



# **Nightingale**

**Financial Statements Release  
1 July 2020 – 30 June 2021**

## **Nightingale Health Plc Financial Statements Release 1 July 2020 – 30 June 2021 (unaudited)**

Company Release, 15 September 2021 at 9:00 a.m. (EEST)

### **International growth through the IPO**

*Numbers in brackets refer to corresponding year-on-year period unless otherwise stated.*

#### **January–June 2021 key financials**

- Revenue was EUR 1.07 (1.23) million
- EBITDA was EUR -2.60 (-1.37) million
- Operating profit (loss) was EUR -2.88 (-1.48) million
- Net income (loss) for the period was EUR -8.19 (-1,67) million
- Unadjusted earnings per share (EPS) was EUR -0.16 (-0.05)
- Cash and cash equivalents at the end of the period were EUR 113.81 (0.90) million
- Nightingale raised gross proceeds of EUR 110 million in its initial public offering

#### **July 2020–June 2021 key financials**

- Revenue was EUR 2.08 (1.78) million
- EBITDA was EUR -4.75 (-3.11) million
- Operating profit (loss) was EUR -5.22 (-3.34) million
- Net income (loss) was EUR -11.19 (-3.73) million
- Unadjusted earnings per share (EPS) was EUR -0.27 (-0.11)

#### **Significant events during financial year July 2020–June 2021**

- During July–September 2020, Nightingale’s blood analysis technology was used in ground-breaking new medical research analysing samples from UK Biobank. Among the research findings a connection was detected between the blood biomarkers measured by Nightingale and the serious form of the COVID-19 infection.
- In December 2020, Timo Soinen was appointed as Chairman of the Board of Directors.
- In January 2021, Leena Niemistö was appointed to the Board of Directors. Nightingale was also granted the information security certification ISO27001.
- In February 2021, Nightingale and Estonian Biobank started a strategic collaboration aimed at bringing Nightingale’s technology for national use in Estonia. Additionally, Nightingale announced the acceleration of the availability of its at-home blood testing solution by launching an early-access pilot for 10,000 consumers in Finland.
- In March 2021, trading in Nightingale’s Series B shares commenced on the Nasdaq Helsinki’s First North Growth Market Finland marketplace. The company raised gross proceeds of approximately EUR 110 million in the IPO.
- In April 2021, Nightingale’s fully owned subsidiary received clinical laboratory certification in Japan. Additionally, Nightingale entered into a strategic partnership with Finland’s largest health service company Terveystalo. Nightingale also entered into a service agreement with Mitsui & Co., Ltd.’s subsidiary Welltus to sell health and well-being services in Japan.

- In May 2021, Nightingale formed a strategic partnership with Europe's leading software development and design company Reaktor to accelerate Nightingale's international growth.
- In June 2021, Nightingale successfully completed the first stage of its at-home blood testing pilot. Nightingale also secured the global scalability of its at-home blood testing solution by partnering with world leading at-home blood collection device manufacturer Weavr with new commercial terms and a minority investment.

## Key figures

EUR thousand	Group				
	1-6/2021	1-6/2020	2020-2021	2019-2020*)	2018-2019*)
Revenue	1,068	1,228	2,081	1,781	2,063
EBITDA	-2,601	-1,365	-4,752	-3,116	-3,555
Operating profit (loss)	-2,883	-1,478	-5,222	-3,342	-3,783
Net income (loss) for the financial period	-8,186	-1,672	-11,192	-3,731	-4,020
Equity ratio, %	94%	37%	94%	37%	40%
Net debt to equity ratio, %	-87%	56%	-87%	56%	14%
Balance sheet total	134,191	23,791	134,191	23,791	14,405
Number of employees on average	58	97	76	92	61
Personnel expenses	1,663	969	2,649	1,639	2,150
Investments in tangible and intangible assets	1,751	4,660	3,134	8,186	3,045
Cash and cash equivalents at the end of the financial period	113,807	905	113,807	905	6,473
Earnings per share (EPS), undiluted and diluted**, EUR	-0,16***	-0,05	-0,27***	-0,11	-0,12

\*) Unaudited Group-level figures calculated for the IPO-related offering circular.

\*\*\*) The company's potential dilutive instruments consist of EMP shares and stock options. As the company's business has been unprofitable EMP shares and 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.

\*\*\*) IPO-related costs have been taken into account in the profit (loss) used in the earnings per share calculation.

## **CEO Teemu Suna: World-class achievements**

We founded Nightingale to create a more intelligent and proactive way to take care of health. Our mission is to bring advanced medical tools within everyone's reach to enable longer healthy lives. Since founding the company, our objective has been to create world-leading preventative health tools. The journey towards our goals requires the ability to make rapid progress and to achieve world-class results.

Our blood analysis technology has been proven to be top of its class internationally. The viability of the technology has been validated extensively by more than 300 peer-reviewed studies, and it has passed the stringent EU-wide regulatory requirements for medical devices.

During the financial period that ended in June 2021, we successfully leveraged the excellent international position of our technology and received considerable support for our growth through the listing on Nasdaq Helsinki's First North Growth Market Finland. In practice, this has enabled rapid progress in several markets.

In Finland, the largest health care service provider Terveystalo decided to start using Nightingale's blood analysis technology. Terveystalo will launch a new service utilizing Nightingale's technology to all its customers in autumn 2021. The aim is to provide customers with new kind of health information through a wellness service that is not available elsewhere. The collaboration is a significant step forward that demonstrates the suitability of Nightingale's technology in large-scale use in health care services.

In Estonia, the use of Nightingale's technology is moving forward towards nationwide scale. A strategic partnership with the Estonian Biobank includes an agreement on the analysis of 200,000 Estonian samples. The Estonian Biobank samples broadly represent the distribution of Estonia's population and thus create excellent circumstances for expanding the use of Nightingale's technology to the national level. We expect the partnership in Estonia to be a considerable breakthrough in our mission to make Nightingale's technology a tool for promoting the health and well-being of entire populations.

In the United Kingdom, Nightingale's collaboration with UK Biobank, the world's most famous and extensive health data bank, has produced novel medical breakthroughs during the financial period. The new discoveries include, among others, a connection between blood biomarkers measured by Nightingale and severe form of the COVID-19 disease. Nightingale has agreed upon the analysis of all 500,000 UK Biobank samples, and the benefits of the strategic partnership are expected to significantly accelerate both top medical research globally and the use of Nightingale's technology in preventive health and well-being applications.

We commenced operations in Nightingale's laboratory in Japan. Achieving clinical laboratory certification enabled us to launch commercial services in Japan. We signed an agreement on the sale of health and well-being services with Welltus, a subsidiary of the Japanese conglomerate Mitsui & Co., Ltd. Japan has very stringent quality requirements for health services, which makes the successes we achieved during the financial period a considerable step forward as we expand our commercial operations to new, significant markets.

In the United States, Nightingale deepened its strategic partnership with Weavr Health, one of the leading global manufacturers of at-home blood collection devices. The partnership ensures the international scalability and availability of Nightingale's at-home test. The agreement is especially noteworthy, as we believe that preventive health care services should extend to people's everyday lives and that the best possible health information should be accessible at home. During the

financial period, we started an extensive at-home testing pilot, and the aim is to launch a commercial service based on the at-home testing solution during the financial period that began in July 2021.

I am extremely proud of and want to thank the Nightingale team, who have successfully adapted to operating as a publicly listed company and achieved major objectives during the financial period. This creates an excellent basis for us to continue building Nightingale towards international success, and I am very excited about what we can achieve during the current financial year 2021–2022.

Finally, I would like to thank all our partners, shareholders and customers for their cooperation and sharing our important mission. We have set very high goals for ourselves, and achieving them will require a lot of work, but I am very confident about our future – the technology that we have developed will provide us with a true opportunity to build a healthier world.

Teemu Suna  
CEO and founder, Nightingale Health Plc

## **Market outlook**

The disease risks recognised by Nightingale 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 health care costs in many countries. Prevention of lifestyle diseases could be carried out much more extensively than currently, but the health care 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 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 health care costs stemming from lifestyle diseases and to decrease the stress on health care systems.

Preventive care helps to detect and prevent diseases and medical issues before they develop into serious problems. Preventive health care is the number one priority in an increasing number of countries globally. The growing prevalence of chronic diseases and the growing demand for preventive measures are expected to lead to growth in the market for health care technologies and services preventing diseases.

In recent years, consumers have adopted solutions that connect basic health care functions to their everyday lives. In addition, guidelines employed during the COVID-19 pandemic, which recommend avoiding close contacts, have accelerated the adoption of digital and virtual health applications. Using different technologies to monitor changes in health is a growing trend among consumers.

Nightingale believes that it will benefit from the prevailing global megatrend of consumers wanting to manage and improve their personal health. Nightingale 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 can connect consumers to the services of health care operators to help consumers improve their health and well-being.

## **Financial review 1 July 2020–30 June 2021**

### **Revenue**

The Group's revenue during the financial year totalled EUR 2.08 (1 July 2019–30 June 2020: 1.78) million.

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

The COVID-19 pandemic affected Nightingale's business negatively during the financial period. The slowing down and partial suspension of commercial air traffic delayed the delivery of blood samples to Nightingale's laboratory in Finland, which affected revenue development negatively.

### **Result**

Group-level operating profit (loss) was EUR -5.22 (-3.34) million. EBITDA was EUR -4.75 (-3.12) million. Profit (loss) before appropriations and taxes was EUR -11.19 (-3.73) million. Net income (loss) for the financial period totalled EUR -11.19 (-3.73) million.

Depreciation and amortisation of tangible and intangible assets totalled EUR 0.47 (0.23) million.

In accordance with plans, the negative result reflects the stage in the company's development where considerable investments have been made to enable future growth. The company's primary objective during the financial period was to continue long-term product development and to finalise main development phases. The operating loss reflects the company's costs and activities related to the research and development of the company's central technology and general and administrative costs related to the company's operations. A significant share of business costs consisted of personnel expenses. The company has capitalised EUR 1.44 (4.04) million in personnel expenses and EUR 0.70 (2.68) million in other expenses, which is less than during the comparison period. For this reason, personnel expenses, materials and services and other operating expenses in the income statement are not comparable. Financing expenses increased from the comparison period due to IPO-related costs which totalled EUR 7.55 million.

### **Balance sheet and cash flows**

At the end of the financial period, the group balance sheet totalled EUR 134.19 (30 June 2020: 23.79) million, of which equity constituted EUR 124.43 (8.73) million. Equity ratio at the end of the financial period was 94 (37) per cent.

At the end of the financial period, the company's net debt totalled EUR -108.75 (4.93) million. Non-current liabilities totalled EUR 3.20 (4.49) million. Net debt to equity ratio at the end of the financial period was -87 (56) per cent.

Net cash flow from operating activities during the financial period totalled EUR -2.88 (-3.17) million.

Cash flow from investments totalled EUR -4.73 (-7.80) million, consisting of investments in tangible and intangible assets, sale-lease back agreements for NMR instruments and a minority investment made in Weavr Health Corp.

Cash flow from financing activities totalled EUR 120.52 (5.40) million, of which the proceeds raised in the offering held in connection with the listing constituted approximately EUR 110 million. Costs related to the offering amounted to EUR 7.55 million. In addition, the company received EUR 2.26 million in finance income from stabilisation measures carried out by Swedbank AB (publ).

In July 2020, the company withdrew an additional two-million-euro capital loan from an escrow account which, correspondingly, increased the amount of capital loans recognised in equity under the agreement with Mitsui & Co., Ltd (“Mitsui”) and Kirin Holdings Company (“Kirin”). The company also agreed on a convertible loan of EUR 2 million with PerkinElmer, Inc (“PerkinElmer”). The company withdrew EUR 1 million of this convertible loan.

In December 2020, the company carried out a financing round of EUR 8.8 million for a group of Finnish private investors. The funds were registered in full in the company’s reserve for invested unrestricted equity.

In February 2021 the capital loans, the funds in the escrow account and accrued interest of previously not withdrawn funds in accordance with the agreements with Mitsui and Kirin were converted into Series B shares. Additionally, the withdrawn loan amount and accrued interest of the convertible loan issued in accordance with the agreement with PerkinElmer was converted into Series B shares.

Cash and cash equivalents at the end of the financial period amounted to EUR 113.81 (0.91) million, with cash flows from operations, investments and financing totalling EUR 112.90 (-5.57) million.

### **Investments, research and product development**

Investments in tangible and intangible assets during the financial period totalled EUR 3.14 (2019–2020: 8.19, 2018–2019: 3.04) million. The relative share of investments of total operating costs was 30.4 (62.5, 35.1) per cent. Investments were mainly related to development of digital services, production capabilities for laboratory software and product concepts as well as the procurement of blood samples and health data. Development of digital services 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 production capabilities of laboratory software act as a foundation for all of the company’s products and enable international expansion of the business. Utilisation of the strong technical product development investments also requires the development of product concepts from the business perspective. As the company aims at offering its products in a large, international market, the extent of development related to product concepts has also been significant. 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, and applies for patents related to them.

Additionally, the company invested in establishing a laboratory in Japan during the financial year.

The company’s long-term investments have been essential to ensure that the company can introduce the solutions it has developed to the market. The investments are expected to bring commercial benefits over the next five years. After the strong research and development phase that has lasted several years, the company has proceeded to commercialisation phase, which is why less investments are expected in product development in the coming years compared to previous years.

## **Business targets for the financial year 2021–2022**

Nightingale's business targets for the financial year 2021–2022 are:

- FDA (U.S. Food and Drug Administration) approval (set during the IPO and target timeline remains unchanged)
  - FDA approval enables the use of Nightingale's analysis technology in health care applications in the United States.
- Launching a new version of the company's mobile application (set during the IPO and target timeline remains unchanged)
  - The new version of the mobile application will contain a more holistic view of health and an at-home test integration.
- Launching a commercial service based on the at-home test
  - By combining Nightingale's analysis technology and at-home test capability, it is possible to create quickly scalable health and wellbeing services that do not depend on the customer visiting a laboratory.
- Signing an international commercial partnership agreement
  - Nightingale expects its next commercial agreement to be a significant international agreement that increases the number of users of the company's health and wellbeing services.
- Reaching an order book of EUR 5 million by the end of the financial year
  - The order book is expected to contain commitments from business partners as well as recurring revenue from customers using a continuous subscription service.

In addition to the targets set for the financial year 2021–2022, Nightingale has medium- and long-term targets that are described in the offering circular related to the IPO and on Nightingale's website. The mentioned targets remain unchanged.

## **Annual General Meeting**

Nightingale's Annual General Meeting on 4 December 2020 adopted the financial statements for financial year 1 July 2019 – 30 June 2020 and discharged the members of the Board of Directors and the CEO from liability. The Annual General Meeting resolved to appoint Timo Soininen, Antti Kangas, Olli Karhi, Juha-Pekka Nuutinen, Juha Pöysä and Teemu Suna as members of the Board of Directors. The Board elected Timo Soininen as Chairman from among its members.

## **Extraordinary General Meetings**

Nightingale's Extraordinary General Meeting on 3 August 2020 resolved to authorise the Board of Directors to issue Series B shares. On the grounds of this authorisation, the number of issued new Series B shares can be a maximum of 30,000 new Series B shares. The Board of Directors decides on the other terms of the share issue based on the authorisation. The authorisation was valid until 12 August 2021.



Nightingale's Extraordinary General Meeting on 7 January 2021 resolved to appoint Leena Niemistö as a new member to the Board of Directors. The meeting also resolved that Timo Soininen, Teemu Suna, Antti Kangas and Olli Karhi will continue in the Board of Directors.

### **Extraordinary General Meeting 18 February 2021**

The Extraordinary General Meeting resolved that, during the term ending after the end of the next Annual General Meeting, the company's Board of Directors shall include seven members. It was also resolved that Timo Soininen, Teemu Suna, Antti Kangas, Olli Karhi and Leena Niemistö will continue in the Board of Directors and that Lotta Kopra and Tom Jansson are appointed as new members. The meeting decided that a monthly remuneration of EUR 2,000 will be paid to each member of the Board of Directors.

The Extraordinary General Meeting resolved to change the company form to a publicly listed company and to increase the company's share capital from company reserves by EUR 72,000, after which the company's total share capital amounted to EUR 80,000.

The Extraordinary General Meeting resolved to revise the company's Articles of Association so that Series A share entitles to 10 votes in a General Meeting instead of 75 votes.

The Extraordinary General Meeting resolved on a free share 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 Extraordinary General Meeting decided to authorise the Board of Directors to decide on the issue of new Series B shares. Based on the authorisation, a maximum of 41,000,000 new Series B shares may be issued. Based on the authorisation, the Board of Directors is entitled to decide on the terms of the share issue. The authorisation is valid until 31 December 2021.

The Extraordinary General Meeting resolved to authorise the Board of Directors to decide on the issuance of new Series A and/or Series B shares and/or the issuance of special rights referred to in Chapter 10, Section 1 in the Limited Liability Companies Act. The number of shares and special rights issued based on the authorisation cannot exceed 5,000,000 Series A shares and/or 19,100,000 Series B shares. Based on the authorisation, the Board of Directors is entitled to decide on the terms of the share issue. The authorisation is valid until 18 February 2026.

The Extraordinary General Meeting resolved to authorise the Board of Directors to decide on the repurchasing of the company's own Series B shares and EMP shares. The number of shares purchased on the basis of the authorisation cannot exceed 12,200,000 Series B shares and/or 602,000 EMP shares. Based on the authorisation, the Board of Directors decides how the company's own shares are purchased while adhering to the provisions of the Limited Liability Companies Act. The authorisation is valid until 19 August 2022.

### **Board of Directors**

Members of Nightingale's Board of Directors at the end of the financial year were Timo Soininen (Chairman of the Board), Tom Jansson, Antti Kangas, Olli Karhi, Lotta Kopra, Leena Niemistö and Teemu Suna.

### **Management Team**

Members of Nightingale'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), Laura Pulkkinen, (interim Chief Financial Officer) and Salla Ruosaari (Chief Research and Development Officer).

Nightingale's Chief Product Officer Osma Ahvenlampi left the company in May 2021. Nightingale's Chief Research and Development Officer Salla Ruosaari was appointed in May 2021 to lead the company's product organisation.

## **Auditor**

Nightingale's auditor is PricewaterhouseCoopers Oy with Authorised Public Accountant Valtteri Helenius as the principal 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).

## **Personnel**

The company had an average of 76 (92) employees during the financial period. Of the employees, 15 worked in sales and business development, 54 in research and development and operations and 7 in administration. At the end of the financial period, Nightingale employed 58 persons including the company's CEO. Of the 58 employees, 54 worked in Finland and four in Japan.

The COVID-19 pandemic had an effect on Nightingale's financial position during the financial period, and the company adapted its operations during the period due to the exceptional business environment. The company agreed to partially postpone salary payment to the management and some key personnel and temporarily lay off a part of the personnel, either part-time or full-time. The layoffs ended in March 2021, and the salary debt was paid in full in April 2021.

## **Related party transactions**

Nightingale's related parties include the company's subsidiaries and associated company PetMeta Labs Oy. Related parties also include members of the Board of Directors, the CEO and the Management Team as well as the members of their families and the companies controlled by them. The related parties also include the company's shareholders Antti Kangas, Pasi Soininen and Cor Group Oy, all of which are considered to have a significant influence over the company.

As required by Nightingale's business operations, the company has acquired from and sold services to the following related parties: Cor Group Oy, Labquality Oy, PetMeta Labs Oy and Villagecape Ventures Oy. The company's purchases from related parties amounted to EUR 176 (352) thousand and sales to related parties amounted to EUR 49 (4) thousand. All transactions have been made on an arm's length basis.

In June 2020, the company and the CEO entered into a loan agreement, whereby the CEO made available to the company for general working capital purposes a loan in the principal amount of up to EUR 1 million. The company agreed to pay the CEO a loan arrangement fee of EUR 190 thousand, which was paid in June 2021. No funds were withdrawn by the company under the loan facility.

The parent company has granted loans to its owners in relation to employee share issues. These loans have been granted 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. Loan receivables from the company's Management Team were EUR 64 thousand on 30 June 2021 and 30 June 2020.

## **Governance**

Nightingale 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 Helsinki First North Growth Market Finland, the company's Articles of Association and other provisions

applicable to the company. Additionally, Nightingale complies with the Corporate Governance Code of the Securities Market Association (<https://cgfinland.fi/en/>).

Nightingale's Corporate Governance Statement, Remuneration Policy and Remuneration Report for financial year 2020–2021 will be released during week 39.

## **Shares and shareholders**

### **IPO**

In February 2021, Nightingale announced that it intends to launch an initial public offering and listing its Series B shares on Nasdaq Helsinki First North Growth Market Finland.

Nightingale's public offering was oversubscribed, and the listing was carried out as planned. The listing consisted of a share issue, and the company raised gross proceeds of approximately EUR 110 million, issuing a total of 16,296,300 new shares. The final subscription price in the institutional and public offering was EUR 6.75 per share, resulting in a market value for the company of approximately EUR 409 million immediately after the IPO.

The IPO attracted strong interest from investors globally and in the Nordics. In the public offering, 1,874,074 Series B shares were allocated to private individuals and communities in Finland, Sweden and Denmark. In the institutional offering, 16,866,666 Series B shares were allocated to Finnish and international institutional investors, including an over-allotment option of 2,444,440 Series B shares for the company's stabilisation manager Swedbank AB (publ). On 23 March 2021, Swedbank decided not to exercise the over-allotment option granted by the company and concurrently returned the aforementioned 2,444,440 Series B shares to the company. On 23 March 2021, Nightingale's Board of Directors decided to cancel the returned Series B shares. In the IPO, the total number of Nightingale shareholders increased to approximately 5,500.

Trading in Nightingale's Series B shares commenced on the First North Growth Market Finland marketplace maintained by Nasdaq Helsinki Ltd on 19 March 2021. Nightingale's trading symbol is HEALTH. Nightingale's industry classification is Health Care.

### **Shares issued and share capital**

Nightingale 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'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 dividend. 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 period on 30 June 2021, Nightingale's share capital amounted to EUR 80,000, and Nightingale had issued 60,529,454 fully paid shares of which 22,717,674 shares were Series A shares, 36,147,250 Series B shares and 1,664,530 EMP shares.

Nightingale held 577,920 EMP shares at the end of the financial period on 30 June 2021, which constituted approximately 1 (1) per cent of shares outstanding. 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 first day of trading, 19 March 2021, was EUR 5.15. On the last trading day of the financial period, 30 June 2021, the closing price of the share was EUR 5.77. The highest price quoted in the financial period was EUR 6.75 and the lowest EUR 4.63. The

average closing price of the share during the financial period was EUR 5.34 and the average daily trading volume was 112,483 shares.

Nightingale's market value on 30 June 2021 was EUR 349,254,950.

### **Shareholders**

Nightingale had 7,073 shareholders on 30 June 2021. The company's 100 largest shareholders are presented on the company's website at [www.nightingalehealth.com](http://www.nightingalehealth.com).

### **Option programs**

Nightingale has established incentive programs for its employees and other key persons (EMP option programs) as well as incentive programs for the members of the Board and other key persons (2020 Chairman's Options and 2020 Board Member Options as well as 2021 Board, the CEO and Key Management Options).

Under the early-stage incentive programs (EMP option programs) employees and other key persons have received the right to subscribe for options in connection with the company's First North listing.

The contractual option programs 2020 Chairman's Options and 2020 Board Member Options entitle the option holder to subscribe for shares based on three vesting events, from which the first one realized in connection with the company's First North listing. According to the next two vesting events, the option holder has the right to subscribe for shares when the company's valuation in connection to a financing round, trade sale or IPO exceeds EUR 500 million and when the company's valuation in connection to a financing round, trade sale or IPO exceeds EUR 1 billion.

In February 2021 Nightingale's General Meeting outlined that the company's upcoming option programs must be tied to an increase in the company's value as determined by the Board of Directors. The Board of Directors may link the stock options to three vesting events at the Board's discretion as follows:

- 1/3 of the total number of stock options subject to authorisation must be linked to the vesting event when the company's market value is between EUR 500 million and EUR 1,500 million;
- 1/3 of the total number of stock options subject to authorisation must be linked to the vesting event when the company's market value is between EUR 1,500 million and EUR 3,00 million; and
- 1/3 of the total number of stock options subject to authorization must be linked to the vesting event when the company's market value is between EUR 3,000 million and EUR 5,000 million.

The company's objective is to create incentive programs which significantly incentivise option holders to increase the company's value.

The 2021 Board, the CEO and Key Management Incentive Program founded in March 2021 includes two board members, the CEO and two other members of the management team as option holders. The option program contains two vesting events according to which the options holders are entitled to subscribe shares when the company's market capitalisation is at least EUR 500 million based on 45-day volume weighted average purchase price (the First Vesting Event) and when the company's market capitalisation is at least 1 000 million based on 45-day volume weighted average purchase price (the Second Vesting Event).

The company's Board of Directors will resolve to issue Series B stock options to incentivise new employees of the company. Five per cent of the company's Series B shares are reserved for the company's 2021 New Employee Incentive Program. The Board of Directors follows the same

principles based on the increase in the company's value in the employee incentive scheme as in the 2021 Board, the CEO and Key Management Incentive Program.

## **Environment, health and safety**

The analytical performance of Nightingale'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's blood test, which is based on NMR spectroscopy, has been validated in accordance with clinical standards. Currently, 37 of the 250 biomarkers produced by the company's blood analysis technology are CE marked.

In addition, Nightingale's laboratory processes and sample collection adhere to the SFS-EN ISO/EIC 17025:2017 standard, and the laboratory has been accredited by the FINAS accreditation service.<sup>1</sup> All blood samples of individual customers are analysed 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 also participates in the UK NEQAS and WEQAS programs that are used to monitor analysis quality between Nightingale's laboratory and other laboratories. In Japan, Nightingale 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 does not use compounds in its operations that are harmful to the environment or health. The biological waste from Nightingale's operations is handled and disposed of in an appropriate manner in accordance with separate guidelines. Nightingale's operations generate considerably less biological waste than corresponding laboratory operations.

## **Risks and uncertainties**

Nightingale is exposed to risks related to possible changes in the company's business, industry, financial position and regulation. Nightingale's risk management is based on the risk management policy approved by the company's Board of Directors. Risk management is part of Nightingale'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's risk management and the risks related to its business are described in detail in the company's offering circular and the company's website.

The following sections describe the risks that Nightingale 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 the industry**

Nightingale's strategy requires that the company expands its customer base, and achieving this will require the company to considerably expand its capacity for blood testing and delivering test

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<sup>1</sup> 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](http://www.finas.fi).

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 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'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 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 secures its intellectual property rights through technological, legal, operational and commercial means. The blood analysis technology developed by Nightingale comprises several areas that are all needed to utilise the technology, including handling of samples, authentication and quality assurance protocols, NMR measurement and automated data processing. The company protects as trade secrets such intellectual property rights that the company can commercialise 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 takes into consideration the intellectual property rights protection extensively in all its agreements as well as in personnel onboarding and continuous training.

### **Risks related to personnel**

Nightingale 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 unfavourable competitive position for the company. Nightingale 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. The company also aims to mitigate personnel risks through describing processes related to the company's core operations based on the quality management system, maintaining and developing personnel competences, describing roles and appointing role-specific substitutes for each role and having current documentation on these.

### **Risks related to financial position**

Nightingale'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 commercialisation project will fail, which could threaten the company's future revenue or profitability. The new collaboration agreements that Nightingale has signed recently with, among others, Terveystalo, Welltus, Reaktor and Weavr decrease the risks of failure of commercial and technical projects and enable accelerating the company's growth strategy.

Possible impairment of capitalised development costs may have a material adverse impact on Nightingale's financial position and business result. In its balance sheet, the company capitalises 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 capitalised development costs.

Nightingale 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 or U.S. dollars. The company monitors its currency position but does not currently use any derivative instruments to protect itself from currency risks.

### **Legal risks and risks related to regulation and compliance**

If Nightingale 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 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'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 internal audits conducted by Nightingale, both 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 unauthorised use, publication, corrupting, disappearing 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'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 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.

### **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 2021 was EUR 122,586,544. The parent company's net loss for the financial period totalled EUR -10,755,180.

In the coming years, Nightingale 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'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 will be distributed for the financial year 1 July 2020 – 30 June 2021 and that the loss of the financial year is recorded in the retained earnings.

## **Significant events after the end of the period**

On 9 July 2021, Nightingale announced that it has acquired all outstanding shares of German company Yolife GmbH (“Yolife”) specialising in digital health solutions. The acquisition complements Nightingale’s blood analysis platform with Yolife’s digital health solutions. The solutions developed by Yolife will be integrated as part of Nightingale’s preventive health services, and the core team of Yolife will work as Nightingale employees to promote the global health mission.

On 30 August 2021, Nightingale appointed internationally recognised scientific leader Jeffrey Barret as Chief Scientific Officer. Barrett will join Nightingale’s Management Team as of 27 September 2021.

## **Annual General Meeting**

The Annual General Meeting of Nightingale Health Plc will be held on 28 October 2021. An invitation to the meeting will be released at a later date.

## **Financial reporting**

Nightingale will publish financial reports as follows:

- Annual report for financial year 2020–2021 during week 39
- Half-year financial report (1 July – 31 December 2021) on 24 February 2022

Financial reports are available after release on Nightingale’s website at [www.nightingalehealth.com/investors](http://www.nightingalehealth.com/investors).

## **Live webcast for investors and media**

Nightingale will arrange a live webcast for investors and media in English on 15 September 2021 at 1 p.m. EEST. The webcast can be followed online at <https://nightingalehealth.videosync.fi/2020-2021-results>.

Presentation is held by CEO Teemu Suna. A recording of the event will be available later the same day at [www.nightingalehealth.com/investors](http://www.nightingalehealth.com/investors).

Helsinki, 15 September 2021  
Nightingale Health Plc  
Board of Directors

## **Additional information**

Teemu Suna, CEO, +358 20 730 1810  
[ir\[at\]nightingalehealth.com](mailto:ir[at]nightingalehealth.com)



## Basis of preparation of Financial Statements Release

The Financial Statements Release has been prepared in accordance with good accounting practice and Finnish legislation. The figures in the Financial Statements Release are unaudited and have been prepared in accordance with Finnish Accounting Standards (FAS). Figures presented are rounded to the nearest thousand. Thus, in certain cases, the sum of the numbers in a column or row does not always exactly match the total presented in the column or row.

### Consolidated income statement

EUR thousand	1-6/2021	1-6/2020	7/2020-6/2021	7/2019-6/2020
Revenue	1,068	1,228	2,081	1,781
Other operating income	142	3	303	13
Materials and services	-272	-100	-319	-14
Personnel expenses	-1,663	-969	-2,649	-1,639
Depreciation, amortisation and impairment losses	-282	-113	-470	-227
Other operating expenses	-1,931	-1,526	-4,224	-3,257
Share of profit of associates	56	0	56	0
<b>Operating profit (loss)</b>	<b>-2,883</b>	<b>-1,478</b>	<b>-5,222</b>	<b>-3,342</b>
Financial income and expenses	-5,301	-192	-5,968	-386
<b>Profit (loss) before appropriation and taxes</b>	<b>-8,185</b>	<b>-1,670</b>	<b>-11,190</b>	<b>-3,728</b>
Income taxes	-2	-3	-2	-3
<b>Profit (loss) for the financial period</b>	<b>-8,186</b>	<b>-1,672</b>	<b>-11,192</b>	<b>-3,731</b>

## Consolidated balance sheet

EUR thousand	30 Jun 2021	30 Jun 2020
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	14,106	12,114
Tangible assets	721	1,375
Investments	3,329	0
<b>Total non-current assets</b>	<b>18,156</b>	<b>13,489</b>
<b>Current assets</b>		
Inventories	658	186
Receivables	1,569	9,210
Cash and cash equivalents	113,807	905
<b>Total current assets</b>	<b>116,034</b>	<b>10,301</b>
<b>TOTAL ASSETS</b>	<b>134,191</b>	<b>23,791</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	80	8
Reserve for invested unrestricted equity	146,378	12,762
Retained earnings (loss)	-10,851	-7,123
Profit (loss) for the financial period	-11,192	-3,731
Translation difference	13	1
Capital loan	0	6,818
<b>Total equity</b>	<b>124,429</b>	<b>8,735</b>
<b>Non-current liabilities</b>		
Loans from financial institutions	3,200	4,489
<b>Total non-current liabilities</b>	<b>3,200</b>	<b>4,489</b>
<b>Current liabilities</b>		
Loans from financial institutions	1,860	1,350
Advances received	1,941	224
Trade payables	905	537
Other liabilities	272	7,057
Accruals and deferred income	1,583	1,398
<b>Total current liabilities</b>	<b>6,562</b>	<b>10,567</b>
<b>Total liabilities</b>	<b>9,762</b>	<b>15,056</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>134,191</b>	<b>23,791</b>

## Consolidated cash flow statement

EUR thousand	1–6/2021	1–6/2020	7/2020-6/2021	7/2019-6/2020
<b>Cash flow from operating activities</b>				
Profit/loss before appropriations and taxes	-8,185	-1,670	-11,190	-3,728
Adjustments *)	5,666	338	6,586	678
<b>Changes in working capital</b>				
Increase (-) or decrease (+) in trade and other receivables	5,230	-525	5,465	-782
Increase (-) or decrease (+) of inventories	-156	73	-473	73
Increase (+) or decrease (-) in trade and other payables	-4,060	171	-2,948	830
Interest and other financial expenses paid	-217	-24	-324	-235
Interest and other financial income received	-5	-1	0	0
Income taxes paid	0	-1	-1	-2
<b>Net cash flow from operating activities</b>	<b>-1,727</b>	<b>-1,638</b>	<b>-2,884</b>	<b>-3,166</b>
<b>Cash flow from investments</b>				
Investments in intangible and tangible assets	-1,307	-4,660	-2,698	-8,186
Grants received for investments	0	319	0	384
Income from tangible and intangible non-current assets	1,239	0	1,239	0
Investments in other shares	-3,274	0	-3,274	0
<b>Net cash flow from investments</b>	<b>-3,341</b>	<b>-4,341</b>	<b>-4,733</b>	<b>-7,802</b>
<b>Cash flow from financing activities</b>				
Proceeds from capital loans	4,818	0	6,818	6,818
Proceeds from convertible loans	0	0	1,000	0
Other financial income received	2,258	0	2,258	0
Other financial expenses paid	-7,579	0	-7,579	0
Directed share issue	113,974	0	118,820	0
Repurchase of treasury shares	-20	0	-20	-13
Proceeds of non-current loans	0	0	0	350
Repayments of non-current loans	-667	-675	-779	-1,755
<b>Net cash flow from financing activities</b>	<b>112,785</b>	<b>-675</b>	<b>120,517</b>	<b>5,400</b>
<b>Net change in cash and cash equivalents</b>	<b>107,717</b>	<b>-6,655</b>	<b>112,901</b>	<b>-5,568</b>

<b>EUR thousand</b>	<b>1-6/2021</b>	<b>1-6/2020</b>	<b>7/2020-6/2021</b>	<b>7/2019-6/2020</b>
Cash and cash equivalents at beginning of period	6,090	7,560	905	6,473
Net foreign exchange difference on cash held	0	0	0	0
Cash and cash equivalents at end of period	113,807	905	113,807	905
<b>Change</b>	<b>107,717</b>	<b>-6,655</b>	<b>112,901</b>	<b>-5,568</b>

**\*) Adjustments**

<b>EUR thousand</b>	<b>1-6/2021</b>	<b>1-6/2020</b>	<b>7/2020-6/2021</b>	<b>7/2019-6/2020</b>
Other operating expenses	92	40	156	70
Depreciation, amortisation and impairment losses	282	113	470	227
Share of profit of associates	-56	0	-56	0
Finance income	-2,253	1	-2,258	0
Finance costs	7,499	188	8,168	383
Other adjustments	102	-3	106	-1

## Consolidated statement of changes in equity

1 January 2021–30 June 2021

EUR thousand	Share capital	Reserve for invested unrestricted equity	Translation differences	Retained earnings	Capital loan	Total equity
<b>Equity at the beginning of period (1 Jan 2021)</b>	8	21,556	-1	-13,854	8,818	16,527
Loss for the period				-8,186		-8,186
Translation differences			14	4		18
Capital loan					-8,818	-8,818
Directed share issue	72	124,890				124,962
Repurchase of treasury shares		-68				-68
Other changes				-6		-6
<b>Equity at the end of period (30 Jun 2021)</b>	<b>80</b>	<b>146,378</b>	<b>13</b>	<b>-22,042</b>	<b>0</b>	<b>124,429</b>

1 January 2020–30 June 2020

EUR thousand	Share capital	Reserve for invested unrestricted equity	Translation differences	Retained earnings	Capital loan	Total equity
<b>Equity at the beginning of period (1 Jan 2020)</b>	8	12,806	1	-9,179	6,818	10,454
Loss for the period				-1,672		-1,672
Translation differences			-1			-1
Repurchase of treasury shares		-44				-44
Other changes				-3		-3
<b>Equity at the end of period (30 Jun 2020)</b>	<b>8</b>	<b>12,762</b>	<b>1</b>	<b>-10,854</b>	<b>6,818</b>	<b>8,735</b>

1 July 2020–30 June 2021

EUR thousand	Share capital	Reserve for invested unrestricted equity	Translation differences	Retained earnings	Capital loan	Total equity
<b>Equity at the beginning of period (1 Jul 2020)</b>	8	12,762	1	-10,854	6,818	8,735
Loss for the period				-11,192		-11,192
Translation differences			12	4		17
Capital loans					-6,818	-6,818
Directed share issue	72	133,684				133,756
Repurchase of treasury shares		-68				-68
Other changes				-1		-1
<b>Equity at the end of period (30 Jun 2021)</b>	<b>80</b>	<b>146,378</b>	<b>13</b>	<b>-22,042</b>	<b>0</b>	<b>124,429</b>

1 July 2019–30 June 2020

EUR thousand	Share capital	Reserve for invested unrestricted equity	Translation differences	Retained earnings	Capital loan	Total equity
<b>Equity at the beginning of period (1 Jul 2019)</b>	8	12,820	0	-7,121	0	5,707
Loss for the period				-3,731		-3,731
Translation differences			1			1
Capital loans					6,818	6,818
Repurchase of treasury shares		-58				-58
Other changes				-2		-2
<b>Equity at the end of period (30 Jun 2020)</b>	<b>8</b>	<b>12,762</b>	<b>1</b>	<b>-10,854</b>	<b>6,818</b>	<b>8,735</b>

## Changes in intangible and tangible assets

EUR thousand	INTANGIBLE ASSETS		TANGIBLE ASSETS		Total
	Capitalised development expenses	Advance payments	Machinery and equipment	Other tangible assets	
<b>Book value 1 Jul 2020</b>	<b>11,514</b>	<b>600</b>	<b>1,375</b>	<b>0</b>	<b>13,489</b>
Additions	2,141	100	646	250	3,138
Deductions	90	0	1,239	0	13,300
Depreciations	395	0	61	14	470
<b>Book value 30 Jun 2021</b>	<b>13,170</b>	<b>700</b>	<b>721</b>	<b>237</b>	<b>14,827</b>

The capitalised development costs of financial year ended 30 June 2021 were EUR 2,141 thousand including investments made in the development of digital services, production capacity of laboratory software and product concepts and investments made in health data and samples. The capitalised costs included personnel expenses, research sample analysis costs as well as third party services and purchases. Personnel expenses accounted for approximately 67 per cent (EUR 1,441 thousand) of capitalised development expenses during the financial year.

The biggest contributors in machinery and equipment in the beginning of the financial year were three NMR spectrometers. One of the spectrometers was installed and taken into use and two were not installed nor taken into use at the end of the financial year. The additions in the machinery and equipment consisted mainly of machine acquisition contracts presented in off balance sheet commitments that were materialised during the fiscal year. The company entered a sale-leaseback agreement related to two NMR spectrometers. During the financial year the company also invested in its laboratory in Japan.

## Off-balance sheet commitments

EUR thousand	30 Jun 2021	30 Jun 2020
<b>Collaterals</b>		
Loans secured by floating charge	3,757	4,536
Floating charges provided as collateral	6,400	6,400
<b>Off-balance sheet commitments</b>		
<b>To be paid during next financial year</b>		
Lease liabilities	1,978	1,148
Facility rental liabilities	1,016	912
Machinery acquisition contracts	0	619
Product development cooperation	0	301
	<b>2,994</b>	<b>2,980</b>
<b>To be paid after one year</b>		
Lease liabilities	1,829	1,763
Facility rental agreements	3,283	4,045
	<b>5,112</b>	<b>5,808</b>

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.

## 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