3 Business combinations, 8 Share-based payments, 22 Financial assets and 23 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 2020 – 30 June 2021 or to the previous financial year-end date 30 June 2021, 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 July 2022 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	4	Determining measure of progress
Intangible assets	13	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	14	Assumptions and estimates used in impairment testing
Goodwill and intangible assets	13	Estimates of the probable future economic benefits embodied in the assets under development
Business combinations	3	Assumptions and estimates in determining the fair values
Share-based payments	8	Assumptions and estimates in determining the fair values
Share-based payments	8	Determining the vesting periods
Measurement of the convertible loan	21,22	Assumptions and estimates in determining the fair value
Fair value of financial liabilities	23	Assumptions and estimates used in determining the fair value
Leases	16	Estimates on determination of the lease terms

Covid-19 impacts and Russia's invasion of Ukraine

The COVID-19 pandemic affected Nightingale Health's business negatively during the financial year ended on 30 June 2021. The slowing down and partial suspension of commercial air traffic delayed the delivery of blood samples to Nightingale Health's laboratory in Finland, which affected revenue development negatively. The impacts were not that significant during the financial year ended on 30 June 2022 even though still existing.

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 if the customers would potentially prioritize necessities which might slower the Group's growth. The financial impact of the increased price of electricity, mainly caused by the recent events in the geopolitical situation, is limited and does not substantially affect the company's financial result.

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 2022, 30 June 2021 or 1 July 2020.

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 Transition to IFRS

These are Nightingale Health's first consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in force on 30 June 2022. The Group applied IFRS 1 *First-time Adoption of International Financial Reporting Standards* in the transition. The date of transition to IFRS is 1 July 2020. Nightingale Health applied the accounting policies presented in these financial statements in preparing the opening IFRS consolidated statement of financial position as at 1 July 2020, the consolidated statements of financial position as at 30 June 2021 and 30 June 2022 and the consolidated statements of profit or loss for the financial years ended 30 June 2021 and 30 June 2022. The general policies applied that relate to the consolidated financial statements as a whole are addressed in the Note 1 Company information and basis of preparation and those that are specific to a component of the financial statements, have been incorporated into the relevant note.

Previously Nightingale Health's consolidated financial statements were prepared in accordance with Finnish Accounting Standards (FAS). In preparing the opening IFRS consolidated statement of financial position Nightingale Health has adjusted financial statement information prepared in accordance with FAS. The IFRS adjustments made in the transition are described in the following tables and respective explanations of the adjustments.

CONSOLIDATED INCOME STATEMENT 1 JULY 2020–30 JUNE 2021

EUR thousand	FAS 1 July 2020 – 30 June 2021	Correc- tion to FAS figures	1	2	3	4	5	6	7	8	Total IFRS ad- justments	IFRS 1 July 2020 – 30 June 2021
Revenue	2,081	-	-	-	-	-	-	224	-	-	224	2,305
Other income	303	-	-	1	-	-	-	-	-	-	1	304
Materials and services	-319	-	-	-	-	-	-	-	-	-	-	-319
Employee benefits	-2,649	-	171	-	-	-3,886	-	-	-	-	-3,716	-6,365
Depreciation, amortization and im- pairment losses	-470	-	-562	-1,339	-	-	-13	-	-	-69	-1,983	-2,453
Other expenses	-4,224	-	-52	1,966	-1,110	-	-	-	-	69	873	-3,351
Share of joint venture's result	56	-	-	-	-	-	-	-	-	69	69	125
Operating profit (loss)	-5,222	-	-443	627	-1,110	-3,886	-13	224	-	69	-4,532	-9,754
Finance income	2,258	-	-	-	-	-	-	-	-	-	-	2,258
Finance costs	-8,225	-	321	-263	7,579	-	-5	-	-1,633	-	5,999	-2,227
Net finance items	-5,968	-	321	-263	7,579	-	-5	-	-1,633	-	5,999	31
Profit (loss) before tax	-11,190	-	-122	364	6,469	-3,886	-18	224	-1,633	69	1,467	-9,723
Income tax expense	-2	-	-	-	-	-	-	-	-	-	-	-2
Profit (loss) for the period	-11,192	-	-122	364	6,469	-3,886	-18	224	-1,633	69	1,467	-9,725

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT 1 JULY 2020–30 JUNE 2021

Profit (loss) for the period	-11,192	-	-122	364	6,469	-3,886	-18	224	-1,633	69	1,467	-9,725
Other comprehensive income												
Items that may be reclassified subse- quently to profit of loss												
Foreign operations – foreign cur- rency translation differences, net of tax	0	-	-	-	-	-	-	-	-	12	12	12
Other comprehensive income for the period, net of tax	0	-	-	-	-	-	-	-	-	12	12	12
Total comprehensive income	-11,192	-	-122	364	6,469	-3,886	-18	224	-1,633	82	1,479	-9,713

CONSOLIDATED INCOME STATEMENT 1 JULY 2021 -30 JUNE 2022

EUR thousand	FAS 1 July 2021 – 30 June 2022	Correction to FAS fig- ures	1	2	3	4	5	6	7	8	Total IFRS adjust- ments	IFRS 1 July 2021 – 30 June 2022
Revenue	2,205	-	-	-	-	-	-	108	-	-	108	2,313
Other income	262	-	-	1	-	-	-	-	-	-	1	262
Materials and services	-1,037	-	-	-	-	-	-	-	-	-	-	-1,037
Employee benefits	-2,985	-	1	-	-	-3,527	-	-	-	11	-3,515	-6,499
Depreciation, amortization and im- pairment losses	-3,239	-	460	-1,307	-	-	-165	-	-	5	-1,006	-4,244
Other expenses	-6,312	-	-566	2,065	-	-	403	-	-	5	1,907	-4,406
Share of joint venture's result	20	-	-	-	-	-	-	-	-	-43	-43	-23
Operating profit (loss)	-11,085	-	-105	759	-	-3,527	238	108	0	-21	-2,548	-13,634
Finance income	927	-	-	-	-	-	-	-	-241	-	-241	686
Finance costs	-1 158	588	252	-206	-	-	-59	0	-7	-	-20	-1,178
Fair value change in investment in convertible loan	-4,103	588	-	-	-	-	-	-	1,447	-	1 447	-2,068
Net finance items	-4,334	588	252	-206	-	-	-59	0	1,199	-	1,186	-2,560
Profit (loss) before tax	-15,419	588	147	553	-	-3,527	179	108	1,199	-21	-1,362	-16,194
Income tax expense	44	-	-	-	-	-	-	-	-	59	59	103
Profit (loss) for the period	-15,376	588	147	553	-	-3,527	179	108	1,199	38	-1,303	-16,091

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT 1 JULY 2021–30 JUNE 2022

Profit (loss) for the period	-15,376	588	147	553	-	-3,527	179	108	1,199	38	-1,303	-16,091
Other comprehensive income												
Items that may be reclassified subse- quently to profit of loss												
Foreign operations – foreign cur- rency translation differences, net of tax	-	-	-	-	-	-	-	-	-	29	29	29
Other comprehensive income for the period, net of tax	-	-	-	-	-	-	-	-	-	29	29	29
Total comprehensive income	-15,376	588	147	553	-	-3,527	179	108	1,199	67	-1,274	-16,062

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 1 JULY 2020

EUR thousand	FAS 1 July 2020	Correc- tion to FAS fig- ures	1	2	3	4	5	6	7	8	Total IFRS ad- justments	IFRS 1.7.2020
Assets												
Non-current assets												
Intangible assets	12,114	-	-1,964	-	-	-	-	-	-	-	-1,964	10,150
Property, plant and equipment	1,375	-	-	-	-	-	-	-	-	301	301	1,677
Right-of-use-assets	-	-	-	5,811	-	-	-	-	-	-	5,811	5,811
Other assets	716	-	-	-263	-	-	-	-	-	-	-263	453
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	14,205	-	-1,964	5,548	-	-	-	-	-	301	3,886	18,091
Current assets												
Inventories	186	-	-	-	-	-	-	-	-	-	-	186
Trade and other receivables	8,494	-	-	-179	-	-	-	-	-	-301	-480	8,014
Cash and cash equivalents	905	-	-	-	-	-	-	-	-	-	-	905
Total current assets	9,585	-	-	-179	-	-	-	-	-	-301	-480	9,105
Total assets	23,791	-	-1,964	5,370	-	-	-	-	-	-	3,406	27,196
Equity and liabilities												
Equity												
Share capital	8	-	-	-	-	-	-	-	-	-	-	8
Reserve for invested unrestricted equity	12,762	-	-	-	-	-	-	-	-512	-	-512	12,250
Equity loans	6,818	-	-	-	-	-	-	-	-161	-	-161	6,657
Translation differences	1	-	-	-	-	-	-	-	-	-1	-1	0
Accumulated losses	-10,854	-	-1,964	427	-	-	-	-	-272	1	-1,808	-12,662
Total equity	8,735	-	-1,964	427	-	-	-	-	-945	-	-2,482	6,253
Liabilities												
Non-current liabilities												
Loans and borrowings	4,489	-	-	-	-	-	-	-	545	-	545	5,034
Lease liabilities	-	-	-	3,574	-	-	-	-	-	-	3,574	3,574
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current liabilities	4,489	-	-	3,574	-	-	-	-	545	-	4,119	8,608
Current liabilities												
Loans and borrowings	1,350	-	-	-	-	-	-	-	-	-	-	1,350
Lease liabilities	-	-	-	1,365	-	-	-	-	-	-	1,365	1,365
Advances received	224	-	-	-	-	-	-	-	-	-	-	224
Trade and other payables	8,993	-	-	4	-	-	-	-	400	-	404	9,396
Total current liabilities	10,567	-	-	1,369	-	-	-	-	400	-	1,769	11,936
Total liabilities	15,056	-	-	4,943	-	-	-	-	945	-	5,887	20,943
Total equity and liabilities	23,791	-	-1,964	5,370	-	-	-	-	-	-	3,406	27,196

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 30 JUNE 2021

EUR thousand	FAS 30 June 2021	Correc- tion to FAS fig- ures	1	2	3	4	5	6	7	8	Total IFRS ad- justments	IFRS 30 June 2021
Assets												
Non-current assets												
Goodwill	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	14,106	-	-2,086	-	-	-	-	-	-	-237	-2,323	11,783
Property, plant and equipment	721	-	-	-	-	-	1,227	-	-	467	1,694	2,415
Right-of-use-assets	-	-	-	5,652	-	-	-	-	-	-	5,652	5,652
Investment in joint venture	56	-	-	-	-	-	-	-	-	69	69	125
Investments in convertible loan	3,274	-	-	-	-	-	-	-	-	-	-	3,274
Other assets	833	-	-	-84	-	-	-	-	-	-160	-244	589
Deferred tax assets	0	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	18,989	-	-2,086	5,568	-	-	1,227	-	-	140	4,848	23,838
Current assets												
Inventories	658	-	-	-	-	-	-	-	-	-	-	658
Trade and other receivables	736	-	-	-179	-	-	-	198	-	-71	-52	685
Cash and cash equivalents	113,807	-	-	-	-	-	-	-	-	-	-	113,807
Total current assets	115,201	-	-	-179	-	-	-	198	-	-71	-52	115,150
Total assets	134,191	-	-2,086	5,389	-	-	1,227	198	-	69	4,796	138,987
Equity and liabilities												
Equity												
Share capital	80	-	-	-	-	-	-	-	-	-	-	80
Reserve for invested unrestricted equity	146,378	-	-	-	-6,469	-	-	-	1,535	-	-4,934	141,444
Translation differences	13	-	-	-	-	-	-	-	-	-1	-1	12
Accumulated losses	-22,042	-	-2,086	791	6,469	-	-18	224	-1,905	70	3,545	-18,498
Total equity	124,429	-	-2,086	791	-	-	-18	224	-370	69	-1,390	123,039
Liabilities												
Non-current liabilities												
Loans and borrowings	3,200	-	-	-	-	-	895	-	-30	-	865	4,064
Lease liabilities	-	-	-	3,137	-	-	-	-	-	-	3,137	3,137
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	0	0
Total non-current liabilities	3,200	-	-	3,137	-	-	895	-	-30	-	4,001	7,201
Current liabilities												
Loans and borrowings	1,860	-	-	-	-	-	345	-	-	-	345	2,205
Lease liabilities	-	-	-	1,685	-	-	-	-	-	-	1,685	1,685
Advances received	1,941	-	-	-	-	-	-	-26	-	-	-26	1,915
Trade and other payables	2,761	-	-	-224	-	-	5	-	400	-	181	2,942
Total current liabilities	6,562	-	-	1,461	-	-	350	-26	400	-	2,185	8,748
Total liabilities	9,762	-	-	4,598	-	-	1,245	-26	370	-	6,187	15,949
Total equity and liabilities	134,191	-	-2,086	5,389	-	-	1,227	198	0	69	4,796	138,987

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 30 JUNE 2022

EUR thousand	FAS 30 June 2022	Correc- tion to FAS fig- ures	1	2	3	4	5	6	7	8	Total IFRS ad- justments	IFRS 30 June 2022
Assets												
Non-current assets												
Goodwill	1,358	-	-	-	-	-	-	-	-	-335	-335	1,023
Intangible assets	17,958	-	-1,939	-	-	-	-	-	-	229	-1,710	16,249
Property, plant and equipment	1,298	-	-	600	-	-	1,694	-	-	319	2,613	3,911
Right-of-use-assets	-	-	-	3,864	-	-	-	-	-	-	3,864	3,864
Investment in joint venture	76	-	-	-	-	-	-	-	-	26	26	102
Investments in convertible loan	-	-	-	-	-	-	-	-	1,206	-	1,206	1,206
Other assets	492	-	-	-	-	-	-	-	-	-71	-71	421
Deferred tax assets	49	-	-	-	-	-	-	-	-	-49	-49	-
Total non-current assets	21,231	-	-1,939	4,464	-	-	1,694	-	1,206	120	5,545	26,776
Current assets												
Inventories	591	-	-	-	-	-	-	-	-	-	-	591
Trade and other receivables	1,423	-	-	-84	-	-	-	151	-	-89	-22	1,402
Cash and cash equivalents	95,279	-	-	-	-	-	-	-	-	-	-	95,279
Total current assets	97,294	-	-	-84	-	-	-	151	-	-89	-22	97,272
Total assets	118,525	-	-1,939	4,379	-	-	1,694	151	1,206	31	5,523	124,048
Equity and liabilities												
Equity												
Share capital	80	-	-	-	-	-	-	-	-	-	-	80
Reserve for invested unrestricted equity	147,390	-	-	-	-6,469	-	-	-	1,535	-76	-5,010	142,380
Translation differences	42	-	-	-	-	-	-	-	-	-1	-1	41
Accumulated losses	-37,418	588	-1,939	1,344	6,469	-	161	332	-706	108	5,769	-31,061
Total equity	110,094	588	-1,939	1,344	-	-	161	332	829	31	758	111,440
Liabilities												
Non-current liabilities												
Loans and borrowings	1,667	-	-	-	-	-	987	-	-23	-	964	2,631
Lease liabilities	-	-	-	2,057	-	-	-	-	-	-	2,057	2,057
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current liabilities	1,667	-	-	2,057	-	-	987	-	-23	-	3,020	4,688
Current liabilities												
Loans and borrowings	1,532	-	-	-	-	-	540	-	-	-	540	2,073
Lease liabilities	-	-	-	1,122	-	-	-	-	-	-	1,122	1,122
Advances received	1,482	-	-	-	-	-	-	-180	-	-	-180	1,302
Trade and other payables	3,749	-588	-	-144	-	-	6	-	400	-	263	3,424
Total current liabilities	6,764	-588	-	979	-	-	547	-180	400	-	1,745	7,921
Total liabilities	8,431	-588	-	3,035	-	-	1,533	-180	377	-	4,765	12,609
Total equity and liabilities	118,525	-	-1,939	4,379	-	-	1,694	151	1,206	31	5,523	124,048

IFRS adjustments on 1 July 2020, 30 June 2021 and 30 June 2022 and for the financial year ended 30 June 2021 and 30 June 2021

Correction to FAS figures: In connection with IFRS conversion a misstatement related to recognition of exchange rates was corrected. The correction reduced Fair value change in investment in convertible loan and Trade and other payables with EUR 588 thousand.

1) Intangible assets

(i) Other long-term expenditures: In its FAS financial statements Nightingale Health had certain long-term expenditures which are not eligible for capitalization according to IAS 38 *Intangible Assets*. These costs mainly included capitalized marketing and brand-related costs and transaction costs of issuing new shares. In the transition to IFRS Nightingale Health derecognized the capitalized amounts as IFRS adjustments. The adjustment resulted in a decrease of Intangible assets and equity:

- EUR 2,075 thousand of at the date of transition to IFRS on 1 July 2020
- EUR 2,235 thousand on 30 June 2021
- EUR 2,217 thousand on 30 June 2022.

In the consolidated income statement, the adjustment resulted in:

- Increases of Employee benefits of EUR 43 thousand and Other expenses of EUR 142 thousand and in a decrease of Depreciation, amortization and impairment losses of EUR 26 thousand in the financial period ended 30 June 2021.
- An increase of Other expenses of EUR 566 thousand and in decrease of Depreciation, amortization and impairment losses of EUR 488 thousand and Finance costs of EUR 96 thousand in the reporting period ended 30 June 2022.

(ii) Borrowing costs: In its FAS financial statements Nightingale Health expensed all borrowing costs. Under IFRS borrowing costs are required to be capitalized for the cost of the asset requiring substantial period of time to complete when they meet the criteria for the capitalization. In the transition to IFRS Nightingale Health capitalized borrowing costs for development projects if the development phase exceeded 12 months. In the transition Nightingale Health elected to use the exemption permitted under IFRS 1 *First-time Adoption of International Financial Reporting Standards* and did not adjust the carrying amounts of historical borrowing costs in the opening IFRS statement of financial position.

- Capitalizing borrowing costs resulted in decrease of EUR 321 thousand in Finance costs and the respective increase of Intangible assets in the financial year ended 30 June 2021.
- Capitalizing borrowing costs resulted in decrease of EUR 156 thousand in Finance costs and the respective increase of Intangible assets in the reporting period ended 30 June 2022.

(iii) Amortization: In its FAS financial statements Nightingale Health started amortization of intangible assets from the beginning of a financial year. In the IFRS conversion Nightingale Health adjusted amortization for Intangible assets to start when an asset was completed. The resulting adjustment totaled:

- EUR 588 thousand resulting in a decrease in Intangible assets and an increase in Depreciation, amortization and impairment losses in the financial year ended 30 June 2021.
- EUR 28 thousand resulting in a decrease in Intangible assets and an increase in Depreciation, amortization and impairment losses in the reporting period ended 30 June 2022.

(iv) Other adjustments:

- In its FAS financial statements, Nightingale Health had capitalized certain development costs which are not eligible for capitalization according to IAS 38. In the IFRS conversion Nightingale Health adjusted the amounts capitalized and the resulting change was decrease of EUR 90 thousand of Intangible assets and equity at date of transition to IFRS on 1 July 2020. The capitalization had been derecognized from the statement of financial position to Other expenses in FAS during the next financial year resulting in counter IFRS adjustment in the consolidated statement of income during the financial year ended on 30 June 2021.
- In its FAS financial statements, Nightingale Health had expensed employee benefit costs of EUR 58 thousand arisen from development projects in the comparison period ended 30 June 2021. These costs were recognized as an addition to Intangible assets and a deduction to Employee benefits, respectively.
- Share-based payments were capitalized to development costs. The share-based payments had not been recognized under FAS. The resulting increase in Intangible assets in the consolidated statement of financial position was EUR 202 thousand on 1 July 2020, EUR 357 thousand on 30 June 2021, and EUR 359 thousand on 30 June 2022. Employee benefits in the income statement decreased by EUR 155 thousand in the comparison period ended 30 June 2021, and by EUR 1 thousand in the reporting period ended 30 June 2022.

Some of Nightingale Health's development assets were incomplete on 1 July 2020, 30 June 2021 and 30 June 2022. Nightingale Health performed impairment testing at 1 July 2020, 30 June 2021 and 30 June 2022. No impairment was identified based on the impairment testing.

2) Leases

In its FAS financial statements Nightingale Health recognized lease payments as expenses in the period to which they related. Nightingale Health adopted IFRS 16 *Leases* using the full retrospective approach with right-of-use assets and lease liabilities determined starting from lease commencement date. Nightingale Health's leases mainly relate to premises, equipment and cars.

- As result of the change in accounting of leases Nightingale Health recognized right-of-use assets amounting to EUR 5,811 thousand and Lease liabilities EUR 4,939 thousand on 1 July 2020. In addition, the accrued lease items recorded under FAS financial information were adjusted by reducing the items Other assets by EUR 263 thousand, Trade and other receivables by EUR 179 thousand and increasing Trade other payables by EUR 4 thousand. An adjustment amounting to EUR 427 thousand was recognized to Accumulated losses reflecting the differences in the adjustments due to the changes in lease accounting.
- Right-of-use assets amounted to EUR 5,652 thousand and Lease liabilities EUR 4,822 thousand on 30 June 2021. In addition, the accrued lease items recorded under FAS financial information were adjusted by reducing the items Other assets by EUR 84 thousand, Trade and other receivables by EUR 179 thousand and Trade other payables by EUR 224 thousand. An adjustment amounting to EUR 791 thousand was recognized to Accumulated losses reflecting the differences in the adjustments due to the changes in lease accounting.
- Right-of-use assets amounted to EUR 3,864 thousand and Lease liabilities EUR 3,179 thousand on 30 June 2022. In addition, the accrued lease items recorded under FAS financial information were adjusted by reducing the items Trade and other receivables by EUR 84 thousand and Trade other payables by EUR 144 thousand. Further, Nightingale Health had redeemed two NMR devices and EUR 600 thousand was recognized in Property, plant and equipment on 30 June 2022. An adjustment amounting to EUR 1,344 thousand was recognized to Accumulated losses reflecting the differences in the adjustments due to the changes in lease accounting.

- In the consolidated statement of income, the lease expenses previously presented under Other expenses were reversed, and depreciation and interest costs recognized. The adjustments resulted in a positive effect on profit or loss mainly due to leases where depreciation period exceeded the related lease term as Nightingale Health expects to exercise the purchase options of the assets.
 - For the financial year ended 30 June 2021, lease payments were reversed from Other expenses of EUR 1,966 thousand and Other income of EUR 1 thousand and interest charges of EUR 263 thousand were recognized and depreciation of the right-of-use assets amounted to EUR 1,339 thousand.
 - For the reporting period ended on 30 June 2022, lease payments of EUR 2,065 thousand were reversed from Other income of EUR 1 thousand and interest charges of EUR 206 thousand were recognized and depreciation of the right-of-use assets amounted to EUR 1,307 thousand.

Nightingale Health did not recognize in consolidated statement of financial position short-term leases (a lease that, at the commencement date, has a lease term of 12 months or less) and leases for which the underlying asset is of low value (each asset with a value of approximately EUR 5 thousand or less when new). Nightingale Health recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term in Other expenses. The treatment is in line with the FAS principle.

3) IPO costs

In its FAS financials statements, Nightingale Health recognized IPO transaction costs under Finance costs. In the transition to IFRS, Nightingale Health adjusted the transaction costs attributable to issuing new shares as a decrease in equity. The adjustments totaled to EUR 6,469 thousand resulting in a decrease in Finance costs and deduction of the transaction costs directly from Invested unrestricted equity in the financial year ended on 30 June 2021. In addition, EUR 1,110 thousand of transaction costs excluding new shares were adjusted from Finance costs to Other expenses.

4) Share-based payments

Nightingale Health has share option plans for its employees and other key personnel and the related payments are made with equity instruments. In FAS financial statements the option plans had not been recognized in profit or loss. IFRS 2 *Share-based Payments* requires share options be measured at the grant-date fair value and recognized as expenses over the vesting period. A contra-entry is made to equity, so the equity balance is not affected. The resulting change was increase of EUR 3,886 thousand in the Employee benefits in the financial year ended 30 June 2021 and an increase of EUR 3,527 thousand in the Employee benefits in the reporting period ended 30 June 2022. Share-based payments directly attributable to capitalized development projects were capitalized to Intangible assets. Nightingale Health has granted a discount on the subscription price of the share issues carried out in 2017 and 2018 to employees and other key personnel. Under FAS, the subscription price of the share has been recorded in the company's reserve for invested unrestricted equity. The benefit received by employees and other key personnel from the discount granted in share issues has been recorded as an expense in the statement of income under FAS. Under IFRS, the received payments have been recognized as expenses over the vesting period and counter-entry is made to equity.

5) Sale and leaseback

In 2021 Nightingale Health entered into two sale and leaseback transactions of NMR devices (instruments for performing NMR measurement). In its FAS financial statements as at 30 June 2021 Nightingale Health had accounted for the transactions as a sale of the NMR devices. As the IFRS recognition criteria for a sale were not met, the transactions were reversed in IFRS, the assets re-recognized in Property, plant and equipment and Loans and borrowings were recognized corresponding to the payment received.

- On 30 June 2021, the resulting change was an increase of Property, plant and equipment totaling EUR 1,227 thousand, Loans and borrowings EUR 1,239 thousand and Trade and other payables EUR 5 thousand, and a decrease of Accumulated losses EUR 18 thousand. Respectively, in the financial year ended 30 June 2021 the adjustments comprised an increase of Depreciation, amortization and impairment losses EUR 13 thousand and Finance costs EUR 5 thousand. As the sale and leaseback was executed in the end of the financial year, no lease expenses were accrued, and consequently no adjustment recognized. Further, no gain or loss had realized as the payment received equaled the cost of the devices.
- On 30 June 2022, the resulting change was an increase of Property, plant and equipment totaling EUR 1,694 thousand, Loans and borrowings EUR 1,527 thousand, Trade and other payables EUR 6 thousand and Accumulated losses EUR 164 thousand. Respectively, in the financial year ended 30 June 2022, the adjustments comprised an increase of Depreciation, amortization and impairment losses EUR 165 thousand, and a decrease of Other expenses EUR 403 thousand and Finance costs EUR 59 thousand.

6) Revenue recognition

IFRS includes the 5-step model for revenue recognition. Revenue is recognized over time or at the point in time on a performance obligation level. First, it is analyzed whether the over-time revenue recognition criteria are met and if not, revenue is recognized at a point in time. In the transition to IFRS revenue recognized in FAS was adjusted as the delivery-based method, i.e. at a point in time, changed to over time revenue recognition. The resulting change was an increase of Revenue amounting to EUR 224 thousand in the financial year ended on 30 June 2021 as well as a decrease of EUR 26 thousand in Advances received and an increase of EUR 198 thousand in Trade and other receivables. In the financial year ended on 30 June 2022, net increase of Revenue amounting to EUR 108 thousand including both the revenue accrual at the end of the period as well as the reversal of revenue already recognized in FAS but recognized in the previous period in IFRS. A decrease of EUR 180 thousand was recorded in Advances received and an increase of EUR 151 thousand was recorded in Trade and other receivables. Nightingale Health had no customer contracts, that were not completed, at the date of transition to IFRS on 1 July 2020, thus no adjustment was recognized on 1 July 2020.

7) Financial instruments

The following tables and related explanations include adjustment related to financial instruments. These adjustments are presented as aggregate amounts in the IFRS transition reconciliations.

EUR thousand	i	ii	iii	iv	v	iv	Total 1 July 2020 - 30 June 2021
Finance costs	-8	-	-	-1,609	-15	-	-1,633
Net finance costs	-8	-	-	-1,609	-15	-	-1,633
Profit (loss) before tax	-8	-	-	-1,609	-15	-	-1,633
Profit (loss) for the period	-8	-	-	-1,609	-15	-	-1,633

EUR thousand	i	ii	iii	iv	v	vi	Total 1 July 2021 - 30 June 2022
Finance income	-	-241	-	-	-	-	-241
Finance costs	-7	-	-	-	-	-	7
Fair value change in investment in convertible loan	-	1,447	-	-	-	-	1,447
Net finance costs	-7	1,206	-	-	-	-	1,199
Profit (loss) before tax	-7	1,206	-	-	-	-	1,199
Profit (loss) for the period	-7	1,206	-	-	-	-	1,199

EUR thousand	i	ii	iii	iv	v	vi	Total 1 July 2020
Equity							
Reserve for invested unrestricted equity	-	-	-	-	-512	-	-512
Equity loans	-	-	-	-	-	-161	-161
Accumulated losses	38	-	-400	-	-71	161	-272
Total equity	38	-	-400	-	-583	-	-945
Non-current liabilities							
Loans and borrowings	-38	-	-	-	583	-	545
Total non-current liabilities	-38	-	-	-	583	-	545
Current liabilities							
Trade and other liabilities	-	-	400	-	-	-	400
Total current liabilities	-	-	400	-	-	-	400
Total liabilities	-38	-	400	-	583	-	945
Total equity and liabilities	-	-	-	-	-	-	-

EUR thousand	i	ii	iii	iv	v	vi	Total 30 June 2021
Equity							
Reserve for invested unrestricted equity	-	-	-	1 609	87	-161	1 535
Accumulated losses	30	-	-400	-1 609	-87	161	-1 905
Total equity	30	-	-400	-	-	-	-370
Non-current liabilities							
Loans and borrowings	-30	-	-	-	-	-	-30
Total non-current liabilities	-30	-	-	-	-	-	-30
Current liabilities							
Trade and other payables	-	-	400	-	-	-	400
Total current liabilities	-	-	400	-	-	-	400
Total liabilities	-30	-	400	-	-	-	370
Total equity and liabilities	-	-	-	-	-	-	-

EUR thousand	i	ii	iii	iv	v	vi	Total 30 June 2022
Non-current assets							
Investment in convertible loan	-	1 206	-	-	-	-	1 206
Total non-current assets	-	1 206	-	-	-	-	1 206
Total assets	-	1 206	-	-	-	-	1 206
Equity							
Reserve for invested unrestricted equity	-	-	-	1 609	87	-161	1 535
Accumulated losses	23	1 206	-400	-1 609	-87	161	-706
Total equity	23	1 206	-400	-	-	-	829
Non-current liabilities							
Loans and borrowings	-23	-	-	-	-	-	-23
Total non-current liabilities	-23	-	-	-	-	-	-23
Current liabilities							
Trade and other payables	-	-	400	-	-	-	400
Total current liabilities	-	-	400	-	-	-	400
Total liabilities	-23	-	400	-	-	-	377
Total equity and liabilities	-	1 206	-	-	-	-	1 206

(i) Effective interest rate method: Previously Nightingale Health measured its financial liabilities at their nominal values. In the transition to IFRS Nightingale Health adopted the effective interest rate method (EIR), which decreased the original loan value with the amount of the transaction costs. The amortization of the transaction costs to finance costs increased the finance cost.

(ii) Investments at fair value through profit or loss: In June 2021, the Nightingale Health made a convertible loan investment of EUR 3.3 million (4 million USD) in at-home blood collection device manufacturer Weavr Health Corp ("Weavr"). In FAS the investment was written down due to weakened availability of funding for growth companies based on the principle of prudence in Finnish accounting act on the financial year ended on 30 June 2022. In IFRS the investment is recorded at fair value through profit or loss. The fair value of the investment is EUR 1,206 thousand was adjusted to Investment in convertible loan on 30 June 2022 resulting in a negative change in Fair value change in investment in convertible loan in the financial year ended 30 June 2022.

(iii) Non-utilization fee for loan facility: Prior to transition, Nightingale Health had not expensed the commitment fee for the loan facility agreed with the European Investment Bank, as the loan had not been drawn. Nightingale Health recognized the non-utilization fee of EUR 400 thousand under Trade and other payables in the opening IFRS statement of financial position 1.7.2020 as the loan had not been withdrawn in set limit. The fee remained unpaid on 30 June 2021 and 30 June 2022.

(iv) Convertible loan: Nightingale Health drew a convertible loan of EUR 1 million in July 2020. The convertible loan was presented at nominal value under FAS. In IFRS the convertible loan was recognized at fair value through profit or loss, and it was converted into shares in February 2021. The loss on change in fair value of EUR 1,609 thousand was recognized under Finance costs in the financial year ended on 30 June 2021.

(v) Obligation to redeem own shares: On the date of the opening IFRS statement of financial position 1 July 2020, Nightingale Health had an obligation to redeem its own shares if the counterparty so required. Nightingale Health had not recognized a liability for the obligation in the FAS financial statements. In the IFRS transition, the obligation amounting to EUR 583 thousand was recorded as a liability subsequently measured at amortized cost, and the interest accrued prior to the transition to IFRS, EUR 71 thousand, to Accumulated losses. The obligation expired in connection with the IPO in March 2021 and was reclassified to equity. In the financial year ended on 30 June 2021, EUR 15 thousand was recognized under Finance costs.

(vi) Transaction costs of convertible capital loans: In FAS financial information transaction costs for loans and borrowings were expensed. In the IFRS transition the transaction costs for the convertible capital loans of EUR 161 thousand were reclassified from Accumulated losses to decrease the carrying amounts of the loans in question. The transaction costs were reclassified to Reserve for invested unrestricted equity when the loans were converted to shares in the financial year ended on 30 June 2021.

8) Other adjustments and reclassifications

The following summary discusses adjustments and reclassifications that are presented as aggregate amounts in the IFRS transition reconciliations.

(i) Reclassifications: In its FAS financial statements Nightingale Health had leasehold improvements capitalized as long-term expenditure under Intangible assets and leasehold improvement related prepayments in Trade and other receivables as well as Other assets. In the transition to IFRS the leasehold improvements were reclassified to Property, plant and equipment (PPE).

- On 1 July 2020 the resulting adjustment increased PPE and decreased Trade and other receivables by EUR 301 thousand.
- On 30 June 2021 the adjustments increased PPE by EUR 467 thousand, decreased Intangible assets EUR 237 thousand, Other assets by EUR 160 thousand and Trade and other receivables by EUR 71 thousand.
- On 30 June 2022 the adjustments increased PPE by EUR 319 thousand and decreased Intangible assets EUR 159 thousand, Other assets EUR 71 thousand and Trade and other receivables by EUR 89 thousand.
- In respect of the leasehold improvements Nightingale Health reclassified from Other expenses to Depreciation, amortization and impairment losses EUR 69 thousand in the financial year ended 30 June 2021 and EUR 69 thousand in the reporting period ended 30 June 2022.

(ii) Nightingale Health established a joint venture in 2020 and paid its investment by entered into an exclusive license agreement of its technology. The license transferred by Nightingale Health was measured in the IFRS consolidated statement of financial position at fair value, less deferred taxes and unrealized margin. Further, by applying the equity method the joint ventures result was adjusted by amortization of the license. The resulting adjustments increased the Investment in joint venture and Share of joint venture's result by EUR 69 thousand in the comparative period ended on 30 June 2021. An expense of EUR 43 thousand was recorded on Share of joint venture's result in comparative period ended on 30 June 2022 and an increase of EUR 26 thousand in Investment in joint venture in the reporting period ended 30 June 2022.

(iii) Translation differences: Nightingale Health elected to apply the exemption granted under IFRS 1 for cumulative translation differences. Therefore, the cumulative translation differences for all foreign operations were deemed to be zero at the date of transition to IFRS on 1 July 2020. This adjustment amounted to EUR 1 thousand, increasing Accumulated losses. The translation differences arising from foreign operations, recognized in Other comprehensive income and Other reserves in IFRS, amounted to EUR 12 thousand in the comparative period ending on 30 June 2021 and EUR 29 thousand in the reporting period ending on 30 June 2022.

(iv) Business combinations: Nightingale Health acquired Yolife GmbH in July 2021. In its FAS financial statements Nightingale Health determined consolidated goodwill as the excess of the cost of the acquisition over the acquisition-date equity of the subsidiary and recognized amortization of consolidated goodwill. Under IFRS the assets and liabilities of Yolife GmbH were measured at fair value at the acquisition date and the amortization recognized in FAS was reversed. Consequently, on 30 June 2022, Intangible assets increased by EUR 388 thousand, Goodwill decreased by EUR 335 thousand, Deferred tax liabilities increased by EUR 100 thousand and Accumulated losses decreased by EUR 30 thousand.

In the reporting period ended 30 June 2022, the adjustments in Depreciation, amortization and impairment losses include reversal of the amortization of consolidated goodwill as well as recognition of amortization of the said intangible assets resulting in a decrease of amortization expense by EUR 75 thousand. Further, transaction-related costs amounting to EUR 64 thousand were recognized in Other expenses as well as remuneration related expenses were decreased by EUR 11 thousand and change in deferred taxes in Income tax expense of EUR 8 thousand. A part of the consideration was paid in Nightingale Health's shares which were recognized at contract value in FAS and remeasured at fair value in IFRS. Consequently, a decrease of EUR 76 thousand was recognized in Reserve for invested unrestricted equity.

(v) Deferred taxes: Deferred tax adjustments were recognized on IFRS adjustments where applicable. Deferred tax assets were recognized for deductible temporary differences only to the extent that it is probable that future taxable profits will be available. Deferred tax assets and deferred tax liabilities were offset to the extent they relate to the same taxation authority and Nightingale Health has a legally enforceable right to set off current tax assets against current tax liabilities.

3 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

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.

Had the acquisitions occurred on 1 July 2021, the consolidated pro-forma revenue would have totaled EUR 2,313 thousand and loss for the financial year would have amounted to EUR 16,121 thousand.

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 14 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.

4 Revenue and segment information

Accounting policy

Nightingale Health's promise to its customers, the performance obligation, is a service of transforming information in the blood samples into

- a report of health data, such as biomarker values, to be used in medical research (research business) or
- health information to be used in preventative health care, such as health index (healthcare providers or My Nightingale) or
- an estimate of healthy years (Livit).

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. 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 main source of revenue has been Nightingale Health Research Services which is a service of biomarker profiling, 250 biomarkers per blood sample, and it is offered to universities and research institutions. Nightingale Health was in an early stage of commercializing its services for consumers and private healthcare providers, thus, a smaller part of the Group's revenue has been generated from consumers and private healthcare providers during the financial years ended on 30 June 2022 and 30 June 2021.

Revenue by geographical market

EUR thousand	1 July 2021 - 30 June 2022	1 July 2020 - 30 June 2021
Finland	425	370
UK	950	475
Rest of Europe	556	513
Others	381	947
Total	2,313	2,305

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 June 2022	30 June 2021	1 July 2020
Trade receivables	138	27	367
Contract assets	151	198	-
Contract liabilities	1,201	1,814	224
- of which revenue recognized during the next financial year	-	778	135

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. Contract liabilities increased during the period ended on 30 June 2021 due to the COVID-19 pandemic as the slowing down and partial suspension of commercial air traffic delayed the delivery of blood samples to Nightingale Health's laboratory in Finland.

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 due to exceptional circumstances arising from COVID-19.

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 2021–2022 Nightingale Health had one customer, whose share of the Group's revenue was more than 10%. The total amount of revenue received from this customer was EUR 474 thousand. In the financial year 2020–2021, the Group had no individual customers whose share of revenue exceeded 10%.

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 June 2022	30 June 2021	1 July 2020
Finland	24,876	24,029	18,277
Japan	1,468	467	-
Total	26,344	24,496	18,277

5 Other income

Accounting policy

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

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.

EUR thousand	1 July 2021 - 30 June 2022	1 July 2020 - 30 June 2021
Grants received	220	285
Other income	43	19
Total	263	304

6 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	1 July 2021 - 30 June 2022	1 July 2020 - 30 June 2021
Purchase expenses	-890	-764
Change in inventories	-68	473
External services	-79	-28
Total	-1,037	-319

Purchases in the amount of EUR 49 (18) thousand and external services in the amount of EUR 0 (60) thousand have been capitalized in development expenditure during the financial period.

7 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 8 Share-based payment and those on the compensation of the key management personnel in Note 26 Related party transactions.

Employee benefit expenses recognized in profit or loss

EUR thousand	1 July 2021 - 30 June 2022	1 July 2020 - 30 June 2021
Salaries and wages	-2,428	-2,259
Pension expenses (defined contribution plans)	-329	-253
Other social security expenses	-216	-122
Share-based payments	-3,526	-3,731
Total	-6,499	-6,365
The average number of employees for the financial year	64	76

The table above shows employee benefits less employee benefit costs capitalized in development costs under intangible assets. Capitalized employee benefits totaled EUR 2,453 thousand (EUR 1,580 thousand), of which EUR 1 thousand (EUR 139 thousand) were capitalized share-based payments. The total (gross) employee benefits amounted to EUR 8,952 thousand (EUR 7,945 thousand).

8 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 derived vesting period for options with market conditions is aligned with the assumptions used in determining the fair value, and it will not be further adjusted. The derived 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 in which the right to subscribe options is earned mainly based on increase in the company's market capitalization as well as 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 right to subscribe part of the options is earned based on future increase in 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.

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 capitalisation is at least EUR 500 million	½ of the total maximum number of option rights when the company's market capitalisation is at least EUR 1000 million	-	-
2022 Key persons Option Program	½ of the total maximum number of option rights when the company's market capitalisation is at least EUR 500 million	½ of the total maximum number of option rights when the company's market capitalisation is at least EUR 1000 million	-	-
2022 Management Team Option Program	100 000 option rights when 12 months has passed since the beginning of the employment	250 000 option rights when the company's market capitalisation is at least EUR 1 000 million	250 000 option rights when the company's market capitalisation is at least EUR 1 250 million	400 000 option rights when the company's market capitalisation 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 capitalisation is at least EUR 1 000 million	150 000 option rights when the company's market capitalisation is at least EUR 1 250 million	200 000 option rights when the company's market capitalisation is at least EUR 1 500 million
	150 000 option rights when the company's market capitalisation is at least EUR 1 000 million	150 000 option rights when the company's market capitalisation is at least EUR 1 250 million	200 000 option rights when the company's market capitalisation 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 capitalisation is at least EUR 1 000 million	½ of the total maximum number of option rights when the company's market capitalisation 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 Chairman's Options

The Chairman 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 Chairman of the Board of Directors is entitled to,

- stock options equalling 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 equalling 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 of Directors chairmanship ends the Chairman shall maintain the right to subscribe for shares with the stock options that have vested before the end of the chairmanship.

2020 Board Member 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 equalling 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 equalling 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 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 Chairman's options	2020 Board member options
Subscription price	1.42	1.63	1.63	2.48
Number of shares 30 June 2022*	2,164,190	480,396	2,269,841	695,310
Number of shares 30 June 2021*	2,581,677	947,548	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	6.75**	6.75**	6.75**	6.75**
Number of shares 30 June 2022	5,200,000	270,200	2,100,000	200,000
Number of shares 30 June 2021	5,200,000	0	0	0
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:11 Sep 2024 1000m:9 Aug 2029	500m:14 May 2030 1000m:14 May 2031	1000m:14 May 2031 1250m:14 Nov 2032 1500m:14 May 2032	1000m:14 May 2030 1500m: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

**) Subsequent to the end of the financial period ending at 30 June 2022, The Board of Directors of Nightingale Health has resolved to change the subscription price of shares to EUR 2.50

Assumptions used in determining fair value

Option program	EMP II	EMP III	2020 Chairman's options	2020 Board member options
Subscription price	1.42	1.63	1.63	2.48
Share price at the grant date	1.42	1.63	1.63	2.48
Maturity	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	-	-	-	-
Valuation model	Black-Scholes	Black-Scholes	Black-Scholes, Binomial model	Black-Scholes, Binomial model
Fair value	EUR 0.6-0.7	EUR 0.77-0.78	EUR 0.12–0.78	EUR 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	6.75*	6.75*	6.75*	6.75*
Share price at the grant date	6.75	1.85	2.05	2.05
Maturity	9.5	11.5	9.9	9.9
Expected volatility	41.2%	42.6%–43.1%	42.3%	42.3%
Risk-free rate	-0.13%	1.3%–2.74%	1.30%	1.30%
Expected dividends	-	-	-	-
Valuation model	Binomial model	Binomial model	Black-Scholes, Binomial model	Binomial model
Fair value	EUR 3.15–3.31	EUR 0.48–0.6	EUR 0.31–0.51	EUR 0.31-0.40

*) Subsequent to the end of the financial period ending at 30 June 2022, The Board of Directors of Nightingale Health has resolved to change the subscription price of shares to EUR 2.50

Summary of option programs	2022		2021	
	Average exercise price per option	Number of options	Average exercise price per option	Number of options
Outstanding on 1 July 2021	3.91	11,694,376	1.42	3,642,100
Granted during period	6.75	2,570,200	4.23	9,570,821
Forfeited during period	1.53	-598,388	1.53	-1,477,910
Exercised during period	1.53	-286,251	1.53	-40,635
Outstanding on 30 June 2022		13,379,937		11,694,376
Exercisable on 30 June 2022	1.55	3,555,111	1.55	5,123,020
Weighted average price of shares at the date of exercise		2.97		5.36

Impact of share-based payments on income statement and statement of financial position	1 July 2021 – 30 June 2022	1 July 2020 – 30 June 2021
Employee benefits recognized in profit and loss	3 526	3 731
Capitalized to intangible assets	1	139
Total	3 527	3 870

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.

9 Other expenses

Accounting policy

Other expenses include expenses other than those related to sale of goods sold and employee benefits, such as service and maintenance, 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	1 July 2021 - 30 June 2022	1 July 2020 - 30 June 2021
Other personnel-related expenses	-285	-59
Maintenance	-570	-851
Sales and marketing	-968	-23
Administrative	-1,358	-933
Costs related to Initial public offering (IPO)	-	-1,110
Research and development (R&D)	-1,225	-347
Other	-	-28
Total	-4,406	-3,351

Costs related to initial public offering are other costs than the portion of transactions costs relating to the issue of new shares. Transaction costs related to issue of new shares, EUR 6,469 thousand, were recognized in equity under the reserve for invested unrestricted equity as deduction for the share issue.

Other expenses include R&D expenses of EUR 1,225 thousand which did not meet the criteria for being capitalized in development costs. The R&D expenses increased during the financial year ended on 30 June 2022 due to strategic investments that enabled the launch of at-home testing solution for consumers.

Fees to auditors

EUR thousand	1 July 2021 - 30 June 2022	1 July 2020 - 30 June 2021
Audit fees	-50	-25
Engagement related to auditing act 1.1.2 §	-13	-8
Tax consultancy	-	-4
Other fees	-33	-342
Total	-95	-379

10 Depreciation, amortization and impairment losses

Accounting policy

Depreciation and amortization is 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 15 Property, plant and equipment and 13 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 14 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 recorded no impairment losses on intangible assets in the financial years 1 July 2021–30 June 2022 and 1 July 2020–30 June 2021.

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 2021–30 June 2022 and 1 July 2020–30 June 2021.

Depreciation and amortization

EUR thousand	1 July 2021 - 30 June 2022	1 July 2020 - 30 June 2021
Intangible assets		
Other technology	-30	-
Applications	-856	-539
Laboratory technology	-1,290	-199
Risk models	-295	-219
Total	-2,471	-957
Property, plant and equipment		
Machinery and equipment	-326	-61
Buildings and structures	-141	-97
Total	-467	-157
Right-of-use assets		
Right-of-use assets	-1,307	-1,339
Total	-1,307	-1,339
Total depreciation and amortization in profit or loss	-4,244	-2,453

11 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 2022, 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	1 July 2021 - 30 June 2022	1 July 2020 - 30 June 2021
Current tax for the financial year	-3	-2
Current tax adjustments for prior years	-2	-
Change in deferred taxes	108	-
Total	103	-2

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

EUR thousand	1 July 2021 - 30 June 2022	1 July 2020 - 30 June 2021
Loss before tax	-16,194	-9,723
Tax using the Finnish corporate tax rate (20%)	3,239	1,945
Unrecognized deferred tax assets on tax losses for the period	-2,050	-2,160
Share based payments	-705	-746
Share issue costs	-	1,294
Fair value change in investment in convertible loan	-462	-
Change in fair value of investments	-	-322
Share of joint venture's result	-9	14
Taxes for prior financial years	-2	-
Other	92	-27
Taxes in the income statement	103	-2

Changes in deferred tax assets and deferred tax liability balances

EUR thousand	1 July 2021	Recognized in profit or loss	Business combination	30 June 2022
Deferred tax assets				
Tax losses carried forward	123	182	-	305
Intra-group margins	-	49	-	49
Total	123	231	-	354
Deferred tax liabilities				
Leases	-72	-110	-	-182
Financial instruments	-6	1	-	-5
Revenue recognition	-45	-21	-	66
Fair value measurement of intangible assets	-	7	-108	-101
Total	-123	-123	-108	-354
Netting				354
Deferred tax asset / liability, net	0	108	-108	0

EUR thousand	1 July 2020	Recognized in profit or loss	Business combination	30 June 2021
Deferred tax assets				
Tax losses carried forward	7	116	-	123
Total	7	116	-	123
Deferred tax liabilities				
Leases	1	-73	-	-72
Financial instruments	-8	2	-	-6
Revenue recognition	-	-45	-	-45
Total	-7	-116	-	-123
Netting				123
Deferred tax asset / liability, net	-	-	-	0

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 2022 and 30 June 2021.

Tax losses for which no deferred tax asset is recognized

EUR thousand	30 June 2022	30 June 2021
Tax losses	31,481	21,385

Of the tax losses carried forward for which no deferred tax asset is recognized, EUR 30,984 thousand have arisen in the parent company Nightingale Health Plc (EUR 20,973 thousand on 30 June 2021 and EUR 10,801 thousand on 1 July 2020). 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. EUR 10,836 thousand of the losses expire between 2026 and 2030 and EUR 20,148 thousand between 2031 and 2032. Tax losses of EUR 497 thousand (EUR 412 thousand) have been incurred by the subsidiaries in Japan and the USA.

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 5,006 thousand on 30 June 2022 (EUR 2,843 thousand on 30 June 2021 and EUR 2,135 thousand on 1 July 2020).

12 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

	1 July 2021 - 30 June 2022	1 July 2020 - 30 June 2021
Profit attributable to owners of the company (loss)	-16,091	-9,725
Weighted average number of ordinary shares outstanding during the financial year (1,000 pcs)	60,239	41,670
Basic and diluted earnings per share, Series A and Series EMP (EUR)	-0.27	-0.23
Basic and diluted earnings per share, Series B (EUR)	-0.27	-0.23

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.

The figures have been adjusted to take into account the effect of the directed share issue (share split) decided on 18 February 2021.

13 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, is 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 14 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 3 Business combinations.

Reconciliation of carrying amounts

30 June 2022 EUR thousand	Goodwill	Other technology	Applications	Laboratory technology	Risk models	Total
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	3,753	17,272

30 June 2021 EUR thousand	Applications	Laboratory technology	Risk models	Total
Cost				
Balance on 1 July 2020	2,881	5,250	2,020	10,151
Additions	1,092	886	611	2,590
Balance on 30 June 2021	3,973	6,136	2,631	12,740
Accumulated amortization and impairment losses				
Balance on 1 July 2020	-	-	-	-
Amortization	-539	-199	-219	-958
Balance on 30 June 2021	-539	-199	-219	-958
Carrying amount on 1 July 2020	2,881	5,250	2,020	10,151
Carrying amount on 30 June 2021	3,434	5,938	2,412	11,783

Research and development costs expensed totaled EUR 1,225 thousand in the financial year 1 July 2021 - 30 June 2022.

14 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 such as metabolism and disease risks in a comprehensive way, including laboratory technology and risk models that identify 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, so that no intangible asset of Nightingale Health generates cash flows more or less independently and all assets are a single cash-generating unit, respectively.

Nightingale Health acquired Yolife GmbH and Negen Oy in the financial year ended 30 June 2022. The goodwill arisen totaled EUR 1,023 thousand. Nightingale Health had no goodwill on 1 July 2020 nor on 30 June 2021. Further details are provided in Note 3 Business combination.

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

EUR thousand	30 June 2022	30 June 2021	1 July 2021
Goodwill	1,023	-	-
Intangible assets not yet available for use	1,638	3,514	7,503
Total	2,661	3,514	7,503

Test 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 with the product development phase substantially completed 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 at the end of the financial year, the value-in-use calculations rely on the budget prepared by management and approved by the the Group's Board of Directors for the financial year 2022-2023 and on forecasts for the following four years. For the impairment tests performed as at 1 July 2020 and 30 June 2021, the value-in-use calculations are derived from the rate of return computations approved by the Board of Directors for a five-year forecast period.

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 18.5 % 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 64% 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 and beyond has been estimated at 28 %.

For the impairment tests performed as at 1 July 2020 and 30 June 2021, the corresponding assumptions were a discount rate of 14.1% and 18.7% and a revenue growth rate after the forecast period of 2% and 2%.

No need for impairment was identified based on the impairment test performed as at 30 June 2022. 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. Furthermore, the impairment tests performed as at 1 July 2020 and 30 June 2021 did not indicate the need to recognize any impairment.

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 financial year ended. 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.

The discount rate (WACC) is estimated on the basis of a range 12%-20%, taking into account the risk level of growth companies. The discount rate used by management was the average of the above range, i.e., 18.5% (pre-tax).

15 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 2022 Nightingale Health invested in increasing its analysis capacity in its laboratories in Finland and Japan. The investments were completed in Japan in December 2021. The decision to expand the laboratory located in Tokyo was done following the development in Nightingale Health's Japan market entry, including the extensive collaboration with Biobank Japan to

realize personalized medicine and prevention in Japan and initial commercial advancements, which are expected to bring an increasing number of blood samples to be analyzed in the laboratory.

Reconciliation of carrying amounts

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

EUR thousand	Leasehold improvement costs	Machinery and equipment	Total
2021			
Cost on 1 July	353	1,383	1,736
Additions	250	632	883
Exchange rate differences	12	-	12
Cost on 30 June	616	2,015	2,631
Accumulated depreciation and impairment on 1 July	-52	-7	-59
Depreciation	-97	-61	-157
Accumulated depreciation and impairment on 30 June	-148	-68	-217
Carrying amount on 1 July	301	1,375	1,677
Carrying amount on 30 June	467	1,947	2,414

16 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.

Depreciation by class of right-of-use asset

EUR thousand	1 July 2021 - 30 June 2022	1 July 2020 - 30 June 2021
Business premises	-698	-662
Laboratory equipment	-475	-539
Other	-133	-139
Total	-1,307	-1,339
Interest expenses on leases	-206	-263

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	1 July 2021 - 30 June 2022	1 July 2020 - 30 June 2021
Cash outflow for leases of low-value assets	-80	-107
Cash outflow for other leases	-1,968	-1,562
Total	-2,048	-1,669

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 2020				
Carrying amount	2,567	2,995	249	5,811
On 30 June 2021				
Additions to right-of-use assets	1 116	-	85	1,201
Carrying amount at year-end	3,021	2,454	176	5,651
On 30 June 2022				
Additions to right-of-use assets	44	-	112	156
Carrying amount at year-end	2,367	1,379	117	3,863

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

Lease liabilities

EUR thousand	30 June 2022	30 June 2021	1 July 2020
Current	1,122	1,685	1,365
Non-current	2,057	3,137	3,574
Total	3,179	4,822	4,939

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 24 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.

17 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 June 2021	30 June 2021	1 July 2020
Materials and services	591	451	186
Advance payments	-	207	-
Total	591	658	186

Nightingale Health recognized a write-down on inventories amounting to EUR 390 thousand (EUR 0 thousand) in the financial year ended on 30 June 2022. 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 2021-2022, Nightingale Health has expensed the cost of inventories amounting to EUR 238 thousand (EUR 61 thousand). The expense is presented in Materials and services in the income statement.

18 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 4 Revenue and segment information, and the measurement principles applied to trade receivables in Note 22 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 22.

Disaggregation of trade and other receivables

EUR thousand	30 June 2022	30 June 2021	1 July 2020
Trade receivables	138	27	367
Contract assets	151	198	-
Other receivables	98	157	7,380
Government grant receivable	726	135	-
Prepaid expenses	288	167	267
Total	1,402	685	8,014

Analysis of Group's trade receivables by age category

EUR thousand	30 June 2022	30 June 2021	1 July 2020
Current	128	8	315
Past due 1–30 days	10	-	-
Past due 30–90 days	-	17	31
Past due 91–180 days	-	-	4
Past due over 180 days	-	-	16
Total	138	27	367

The company 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 company has historically had no credit losses. The results for the blood tests will only be released after the full payment has been made.

On 1 July 2020, other receivables included undrawn funds of EUR 6,818 thousand deposited in the escrow account, which the Company had not yet withdrawn as of 1 July 2020. More information about the equity loan is provided in Note 19 Equity.

Nightingale Health has received public grant from Business Finland for a product development project. Nightingale Health has submitted the final report on the project and considers that it has met the conditions for receiving the grant and expects to receive a grant, so the grant corresponding to the accumulated costs has been recognized in the consolidated balance sheet.

19 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.
- Equity loan: The equity item includes EUR 6,818 thousand equity loan classified as an equity in the opening IFRS balance sheet. In connection with the investment and cooperation agreement concluded in November 2019, the company entered into an equity loan agreement (equity loan classified as an equity) with Kirin Holdings, Limited (“Kirin”) and Mitsui & Co., Ltd (“Mitsui”). Under the agreements with Kirin and Mitsui, Kirin and Mitsui paid each separately in November 2019 EUR 3,409 thousand (total EUR 6,818 thousand) into the company’s bank account. In addition, Kirin and Mitsui paid each separately in November 2019 EUR 3,409 thousand (total EUR 6,818 thousand) into an Escrow account the corresponding amount of which was presented in financial liabilities on 1 July 2020. The amount in the escrow account could only be withdrawn by the company if certain conditions were met. The equity loan was classified as an equity in accordance with Chapter 12 of the Limited Liability Companies Act, the loan had no maturity date, and in addition, according to the terms, the repayment of the loan’s interest and capital was under the control of the company. In July 2020, the company withdrew additional funding of EUR 2,000 thousand from the Escrow account. The equity loans in accordance with the agreements signed with Kirin and Mitsui, the funds in the Escrow account and the previously accrued interest on undrawn funds, totalling EUR 13,722 thousand, were converted in accordance with the loan terms in February 2021 into a total of 5,404,154 series B shares.
- 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 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 Serie A shares	Pcs Serie B shares	Pcs Serie EMP shares
1 July 2020	8	12,250	63,686	45,978	5,530
Share capital increase	72	-72	-	-	-
Directed share issue 12 Dec 2020*	-	7,494	10,046	-	-
Directed share issue 12 Dec 2020*	-	1,299	1,742	-	-
Free share issue 18 Feb 2021*	-	-	19,105,800	13,793,400	1,659,000
Directed share issue 25 Feb 2021*	-	-	3,536,400	-	-
Directed share issue 25 Feb 2021*	-	2,609	-	607,418	-
Directed share issue 25 Feb 2021*	-	13,722	-	5,404,154	-
Share subscriptions with options	-	26	-	-	18,060
Cancellation of treasury shares	-	-	-	-	-18,060
Bonus issue	-	-	-	2,444,440	-
Initial public offering share issue 19 Mar. 2021*	-	103,531	-	16,296,300	-
Cancellation of treasury shares	-	-	-	-2,444,440	-
Acquisition of treasury shares	-	-68	-	-	-
Termination of share purchase obligation	-	598	-	-	-
Other	-	54	-	-	-
30 June 2021	80	141 444	22,717,674	36,147,250	1,664,530
1 July 2021	80	141,444	22,717,674	36,147,250	1,664,530
Business combinations	-	465	-	80,179	-
Conversion of share series	-	-	-1,930,080	2,664,671	-734,591
Share subscriptions with options	-	471	-	-	308,826
30 June 2022	80	142,380	20,787,594	38,892,100	1,238,765

*Share issues

Share issues were carried out in order to develop and finance Nightingale Health's business, so there was a weighty financial reason for deviating from the pre-emptive right of the shareholders within the meaning of the Finnish Limited Liability Companies Act. The share issues were decided by the Board of Directors in accordance with the authorization of the General Meeting.

Financial year 2021–2022

Nightingale Health executed a share issue, with which the company paid part of the consideration of Yolife GmbH's shares by issuing a total of 80,179 Series B shares.

Financial year 2020–2021

The Board of Directors of the company resolved on 12 December 2020 on a directed share issue of 11,788 new Series A shares, of which 10,046 were registered on 24 February 2021.

The Board of Directors of the company resolved on 12 December 2020 on a directed share issue of 11,788 new Series A shares, of which 1,742 were registered on 2 March 2021.

The Extraordinary General Meeting of the company resolved on 18 February 2021 on a bonus issue, in which 300 new Series A shares were issued for each Series A share, 300 new Series B shares were issued for each Series B share and 300 new EMP shares were issued for each EMP share.

The Board of Directors of the company resolved on 25 February 2021 on a directed bonus issue of 3,536,400 new Series A shares to the shareholders of the shares subscribed in the directed share issue resolved on 12 December 2020 as a measure to bring the shareholders in question to the same financial position with the other shareholders in the company.

On 25 February 2021, the company's Board of Directors decided on a directed share issue of a total of 5,404,154 new B series shares, of which Kirin subscribed for 2,702,077 shares and Mitsui subscribed for 2,702,077 shares. The equity loans according to the Kirin and Mitsui agreements, the funds in the escrow account and the previously accrued interest on undrawn funds, i.e. EUR 13,883 thousand, were converted into B series shares. In the IFRS transition, the transaction costs related to the convertible loans classified as equity, EUR 161 thousand were reclassified from accumulated losses as an adjustment of the equity loan. Equity loans were converted into shares in the financial year ended 30 June 2021, and EUR 13,722 thousand was recorded in the reserve for invested unrestricted equity.

The Board of Directors of the company resolved on 25 February 2021 on a directed share issue of 607,418 new Series B shares to PerkinElmer. The withdrawn amount of the convertible loan under the PerkinElmer Agreement and the unpaid accumulated interest, that is EUR 2,609 thousand, were converted into Series B shares.

The company carried out an initial public offering in connection with the listing of its Series B shares on the Nasdaq First North Growth Market Finland marketplace. The initial public offering consisted of 16,296,300 new Series B shares. The company received about EUR 110,000 thousand with the new shares. Of the costs attributable to the issuance of new shares, EUR 6,469 thousand were recorded to adjust the share issue in the reserve for invested unrestricted equity. A total of EUR 103,531 thousand was recorded in the reserve for invested unrestricted equity from the share issue and EUR 1,110 thousand under Other expenses.

In connection with the stabilization arrangement concluded with Swedbank AB (publ) in connection with the initial public offering, the company issued 2,444,440 additional shares to Swedbank with a gratuitous issue on 18 March 2021, which were returned to the company after the stabilization measures were completed on 22 March 2021 and were cancelled. The arrangement was carried out net in cash and the profit share has been recorded in financial income. For more information on the stabilization arrangement, see note 21.

Shares

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

Pcs	30 June 2022	30 June 2021	1 July 2020*
Series A shares	20,787,594	22,717,674	19,169,486
Series B shares	38,892,100	36,147,250	13,839,378
Series EMP shares	1,238,765	1,664,530	1,664,530
Total shares	60,918,459	60,529,454	34,673,394

*1 July 2020 figures include the share split made in February 2021 in which 300 new Series A shares were issued for each Series A share, 300 new Series B shares were issued for each Series B share and 300 new EMP shares were issued for each EMP share.

At the end of the financial year 30 June 2022, the company had issued 60,918,459 fully paid shares. Shares are divided into share series as follows: Series A shares (20,787,594 pcs), which entitle the

holder to 10 votes at the General Meeting, Series B shares (38,892,100 pcs), which entitle their holder to one vote at the General Meeting and Series EMP shares (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.

At the financial year-end, the company held a total of 577,920 treasury shares, which are all EMP shares. Treasury shares held by the company correspond to approximately 1% of all company shares. EMP shares do not carry voting rights. Treasury shares in the company's possession cannot be used to vote and no dividend is paid to them.

The company's legal form was changed to a public limited liability company by the Extraordinary General Meeting of the company on 18 February 2021, where the company's share capital was increased to EUR 80,000.

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 2021-2022 734,591 Series EMP shares and 1,930,080 Series A shares, totaling 2,664,671 were converted to Series B shares.

The company acquired its own shares, taking into account the share split, 97,825 at a price of EUR 67,792 during the financial year ended 30 June 2021. The acquisition related to the termination of employment of persons included in the share incentive plans.

Authorizations

The Extraordinary General Meeting held on 18 February 2021 resolved to authorize the Board of Directors to decide on the issuance of new Series A and/or Series B shares as well as conveyance of the Series A and/or Series B shares held by the company in one or more instalments against or without payment, and the issuance of special rights entitling to shares referred to in Chapter 10, Section 1 of the Finnish Limited Liability Companies Act by one or several decisions. The amount of the shares issued or conveyed by virtue of the authorization to issue special rights entitling to shares cannot exceed 5,000,000 Series A shares and/or 19,100,000 Series B shares. The authorization is valid until 18 February 2026.

In addition, the Extraordinary General Meeting held on 18 February 2021 resolved to authorize the Board of Directors to decide on the repurchase of the company's own Series B shares and EMP shares in one or several tranches. The number of treasury shares to be repurchased shall not exceed 12,200,000 Series B shares and/or 602,000 EMP shares, subject to the provisions of the Finnish Limited Liability Companies' Act on the maximum number of own shares owned by or pledged to the company. Only the unrestricted equity of the company can be used to repurchase own shares on the basis of the authorization. The authorization was valid until 19 August 2022.

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 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 June 2022	30 June 2021
Total assets	124,048	138,987
Advances received	-1,302	-1,915
Total equity	111,440	123,039
Equity ratio	90.8%	89.8%

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.

20 Trade and other payables and advances received

Accounting policy

Nightingale Health includes in trade payables unpaid purchase invoices, in other payables employee benefit related liabilities such as payroll taxes and social security liabilities and other liabilities that are not trade payables nor accrued liabilities, and in accrued costs cost accruals. 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 23 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 payables includes advance payments received that are not contractual liabilities.

Breakdown of trade and other payables and advances received

EUR thousand	30 June 2022	30 June 2021	1 July 2020
Trade payables	1,118	905	537
VAT payables	360	272	199
Other payables	450	400	6,858
Accrued costs	1,496	1,364	1,402
Total	3,424	2,942	8,996

On 1 July 2020, other payables included liabilities of EUR 6,858 thousand corresponding to the funds deposited in the escrow based on an equity loan agreement. Nightingale Health withdrew funds in the amount of EUR 2,000 thousand in July 2020 and the corresponding amount of debt was converted into an equity loan. The equity loans, the remaining funds held on the escrow account, and the interest previously accrued on the funds not withdrawn were converted into Series B shares in February 2021.

On 30 June 2021 and 30 June 2022, other payables mainly comprised a fee payable to a bank in respect of an unused loan commitment.

The most significant items under accrued costs comprise accruals for salaries and holiday pays and related employer contributions.

Advances received consist mainly of contractual liabilities (see Note 4 Revenue and segment information).

21 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 22 Financial assets, 23 Financial liabilities and 24 Financial risk management.

Finance income and costs

EUR thousand	1 July 2021 - 30 June 2022	1 July 2020 - 30 June 2021
Finance income		
Profit share of stabilization arrangement	-	2,258
Foreign exchange gains	685	-
Other finance income	1	-
Total finance income	686	2,258
Finance costs		
Fair value change in issued convertible loan	-	-1,609
Foreign exchange losses	-385	-57
Interest expenses on financial liabilities measured at amortized cost	-449	-443
Negative interest on bank accounts	-474	-248
Other finance costs	-26	-190
Total finance costs	-1,334	-2,547
Capitalized interest	156	321
Finance costs after capitalization	-1,178	-2,227

EUR thousand	1 July 2021 - 30 June 2022	1 July 2020 - 30 June 2021
Fair value change in investment in convertible loan	-2,068	-

Finance income – Profit share of stabilization arrangement

In connection with the 2021 initial public offering, the company entered into a stabilization arrangement with Swedbank AB (publ), under which the company undertook to buy back the 2,444,440 additional shares issued through directed gratuitous share issue to Swedbank, and sold through the initial public offering within 30 days of the start of trading of the shares on the First North Growth Market Finland marketplace, if the company's share price would decrease below the initial public offering price. The stabilization arrangement was settled net in cash and the company's profit share according to the agreement was EUR 2,258 thousand and was recorded in the financial income of the financial year ended on 30 June 2021. The additional shares used in the stabilization arrangement have been returned to the company and canceled as part of the stabilization measures.

Finance costs – Fair value change of issued convertible loan

Nightingale Health withdrew a EUR 1,000 thousand convertible loan in July 2020. The loan was classified as fair value through profit or loss. The loan had a favorable conversion ratio and the fair value of the loan at the time of conversion was EUR 2,609 thousand. A negative change in fair value of EUR 1,609 thousand was recognized for the convertible loan in the comparison period ended 30 June 2021. The convertible loan was converted into series B shares on 25 February 2021.

Finance costs - capitalized interest

In determining the amount of borrowing costs to be capitalized, the realized weighted average borrowing rate of the company during the financial year is used as the capitalization rate, i.e. 4.2% (4.4%).

Finance costs – Financial instruments at fair value through profit or loss

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. The fair value of the investment is EUR 1,206 thousand on 30 June 2022, resulting in a negative change in fair value of EUR 2,067 thousand recognized in the period ended 30 June 2022. For details on determining the fair value see Note 22 Financial assets.

22 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 June 2022	30 June 2021	1 July 2020
Financial assets at amortized cost			
Non-current			
Loan receivables from employees	248	422	469
Current			
Trade receivables	138	27	367
Cash and cash equivalents	95,279	113,807	905
Financial assets at fair value through profit or loss			
Investment in convertible loan	1,206	3,274	-
Total	96,871	117,530	1,741

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. The average interest paid on the balances has been approximately -0.4% per annum in financial year ended on 30 June 2022.

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 includes 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 enable global scalability of Nightingale Health's at-home testing solution. With the agreement, Nightingale Health has also ensured long-term availability of Weavr's technology by agreeing on usage rights to Weavr's protected technology.

The principal amount of the loan is USD 4,000 thousand and has a 6.5% annual interest rate and the maturity date according to the loan agreement is 29 June 2023. Any outstanding capital amount of the convertible loan shall be 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 receives new financing defined in the agreement prior to the loan maturity date, the then outstanding capital amount of the convertible loan shall automatically convert into a variable number of preferred shares.

Nightingale Health does not own any shares in Weavr or have power to exercise significant influence over Weavr based on contractual terms. If the conversion of the convertible loan would take place in accordance with the agreement, Nightingale Health would evaluate, also taking into consideration the strategic nature of the investment, if significant influence over Weavr is created.

The fair value of the convertible loan has been determined using a probability weighted expected return method, where the probability of each scenario and their probable outcomes have been estimated by management. The inputs used in determining the fair value include 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 is a level 3 investment, and is 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 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.

23 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 payable. 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 June 2022	30 June 2021	1 July 2020
Amortized cost			
Non-current			
Bank loans	1,849	3,022	3,725
Government product development loans	782	1,043	1,303
Obligation to redeem own shares	-	-	583
Lease liabilities	2,057	3,137	3,574
Current			
Bank loans	1,812	1,945	1,350
Government development loans	261	261	-
Lease liabilities	1,122	1,685	1,365
Trade payables	1,118	905	537
Funds in escrow account	-	-	6,858
Other liability	400	400	400
Fair value through profit or loss			
Contingent consideration	50	-	-
Total	9,451	12,397	19,695

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 about 3.35%.

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

The obligation to redeem own shares relates to Nightingale Health's contractual obligation to redeem its own shares if the counterparty so demands, up to the amount of capital and accrued interest. The obligation is valued at amortized cost. The obligation ended with the listing in March 2021 and was reclassified to equity.

Other liability includes the undrawn loan facility fee. Nightingale Health has 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 has not been withdrawn and the commitment fee has been recognized as a liability, as the loan was not withdrawn by the agreed time. The fee was still unpaid on 30 June 2022. On 25 October 2022, Nightingale Health and the European Investment Bank have agreed to reduce the fee to EUR 120 thousand.

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 withdrew a EUR 1,000 thousand convertible loan in July 2020. The convertible loan was recognized at fair value through profit and loss and converted into shares in February 2021, when the fair value of the loan was EUR 2,609 thousand.

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 company 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	1 July 2021-30 June 2022		1 July 2020-30 June 2021	
	Loans	Lease liabilities	Loans	Lease liabilities
Balance on 1 July	6,270	4,822	6,384	4,939
Changes from financing cash flows				
Repayments of loans	-1,860	-	-779	-
Sale and leaseback arrangement	288	-	1,240	-
Payment of lease liabilities	-	-1,762	-	-1,298
Total changes from financing cash flows	-1,572	-1,762	430	-1 298
Other changes				
New leases	-	112	0	1,126
Conversion to equity	-	-	-583	-
Transaction costs related to loans	7	-	8	-
Other changes	-	7	-	55
Balance on 30 June	4,704	3,179	6,270	4,822

Significant estimate – fair value of financial liabilities

Financial liabilities measured at fair value through profit or loss are subject to assumptions made by Nightingale Health's management. Nightingale Health had a convertible loan measured at fair value through profit or loss. The key assumptions used in measuring its fair value relate to estimation of Nightingale Health's market value prior to its initial public offering. The measurement was based on a share subscription commitment from an anchor investor, an external party's assessment of the company's potential market value and the present value of estimated discounted cash flows.

24 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 company'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) 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 company 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
30 June 2022			
Trade payables	-	103	-
Inter-company payables	2,694	258	277
Inter-company receivables	-691	-	-
Net position	2,004	361	277
30 June 2021			
Trade payables	-	30	-
Inter-company payables	909	163	127
Inter-company receivables	-	-	-
Net position	909	193	127

Foreign exchange rate sensitivity analysis

EUR thousand	Effect on pre-tax profit	
	Strengthening	Weakening
30 June 2022	10%	-10%
JPY	223	-182
USD	40	-33
SEK	31	-25
30 June 2021		
JPY	101	-83
USD	21	-18
SEK	14	-12

Interest rate risk

The company is exposed to cash flow interest rate risk through its variable rate bank loans. This is the risk that the company'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 June 2022	30 June 2021
Cash and cash equivalents	95,279	113,807
Variable interest rate liabilities	3,684	4,996
Exposed to interest rate risk– net	91,595	108,811

Below is a sensitivity analysis of the effects of a reasonably possible change in interest rates on the company's profit before taxes. The sensitivity is calculated based on the company'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 June 2022	-13	5
30 June 2021	-10	0

42% (25%) of the variable rate liabilities were linked to 3-month Euribor on 30 June 2022 (on 30 June 2021), 5% (5%) to 6-month Euribor, and 53% (70%) 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 22 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 94,450 thousand (EUR 113,342 thousand) related to cash and cash equivalents. The counterparty is Nordea 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.

In addition, the convertible loan issued by Weavr involves credit risk (see Note 22 Financial assets). The effect of credit risk is reflected in the fair value of the convertible loan investment.

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 June 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	-
30 June 2021							
Bank loans	4,967	5,280	2,104	1,727	1,416	33	-
Government development loans	1,303	1,342	274	271	268	266	263
Lease liabilities	4,822	5,288	1,989	1,287	859	793	360
Trade payables	905	905	905				
Other liabilities	400	400	400	-	-	-	-
Total	12,397	13,215	5,671	3,284	2,544	1,093	623

Since commencing operations, the company has reported operating losses and operating cash flows have been negative. The Group expects the capital raised and cash and cash equivalents of EUR 95,279 thousand (EUR 113,807 thousand) to be sufficient until the end of financial year 2026/2027.

25 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 2022, 30 June 2021 or 1 July 2020.

Collaterals and other obligations

EUR thousand	30 June 2022	30 June 2021	30 June 2020
<u>Loans secured by business mortgages</u>			
Bank loans	2,157	3,757	4,536
Business mortgages	6,400	6,400	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 June 2022	30 June 2021	30 June 2020
<u>Off-balance sheet commitments</u>			
Machinery acquisition commitments	622	-	619
Product development cooperation commitment	-	-	301

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.

26 Related party transactions

Accounting policy

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 2022 / 30 June 2021): Antti Kangas (21.65% / 20.29%), Pasi Soininen (21.65% / 20.29%) and Cor Group Oy (11.92% / 11.17%)
- 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 Chairman of the Board, 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 8 Share-based payments.

EUR thousand	CEO Teemu Suna		Other management team		Board of Directors		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Salaries and other short-term employee benefits	-290	-287	-785	-552	-168	-56	-1,243	-895
Pension benefits (defined contribution plans)	-54	-49	-140	-87	-	-	-194	-136
Share-based payments	-1,315	-432	-1,372	-1,149	-2,151	-2,061	-4,838	-3,642
Total	-1,659	-768	-2,297	-1,788	-2,319	-2,117	-6,275	-4,673

The members of Nightingale Health's management team at the end of the 2021 financial year consisted of Teemu Suna (CEO), Antti Kangas (Chief Technology Officer), Satu Saksman (Chief Operation Officer), Minja Salmio (Chief Legal Officer), Laura Pulkkinen (CFO (acting)) and Salla Ruosaari (Chief Research and Development Officer). Nightingale Health's Chief Product Officer Osma Ahvenlampi left his position in the Group in May 2021. Nightingale Health's Chief Research and Development Officer Salla Ruosaari was appointed in May 2021 to lead the Group's product organization. In the financial year 1.7.2021 – 30.6.2022, Nightingale Health appointed Jeffrey Barrett as Chief Scientific Officer and

he joined the management team on 27 September 2021. Tuukka Paavola was appointed as Chief Financial Officer in the financial year 1.7.2021 – 30.6.2022, and he joined the management team on 7 December 2021.

Board of Directors fees

EUR thousand	1 July 2021 – 30 June 2022	1 July 2020 – 30 June 2021
Board of Directors		
Timo Soininen, Chairman	-24	-8
Tom Jansson	-24	-8
Teemu Suna	-24	-8
Antti Kangas	-24	-8
Leena Niemistö	-24	-8
Olli Karhi	-24	-8
Lotta Kopra	-24	-8
Total	-168	-56

The Extraordinary General Meeting held on 18 February 2021 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 June 2022	30 June 2021
Loans granted to employees	248	422
Accrued interest	1	-

Loan arrangement

On 30 June 2020, the company and the CEO entered into a loan agreement, whereby the CEO made available to the company a loan of no more than EUR 1 million for general working capital purposes. The company concluded the loan agreement in a situation where the company's ability to gain additional financing was significantly deteriorated due to the crisis caused by the Covid-19 pandemic.

The company paid the CEO a loan agreement fee of EUR 190 thousand, which was paid on 30 June 2021. The company did not draw any funds under the loan agreement.

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.

The shareholdings of the Nightingale Health's key management personnel are presented in the table below.

Pcs	Series A 30 June 2022	Series B 30 June 2022	Series EMP 30 June 2022	Series A 30 June 2021	Series B 30 June 2021	Series EMP 30 June 2021
Board of Directors						
Timo Soininen, Chairman	649,558	182,259	-	649,558	117,259	-
Tom Jansson	-	-	-	-	-	-
Teemu Suna	2,637,964	22,737	-	2,637,964	22,737	-
Antti Kangas	5,340,342	17,458	-	5,340,342	17,458	-
Leena Niemistö	403,340	444,444	-	403,340	444,444	-
Olli Karhi	-	-	-	-	-	-
Lotta Kopra	201,670	-	-	201,670	-	-
<i>Former Board member (Juha Pöysä, until 7 Jan 2021)</i>	-	546,616	-	529,158	830,158	-
<i>Former Board member (Juha-Pekka Nuutinen, until 7 Jan 2021)</i>	34,916	-	-	34,916	-	-
Total	9,267,790	1,213,514	-	9,796,948	1,432,056	-
Management team						
Teemu Suna	2,637,964	22,737	-	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
Osma Ahvenlampi (19 Oct 2020–4 May 2021)	-	47,781	-	-	-	-
Laura Pulkkinen (1 Jan 2021–6 Dec 2021)	-	50	75,250	-	-	75,250
Salla Ruosaari (from 1 Jan 2021)	-	-	75,250	-	-	75,250
Jeffrey Barrett (from 27 Sep 2021)	-	3,264	-	-	-	-
Tuukka Paavola (from 7 Dec 2021)	-	-	-	-	-	-
Total	8,507,464	108,748	308,525	8,507,464	57,653	308,525
Total	9,796,948	1,282,067	308,525	10,326,106	1,449,514	308,525
From all shares, %	16.08%	2.10%	0.51%	17.06%	2.39%	0.51%
From the share of voting power resulting from the shares, %	39.70%	0.52%	N/A	39.21%	0.55%	N/A

Pcs	Series A 1 July 2020	Series B 1 July 2020	Series EMP 1 July 2020
Board of Directors			
Timo Soininen, Chairman	-	-	-
Tom Jansson	-	-	-
Teemu Suna	3,499,426	17,458	-
Antti Kangas	5,340,342	17,458	-
Leena Niemistö	-	-	-
Olli Karhi	-	-	-
Lotta Kopra	-	-	-
<i>Former Board member (Juha Pöysä, until 7 Jan 2021)</i>	529,158	830,158	-
<i>Former Board member (Juha-Pekka Nuutinen, until 7 Jan 2021)</i>	34,916	-	-
Total	9,403,842	865,074	-
Management team			
Teemu Suna	3,499,426	17,458	-
Antti Kangas	5,340,342	17,458	-
Satu Saksman	529,158	17,458	75,250
Minja Salmio	-	-	82,775
Osma Ahvenlampi (19 Oct 2020–4 May 2021)	-	-	-
Laura Pulkkinen (1 Jan 2021–6 Dec 2021)	-	-	75,250
Salla Ruosaari (from 1 Jan 2021)	-	-	75,250
Jeffrey Barrett (from 27 Sep 2021)	-	-	-
Tuukka Paavola (from 7 Dec 2021)	-	-	-
Total	9,368,926	52,374	308,525
Total	9,933,000	882,532	308,525
From all shares, %	28.65%	2.55%	0.89%
From the share of voting power resulting from the shares, %	51.32%	0.06%	N/A

Management option rights

On 30 June 2021, the members of the Board of Directors and the management team owned a total of 6,797,795 company option rights, which entitle them to subscribe for a total of 7,997,795 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, the chairman of the board and one of the board members are entitled to options, which are calculated based on certain percentages from the company's shares at the time of achieving the defined target market capitalization. Option programs are described in detail in note 8 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	1 July 2021 –30 June 2022	1 July 2020 –30 June 2021
Sales of services	50	31
Purchases of services	-	-

EUR thousand	30 June 2022	30 June 2021	1 July 2020
Trade and other receivables	5	7	-
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 and Villagecape Ventures Oy.

EUR thousand	1 July 2021 –30 June 2022	1 July 2020 –30 June 2021
Sales of services	4	18
Purchases of services	-249	-176

EUR thousand	30 June 2022	30 June 2021	1 July 2020
Trade and other receivables	-	-	-
Purchases of services	-42	-26	-10

Group structure

Subsidiary	Domicile	30 June 2022 ownership, %	30 June 2021 ownership, %
Nightingale Health Sweden AB	Sweden	100	100
Nightingale Health United States Inc	USA	100	100
Nightingale Health Japan K.K	Japan	100	100
Nightingale Health Asia Pte. Ltd	Singapore	100	100
Yolife GmbH ¹⁾	Germany	100	-
Negen Oy ²⁾	Finland	100	-
Nightingale Health Estonia OÜ ³⁾	Estonia	100	-

¹⁾ On 9 July 2021, Nightingale Health acquired the shares in Yolife GmbH.

²⁾ On 3 February 2022, Nightingale Health acquired the share capital of Negen Oy.

³⁾ On 26 May 2022, Nightingale Health established a subsidiary in Estonia.

Joint venture	Domicile	30 June 2022 ownership, %	30 June 2021 ownership, %
PetMeta Labs Oy	Finland	35	35

27 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 the 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
2022				
PetMeta Labs Oy	691	114	-	-145

EUR thousand	Assets	Liabilities	Revenue	Profit (loss) for the period
2021				
PetMeta Labs Oy	689	128	-	-84

Carrying amount of the joint venture

EUR thousand	30 June 2022	30 June 2021
Carrying amount on 1 July	125	-
Initial investment – transfer of the license	-	98
Profit for the financial period	20	56
Adjustments in applying the equity method – harmonization of the accounting principles	-43	-28
Carrying amount on 30 June	102	125

28 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 11 August 2022, the Board of Directors of Nightingale Health Plc decided to change the exercise price in all option plans of the company entitling to Series B shares. The new exercise price is EUR 2.5 per share

On 16 August 2022, Nightingale Health established a new subsidiary in the UK.

On 25 October 2022, Nightingale Health and the European Investment Bank agreed to reduce the non-utilisation fee of EUR 400 thousand to EUR 120 thousand. Please see Note 23 Financial liabilities for more information on the loan arrangement.

Parent company income statement

EUR thousand	Note	7/2021–6/2022	7/2020–6/2021
Revenue	2.1	1,671	1,649
Other operating income	2.2	889	510
Materials and services	2.3	-989	-282
Personnel expenses	8.2	-2,455	-2,382
Depreciation, amortization and impairment losses	2.4	-2,951	-430
Other operating expenses	2.5	-6,965	-3,913
Operating profit (loss)		-10,800	-4,849
Financial income and expenses	2.6	-3,637	-5,907
Profit (loss) before appropriation and taxes		-14,437	-10,756
Income taxes	2.7	-2	1
Profit (loss) for the period		-14,439	-10,755

Parent company balance sheet

EUR thousand	Note	30.6.2022	30.6.2021
ASSETS			
Non-current assets			
Intangible assets	3.2	18,035	13,870
Tangible assets	3.3	157	600
Investments	3.4	1,599	3,287
Total non-current assets		19,791	17,757
Current assets			
Inventories	3.5	579	644
Receivables from group companies	3.6	3,236	1,204
Loan receivables	3.8	248	422
Accrued income	3.7	1 238	770
Other receivables		305	209
Cash and cash equivalents		94,452	113,344
Total current assets		100,058	116,593
TOTAL ASSETS		119,849	134,349
EQUITY AND LIABILITIES			
Equity	4.1		
Share capital		80	80
Reserve for invested unrestricted equity		147,390	146,378
Accumulated losses		-21,651	-10,896
Profit (loss) for the period		-14,439	-10,755
Total equity		111,380	124,807
Liabilities			
Non-current liabilities	4.3		
Loans from financial institutions		1,667	3,200
Total non-current liabilities		1,667	3,200
Current liabilities	4.4		
Loans from financial institutions		1,532	1,860
Advances received		1,477	1,772
Liabilities to group companies		724	0
Trade payables		1,103	892
Other liabilities	4.5	379	267
Accruals and deferred income	4.6	1,586	1,553
Total current liabilities		6,802	6,343
Total liabilities		8,469	9,543
TOTAL EQUITY AND LIABILITIES		119,849	134,349

Parent company cash flow statement

EUR thousand	7/2021–6/2022	7/2020–6/2021
Cash flow from operating activities		
Profit (loss) before appropriations and taxes	-14,437	-10,756
Adjustments *)	6,644	6,554
Changes in working capital		
Increase (-) or decrease (+) in trade and other receivables	-737	4,443
Increase (-) or decrease (+) of inventories	65	-458
Increase (+) or decrease (-) in trade and other payables	-93	-2,981
Interest and other financial expenses paid	-775	-296
Interest and other financial income received	8	-4
Income taxes paid	-2	-
Net cash flow from operating activities	-9,327	-3,498
Cash flow from investments		
Investments in intangible and tangible assets	-6,590	-2,301
Income from tangible and intangible non-current assets	699	1,239
Acquired subsidiaries	-2,600	-
Investments in other shares	0	-3,274
Net cash flow from investments	-8,491	-4,336
Cash flow from financing activities		
Proceeds from capital loans	-	6,818
Proceeds from convertible loans	-	1,000
Other financial income received	-	2,258
Other financial expenses paid	-	-7,579
Bridge funding	-	8 793
IPO	-	110 000
Share options used for subscription	471	26
Repurchase of treasury shares	-	-20
Repayments of personnel loans	174	-
Repayments of non-current loans	-1,860	-779
Net cash flow from financing activities	-1,216	120,517
Net change in cash and cash equivalents	-19,034	112,684
Cash and cash equivalents at beginning of period	113,344	660
Net foreign exchange difference on cash held	141	-
Cash and cash equivalents at end of period	94,452	113,344
Change	-18,893	112,684

Adjustments *)

EUR thousand	7/2021–6/2022	7/2020–6/2021
Adjustments		
Other operating expenses	0	128
Depreciation and amortization	2,951	430
Financial income	-934	-2,310
Financial expenses	4,571	8,217
Other adjustments	56	89
Total	6,644	6,554

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 capitalises 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 the income statement

2.1 Revenue per market area

The company recognizes revenue on an accrual basis when the results of the analyses performed by the company have been delivered to a customer. In the recognition of revenue, indirect taxes and discounts given to customers have been deducted from the sales revenue.

EUR thousand	7/2021–6/2022	7/2020–6/2021
Geographical distribution		
Finland	431	355
United Kingdom	706	412
Rest of Europe	246	416
Others	288	465
Total	1,671	1,648

2.2 Other operating income

EUR thousand	7/2021–6/2022	7/2020–6/2021
Other operating income		
Other operating income from group companies	633	207
Received grants	220	285
Other operating income	36	19
Total	889	510

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	7/2021–6/2022	7/2020–6/2021
Materials and services		
Materials and consumables		
Purchases during financial year from others	845	741
Purchases during financial year from group companies	0	0
Increase (-) / decrease (+) in inventories	65	-458
External services		
Subcontracting	79	0
Total	989	282

Purchases in the amount of EUR 49 (18) thousand and external services in the amount of EUR 0 (60) thousand have been capitalized in development expenditure during the financial period.

2.4. Depreciation and amortization according to a predetermined plan

EUR thousand	7/2021–6/2022	7/2020–6/2021
D&A according to a predetermined plan		
Intangible assets		
Intangible rights	8	0
Development expenditure	2,273	369
Other long-term expenditure	488	26
Advance payments	140	0
Tangible assets		
Machinery and equipment	42	35
Total depreciation and amortization	2,951	430

2.5 Other operating expenses

EUR thousand	7/2021–6/2022	7/2020–6/2021
Other operating expenses		
Voluntary social security contributions	283	58
Premises	838	867
Vehicle expenses	107	86
Computer hardware and software expenses	535	404
Machinery and equipment expenses	1,442	1,390
Travel and representation expenses	45	26
Sales and marketing expenses	340	83
Research and development expenses	1,347	347
Administrative services	1,009	398
Other administrative expenses	1,018	255
Total	6,965	3,913

Other operating expenses have been capitalized in development expenditure and in other capitalized long-term expenditure in the amount of EUR 4 708 (621) thousand during the financial period.

2.6 Financial income and expenses

EUR thousand	7/2021–6/2022	7/2020–6/2021
Financial income and expenses		
Other interest and financial income		
From group companies	148	52
From others	242	2,258
Total interest and financial income	390	2,310
Write-downs on long-term investments	3,515	0
Interest and other financial expenses		
To group companies	0	0
To others	771	8,168
Total interest and other financial expenses	771	8,168
Translation difference		
Translation gains	644	0
Translation losses	385	49
Total translation difference	259	-49
Total financial income and expenses	3,637	5,907

2.7 Income taxes

EUR thousand	7/2021–6/2022	7/2020–6/2021
Income taxes		
Income taxes on business operations	2	-1
Total income taxes	2	-1

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	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	7/2021–6/2022	7/2020–6/2021
Development expenditure		
Acquisition cost on 1 July	11,304	9,438
Additions	6,643	1,956
Grants received	-371	0
Other deductions	0	-90
Acquisition cost on 30 June	17,576	11,304
Accumulated depreciation on 1 July	-369	0
Amortization	-2,273	-369
Accumulated depreciation on 30 June	-2,642	-369
Book value as of 30 June	14,934	10,935

EUR thousand	7/2021–6/2022	7/2020–6/2021
Other capitalized long-term expenses		
Acquisition cost 1 July	2,260	2,075
Additions	566	185
Other deductions	-96	
Acquisition cost on 30 June	2,730	2,260
Accumulated depreciation on 1 July	-26	0
Amortization	-488	-26
Accumulated depreciation on 30 June	-514	-26
Book value as of 30 June	2,216	2,234

The company has recategorized certain capitalized intangible assets as other long-term expenses, which have earlier been categorized as development expenses. The recategorization also has an impact on the balances from the financial year ended on 30 June 2021. The recategorization does not have an impact on the company's income statement. The recategorization increased the amount of capitalized other long-term expenses by EUR 2,260 thousand, and increased the amortization expenses of the other long-term expenses by EUR 26 thousand on 1 July 2021 and decreased the amount of capitalized development expenses and the amortization of development expenses respectively.

Capitalized development expenditure and other capitalized long-term expenditure during the financial period amounted to EUR 7 209 (2 141) thousand. The expenses consisted of wages in the amount of 2 452 (1 441) and purchases and other expenses in the amount of EUR 4 757 (700) thousand. The capitalization of development expenditure and other capitalized long-term expenditure consisted of investments made in the development of digital applications, investments made in health data and samples, investments made in the development of the laboratory technology, and investments made in the development of product concepts and brand.

EUR thousand	7/2021–6/2022	7/2020–6/2021
Intangible rights		
Acquisition cost on 1 July	0	0
Additions	231	0
Acquisition cost on 30 June	231	0
Accumulated depreciation on 1 July	0	0
Amortization	-8	0
Accumulated depreciation on 30 June	-8	0
Book value as of 30 June	224	0

EUR thousand	7/2021–6/2022	7/2020–6/2021
Advance payments for intangible assets		
Acquisition cost on 1 July	700	600
Additions	100	100
Acquisition cost on 30 June	800	700
Accumulated depreciation on 1 July	0	0
Amortization	-140	0
Accumulated depreciation on 30 June	-140	0
Book value as of 30 June	660	700

3.3. Tangible assets

EUR thousand	7/2021–6/2022	7/2020–6/2021
Machinery and equipment		
Acquisition cost on 1 July	643	1,383
Additions	166	499
Deductions	-567	-1,239
Acquisition cost on 30 June	242	643
Accumulated depreciation/impairment 1 July	-42	-7
Depreciation	-42	-35
Accumulated depreciation on 30 June	-85	-42
Book value as of 30 June	157	600

3.4. Investments

EUR thousand	7/2021–6/2022	7/2020–6/2021
Holdings in group companies	1,599	13
Other investments		
Acquisition cost on 1 July	3,274	0
Additions	241	3,274
Impairment	-3,515	0
Acquisition cost on 30 June	0	3,274
Investments total	1,599	3,287

The minority investment of USD 4 million to at-home blood collection device manufacturer Weavr Health Corp. made in June 2021 was written off on 30 June 2022 in accordance with the principle of prudence as defined in the Finnish Accounting Act, due to the significantly more difficult financial environment for start-ups and growth companies.

3.5. Inventories

EUR thousand	7/2021–6/2022	7/2020–6/2021
Inventories		
Finished products / goods and laboratory supplies	579	437
Advance payments for inventories	0	207
Total inventories	579	644

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 companies in the same group

EUR thousand	7/2021–6/2022	7/2020–6/2021
Non-current receivables from companies in the same group		
Loan receivables	2,706	977
Current receivables from companies in the same group		
Trade receivables	458	0
Other receivables	0	4
Accrued income	72	222
Total receivables from companies in the same group	3,236	1,204

3.7. Accrued income

EUR thousand	7/2021–6/2022	7/2020–6/2021
Long-term equipment lease expenses	71	231
Short-term equipment lease expenses	58	177
Insurance expenses	42	21
Premises rent	169	231
Computer hardware and software expenses	88	49
External services	0	0
Other accrued income	810	61
Total accrued income	1,238	770

On 30 June 2022, the parent company had tax losses carried forward in the amount of EUR 21,589 (10,836) thousand, for which a deferred tax asset has not been recognized. The losses in question will expire in 2027–2031.

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.

Tuhatta euroa	2022	2021
Loans to personnel in relation to share issues	248	422
Yhteensä	248	422

4 Notes to equity and liabilities in the balance sheet

4.1 Consolidated statement of changes in equity

1.7.2021–30.6.2022

EUR thousand	Share capital	Reserve for invested unrestricted equity	Accumulated losses	Capital loans	Total equity
Equity 1 July 2021	80	146,378	-21,651	0	124,807
Profit (loss) for the financial period			-14,439		-14,439
Translation difference			0		0
Directed share issue		1,012			1,012
Equity 30 June 2022	80	147,390	-36,090	0	111,380

1.7.2020-30.6.2021

EUR thousand	Share capital	Reserve for invested unrestricted equity	Accumulated losses	Capital loans	Total equity
Equity 1 July 2020	8	12,762	-10,895	6,818	8,693
Profit (loss) for the financial period			-10,755		-10,755
Translation difference			0		0
Capital loan				-6,818	-6,818
Directed share issue and initial public offering	72	133,684			133,756
Purchase of treasury shares		-68			-68
Other changes			-1		-1
Equity 30 June 2021	80	146,378	-21,651	0	124,807

During the financial period ended 30 June 2021, the company acquired, taking into account the stock split, 97,825 of its treasury shares at a price of EUR 68 thousand. The purchase of the treasury shares is related to the end of the employment of persons included in the company's incentive schemes.

EUR thousand	2022	2021
Calculation of the parent company's distributable non-restricted equity		
Reserve for invested unrestricted equity	147,390	146,378
Accumulated losses	-21,651	-10,895
Profit (loss) for the financial period	-14,439	-10,755
Total non-restricted equity	111,300	124,728
Capitalized development expenditure	-14,934	-10,935
Total distributable equity	96,366	113,793

The Board of Directors proposes to the Annual General Meeting that no dividend is paid and that the loss for the financial period EUR -14,438,586 is recorded under accumulated losses.

4.2 Shares

At the end of the financial year the company had issued 60,918,459 fully paid shares, of which 20,787,594 were Series A shares, 38,892,100 were Series B shares, and 1,238,765 were EMP shares.

Series A shares entitle the holder to 10 votes at Nightingale's General Meeting of Shareholders. Series B shares entitle the holder to one vote at the General Meeting of Shareholders. EMP shares, which are employee shares, are non-voting shares, and the holder of an EMP share is not entitled to a vote at the General Meeting of Shareholders. The dividends that will be paid to Series B shares will be five per cent higher than those paid to Series A shares and EMP shares.

At the end of the financial year the company held 577,920 EMP shares representing approximately 1 per cent of the total number of the company's shares. Shares held by the company carry no voting rights and no entitlement to dividends.

4.3 Non-current liabilities

EUR thousand	2022	2021
Non-current liabilities		
Loans from financial institutions	1,667	3,200
Total non-current liabilities	1,667	3,200

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	2022	2021
Current liabilities		
Liabilities to group companies		
Trade payables	724	0
Total	724	0
Liabilities to others		
Loans from financial institutions	1,532	1,860
Advances received	1,477	1,772
Trade payables	1,103	892
Accrued liabilities	1,586	1,553
Other liabilities	379	267
Total	6,078	6,343
Total current liabilities	6,802	6,343

4.5 Key items in other liabilities

EUR thousand	2022	2021
Key items in other liabilities		
Tax withholdings	252	148
Social security contribution	12	8
VAT liability	0	111
Others	116	0
Total key items in other liabilities	379	267

4.6 Key items included in accruals and deferred income

EUR thousand	2022	2021
Key items included in accruals and deferred income		
Accrued salary expenses	1,398	1,289
Accrued interest payable	12	7
Expense provisions	176	257
Others	0	0
Total key items included in accruals and deferred income	1,568	1,553

5 Off-balance sheet commitments

5.1. Collaterals

EUR thousand	2022	2021
Collaterals		
Loans secured by floating charge		
Loans from financial institutions	2,157	3,757
Floating charges provided as collateral	6,400	6,400

5.2. Off-balance sheet commitments in total

EUR thousand	2022	2021
Off-balance sheet commitments in total		
To be paid within one year		
Machinery and equipment lease liabilities	1,181	1,978
Facility rental liabilities	1,026	905
Machinery acquisition contracts	622	0
Total	2,830	2,883
To be paid after one year		
Machinery and equipment lease liabilities	1,437	1,829
Facility rental liabilities	2,368	3,145
Total	3,804	4,974

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	2022	2021
Audit fees	49	25
Actions referred to in section 1.1.2 of the Auditing act	13	8
Tax consultancy		4
Other fees	33	342
Total	94	379

7 Related party transactions

See note 26 in Notes to the consolidated financial statements.

8 Notes concerning personnel and members of governing bodies

8.1 Average number of personnel

	2022	2021
Officers	4	4
Workers	54	70
Total	58	74

8.2 Personnel expenses

	2022	2021
Wages and salaries	2,002	2,044
Pension expenses	272	253
Other social security expenses	181	85
Total	2,454	2,382

Of the personnel expenses, wages have been capitalized in development expenditure in the amount of EUR 2,452 thousand (EUR 1,440 thousand).

8.3 Remuneration of the management

See note 26 in Notes to the consolidated financial statements.

8.4 Stock and stock option plans

See note 8 in Notes to the consolidated financial statements.

Signatures to the financial statements and Board of Directors' report

Helsinki, 27 October 2022

Timo Soininen
Chairman of the Board

Teemu Suna
Board member, CEO

Antti Kangas
Board member

Olli Karhi
Board member

Leena Niemistö
Board member

Tom Jansson
Board member

Lotta Kopra
Board member

Auditor's report

A report of the audit performed has been issued today.

Helsinki

PricewaterhouseCoopers Oy

Authorized Public Accountants

Valtteri Helenius

Authorized public accountant