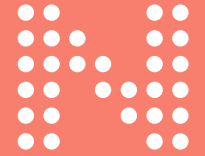




# Annual Report 2020 – 2021

Nightingale



# Nightingale Health – pioneer in preventative health

Nightingale is a Finnish health technology company that aims to promote preventative health and help people stay healthy. The blood analysis technology developed by Nightingale measures a large variety of biomarkers from a single blood sample and identifies personal risks of disease using unique health data assets.

Nightingale provides people with comprehensive insights on health, helps them make better decisions regarding their health and connects them with healthcare experts that offer preventative services for maintaining health. Nightingale strives to help millions of people prevent common lifestyle diseases in the future and, at the same time, to reduce the immense expenses of healthcare.

Nightingale was founded in 2013 and the company is domiciled in Helsinki, Finland. Nightingale has two own laboratories in Finland and one in Japan, as well as two cooperation laboratories in the United Kingdom and one in the United States. Nightingale Health Plc's Series B shares are traded on the First North Growth Market Finland marketplace maintained by Nasdaq Helsinki Ltd.

# Nightingale

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*Nightingale’s financial year is 1 July – 30 June.*





# Highlights of the financial year 2020 – 2021

## July – September 2020

### **Groundbreaking new medical findings from UK Biobank with Nightingale's blood analysis**

To improve the understanding of how diseases form, Nightingale has invested in analysing half a million blood samples from the world's best known and most extensive biobank. Among the findings, a connection was detected between the blood biomarkers measured by Nightingale and the serious form of the COVID-19 infection.

## October 2020 – January 2021

### **Nightingale's Board of Directors strengthens with international level members**

In December, Timo Soininen was appointed Chairman of the Board of Directors. Soininen is known as one of the founders and former CEO of Small Giant Games, one of the fastest-growing gaming companies in the world. During Soininen's term as CEO, the revenue of Small Giant Games increased immensely from zero to EUR 328 million in only three years. Soininen also made an investment in Nightingale, and in December, Leena Niemistö, one of the most influential decision-makers in Finnish business circles, award-winning board professional and experienced start-up investor, also invested in the company. In January 2021, Leena Niemistö also became a member of Nightingale's Board of Directors.

## February 2021

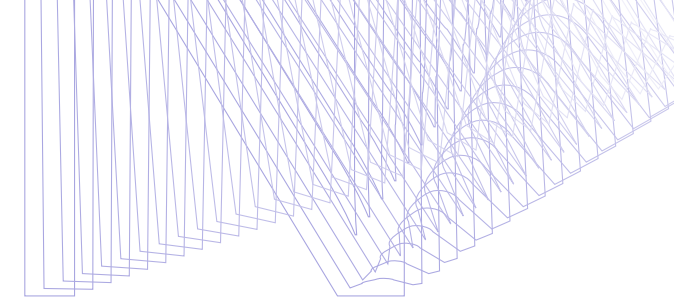
### **Nightingale's technology towards national use in Estonia**

Nightingale and Estonian Biobank announced a strategic partnership which aims to bring Nightingale's technology to national use in Estonia. The agreement covers the analysis of 200,000 samples and the delivery of results to the sample donors.

### **The availability of Nightingale's technology expands directly to people's homes**

Nightingale announced it would introduce its at-home blood testing solution sooner than planned by launching a pilot for 10,000 consumers in Finland.

# Nightingale



## March 2021

### **Listing on the Nasdaq First North Growth Market Finland marketplace**

Trading in Nightingale's Series B shares began on the Nasdaq First North Growth Market Finland marketplace. Following the Initial Public Offering, the number of Nightingale's shareholders increased to approximately 5,500.

## April 2021

### **Finland's biggest health service company Terveystalo adopts Nightingale's technology**

Nightingale signed a strategic partnership agreement with Terveystalo, the largest health service company in Finland. Terveystalo will offer a new service that applies Nightingale's blood analysis technology to all its customers.

### **Laboratory certification and an agreement on sales of health and wellbeing services in Japan**

Receiving laboratory certification enabled Nightingale to launch its technology commercially in Japan. The commercial availability of the technology was secured by Nightingale's agreement on the sales of health and wellbeing services with Welltus, a subsidiary of the Japanese conglomerate Mitsui & Co., Ltd.

## May 2021

### **Nightingale partners with Europe's leading software development and design company Reaktor**

The purpose of Nightingale and Reaktor's comprehensive strategic partnership is to support Nightingale's fast international growth and improve the company's ability to scale the offering of digital health solutions to customers on a global scale.

## June 2021

### **The first stage of the at-home blood testing pilot successfully completed**

Nightingale completed the first stage of its at-home blood testing pilot. The first stage of the pilot showed that consumers are highly interested in at-home blood sampling.

### **Nightingale ensured the international scalability of its at-home blood test**

Nightingale partnered with US-based blood collection device manufacturer Weavr Health. With new commercial terms and a minority investment in Weavr Health, Nightingale can significantly accelerate the commercialisation of its at-home test.



# Nightingale 2021

Nightingale's financial year was historical. The company's listing on the First North Growth Market Finland marketplace in March 2021 enables the international launch of the company's commercialisation phase.

In the Initial Public Offering, Nightingale raised gross proceeds of approximately EUR 110 million, the majority of which will be used to commercialise Nightingale's blood analysis technology, which identifies risks of disease. Following the IPO, the number of Nightingale's shareholders increased to approximately 5,500.

During the financial year, Nightingale made several partnership agreements that enable international expansion. In Finland, Nightingale signed a strategic partnership agreement with Finland's biggest health service company Terveystalo, and the companies will launch a new wellbeing service for Terveystalo's customers in autumn 2021. In Japan, Nightingale made

its technology commercially available by signing an agreement concerning the sales of health and wellbeing services with Welltus, a wholly owned subsidiary of Mitsui & Co., Ltd. Furthermore, Nightingale partnered with Reaktor, Europe's leading provider of software development and digital design services. The global expansion of Nightingale's at-home test is enabled by the partnership with Weavr Health, a US-based manufacturer of blood collection devices for at-home use.

The achievements during the financial year enable Nightingale to accelerate its business growth and proceed with its mission to make preventative health tools available globally.

# Key figures 2021

**2.1**

Revenue (M€)

**6**

Laboratories

---

Research projects  
delivered to more than

**20**

countries

Over

**1M**

blood samples analysed

---

Technology used in over

**300**

medical publications

Risk prediction for about

**1,000**

diseases



# CEO's review

**Dear reader,**

Welcome to the journey towards an era of smarter, more predictive health. The destination of our journey is a world in which technological breakthroughs have enabled a longer, healthier life – for everyone. The road ahead is a demanding one, but we at Nightingale have proceeded on it determinedly for years.

Nightingale's listing on the First North marketplace of Nasdaq Helsinki in March 2021 and our first quarter as a listed company made the concluded financial period special. The listing process gave us an excellent opportunity to hear valuable feedback from hundreds of stakeholders on our technology as well as our business.

The discussions brought up repeatedly the most important raw material of technology companies in the 21st century: data. Extensive high-quality data is the most critical material of applications based on AI, such as self-driving cars, industrial automation, space technology, many environmental technology innovations – and of course, medical development. Development is made by analysing data. Therefore, data defines the competitive advantage of companies in a central way.

In medicine, the most extensive and highest-quality data is received by examining the functioning of the human body beneath the surface through biotechnological methods. For example, measuring blood samples with advanced biotechnological methods provides data and analysing it can lead to medical breakthroughs. The uniqueness of Nightingale's blood analysis technology is based on its exceptional ability to produce extensive high-quality medical data from each blood sample we measure, at low cost. Our technology is thus an advanced biotechnological machine that can multiply the amount of data measured from routine blood samples dozens of times over.

Today, the most typical blood tests carried out by healthcare providers to map lifestyle diseases include 1 to 5 results, or data points, per test. Nightingale's blood test includes 250 data points for each test. Due to the enormous difference in scale, even the current volume of our operations exceeds 50 million data points per year – enough to surpass the amount of data that the entire health care system of a small European country produces from lifestyle disease blood tests using existing technology.



This creates a basis for a new way of looking after health. Shifting the focus from passively waiting for medical events to active and predictive identification and prevention of medical events is possible with extensive high-quality data. Data-driven, predictive action is a superior strategy, when the goal is to increase the number of healthy years and improve quality of life.

Sustainable development of healthcare calls for better tools that can be used by healthcare players as well as individuals. Nightingale's blood testing technology is globally unique and ready for commercial production and use. The functionality of the technology has been very widely validated in more than three hundred scientific peer-reviewed publications, and it has passed strict European regulatory requirements for medical devices.

We at Nightingale are extremely motivated and determined as we continue our journey towards a world in which advanced tools for a longer, healthier life are available for everyone. I hope that in this Annual Report we can communicate to you, dear reader, some of the game-changing potential of our technology and our journey towards a healthier future.



**Teemu Suna**  
Founder, Chief Executive Officer





# Megatrends supporting international growth



Nightingale's growth targets are supported by three global megatrends in the health and wellbeing market: the health-conscious consumer, increasing prevalence of lifestyle diseases, and the growth of digital services.

## **The health-conscious consumer**

There is a prevailing global megatrend in which consumers want to personally manage and improve their health. Consumers interested in health and wellbeing see the use of health and wellbeing services as an investment in themselves and in a healthier future.

Consumers use an increasing amount of self-collected health information to promote their wellbeing. The number of wellbeing

devices is increasing to more than one billion in 2022. Traditional wellbeing devices such as smart watches have been joined by different at-home testing solutions with which various changes in health can be detected from, for example, blood, urine or saliva samples. At-home tests are popular among consumers because they offer meaningful health data and can be used quickly, cost-efficiently and privately.



Nightingale offers its customers an exceptionally wide and easy-to-understand view of their health from a single blood sample.

# Nightingale

There is immense market potential for disease prevention. A concrete example of this is the prevalence of lifestyle diseases, the annual costs of which are **3.8 trillion dollars** in the US alone.

**1** billion – the number of wellbeing devices in 2022

**420** EUR 420 billion – the preventative technologies and services market in 2024

**5** On an annual level, the healthcare expenses of patients with chronic diseases are approximately 5 times higher than those of people with no chronic diseases.



### **Increasing prevalence of lifestyle diseases**

A growing number of people are afflicted by a lifestyle disease such as type 2 diabetes and heart conditions. This has led to a strain on healthcare services and a significant increase in costs. To ensure sufficient healthcare capacity, it is crucial that the focus is shifted from treating diseases to preventing them. Preventative healthcare is indeed a top priority in healthcare in a growing number of countries, which is demonstrated by the health programmes launched by several nations in recent years.

To enable prevention, it is important to know a person's individual risk of disease, so that people with whom preventative measures should be taken can be identified from among the healthy population. The sooner a person becomes aware of their personal risk, the smaller the lifestyle changes that are needed

to lower the risk and prevent the disease. An increasing number of private healthcare service providers have expanded their offering to preventative services. Insurance companies have also included preventative services as part of their health insurance offering. The use of these services is expected to lower risks of disease and thereby reduce the costs stemming from treating diseases.



Nightingale produces a risk prediction for about 1,000 diseases, enabling the early prevention of diseases.

### **Growth of digital services**

Digital services and solutions are used more and more as part of healthcare services. The number of digital health tools, such as remote services, wellbeing devices and applications for monitoring health, continues to grow.

The instructions on avoiding close contact adopted during the COVID-19 pandemic have accelerated the use of digital services in all age groups.

The use of digital channels and services has significant potential in reducing the pressure on healthcare systems. Digital solutions enable the cost-efficient scaling of predictive and preventative care, and they can be used to reach large groups of people who benefit from prevention measures.



Nightingale's at-home blood test and digital applications enable the use of the company's health and wellbeing services anywhere, at any time.



# Nightingale

*Nightingale's goal is to shift the focus from treating diseases to preventing them. Nightingale's blood analysis technology offers everyone access to extensive health data and risk predictions based on which people can make better health-related decisions. Additionally, Nightingale's risk predictions allow people who are healthy but at high risk of falling sick to be guided to preventative health services. Nightingale's technology has received the necessary regulatory approvals, and the blood sample needed for analysis can be taken at home, enabling easy and widespread use.*





# Strategy and business model

Nightingale's mission is to bring disease prevention and a healthier life within everyone's reach.

Nightingale aims to make better health information available to everyone and enable targeted preventative measures for individuals as well as health and wellbeing players. In enabling prevention, it is important to make people more aware of their own health and potential disease risks and provide them with tools for regularly monitoring and maintaining their health. Monitoring the impacts of lifestyle changes on health helps to determine the best

lifestyle for each individual and maintains motivation to live in a healthier way.

The disease risk predictions provided by Nightingale consist of two interconnected factors: The extensive blood analysis technology developed by Nightingale and a large amount of data on health events. By combining these factors, Nightingale is able to provide an exceptionally wide-ranging disease risk prediction for about

one thousand diseases. Nightingale can identify, for example, the risk level associated with a person's prevailing heart health, type 2 diabetes, lung health, gut health, joint health, mental health and immune system. Based on the risk of disease, Nightingale's partners can offer the person lifestyle-related interventions and services, the impacts of which can be regularly measured with Nightingale's tests.

# Nightingale

Nightingale has a two-fold business model: cooperation with the health and wellbeing industry and reaching consumers directly.

## 1. Cooperation with health and wellbeing service providers

Nightingale's blood analysis identifies individual risks of disease and connects customers to partners' services, enabling disease prevention. The company expects to invoice its partners as follows:

- Payment for analysed samples
- Payment for at-home tests
- Payment for identifying risks of disease
- Payment for referring customers
- Share of achieved additional sales

## 2. Direct-to-consumer

Nightingale provides individual health insights via a mobile application, enabling disease prevention. The company expects to invoice consumers as follows:

- Payment for analysed samples
- Payment for at-home tests
- Payment for more detailed health insights
- Payment for subscriptions

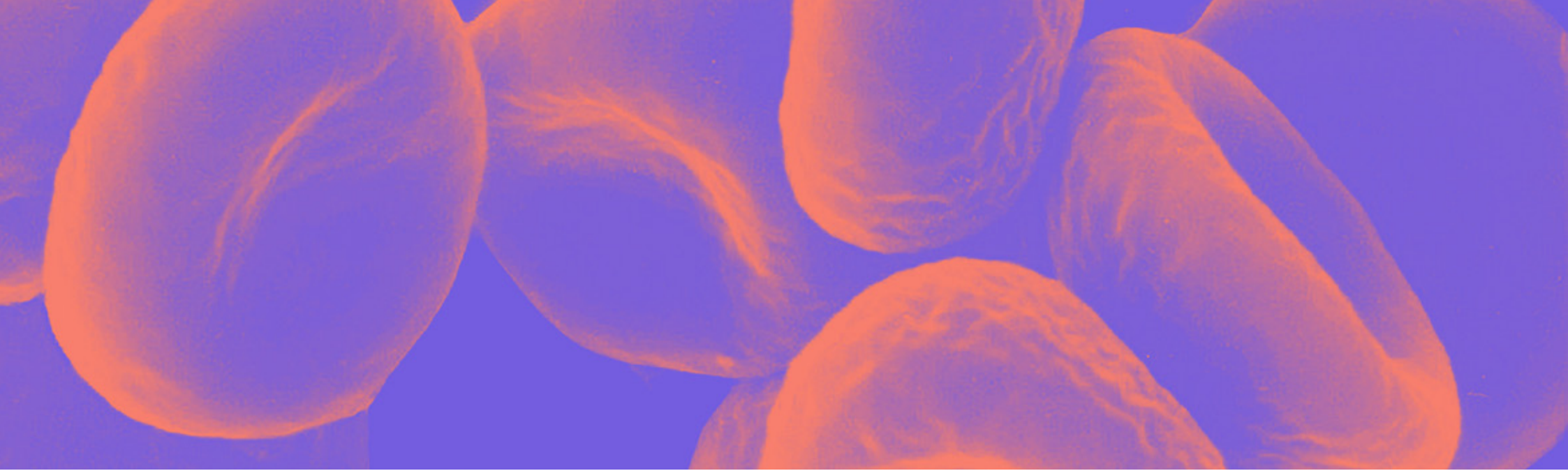
## FIRST STEPS IN BUSINESS MODEL IMPLEMENTATION

### *Cooperation with Terveystalo and Welltus*

Nightingale signed a strategic partnership agreement with Terveystalo in Finland and a service agreement with Welltus, a subsidiary of Mitsui & Co., Ltd., in Japan. New wellbeing services will be developed for Terveystalo's customers and the first service will be launched in autumn 2021. The agreement with Welltus covers the sale of services using Nightingale's technology in Japan. The first service based on the agreement is available through selected clinics offering preventative health checks. In both agreements, the parties will share the revenue generated from the sales of the services.

### *Partnership with Weavr Health*

Nightingale ensured the scalability of its at-home test by partnering with Weavr Health, one of the leading manufacturers of blood collection devices globally. The at-home test is based on a blood sample taken from the fingertip by consumers themselves. A consumer can order the service online and receives the at-home test kit directly to their home. After the sample is taken, it is mailed to Nightingale's laboratory for analysis. Once Nightingale has analysed the sample, the results are delivered via a mobile application to the consumer. Nightingale has piloted the at-home test in Finland in 2021 and will launch its commercial service based on the at-home test during the first half of 2022.



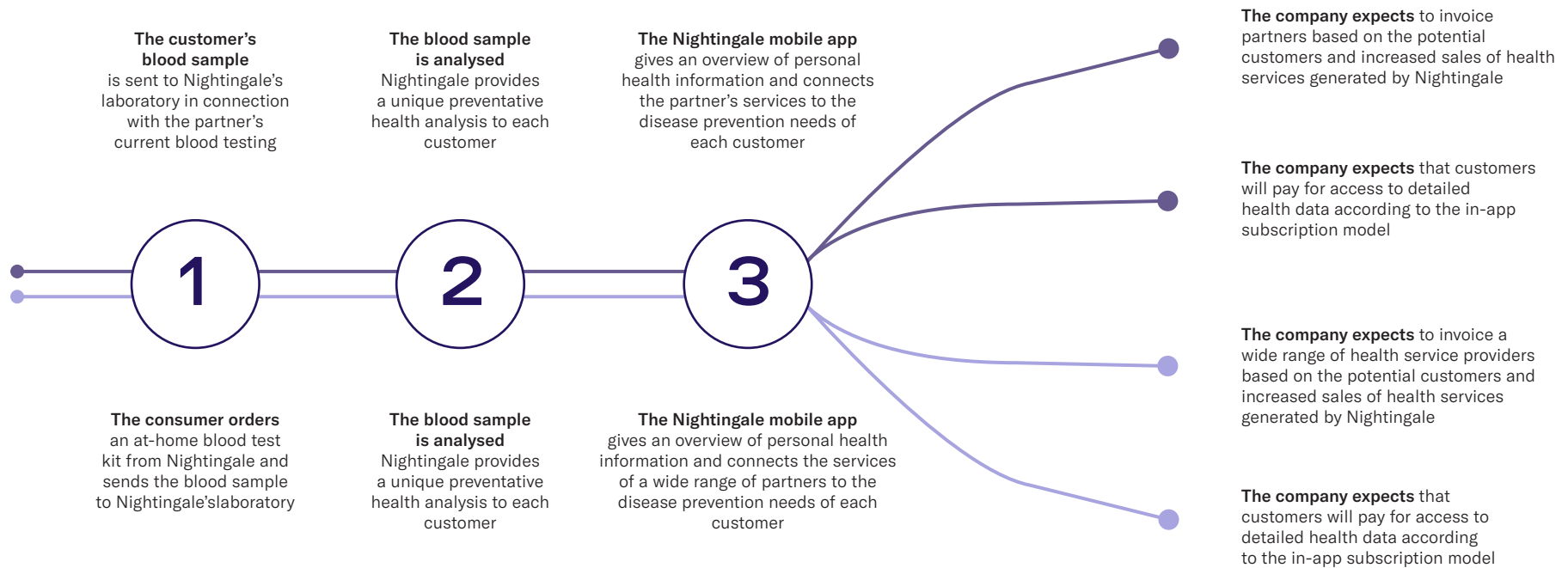
Thus far, Nightingale's revenue has mainly been derived from academic collaboration agreements with universities, and these agreements are expected to generate revenue also in the future. In the financial year 2020–2021, Nightingale's revenue was EUR 2.08 million. In the long term, Nightingale targets over 100 million users and revenue of more than EUR 500 million.

To reach its targets, Nightingale needs a global network of laboratories. Nightingale already has two own laboratories in Finland and one in Japan. In the United States, Nightingale's blood analysis technology is installed in a laboratory run by PerkinElmer in Pittsburgh, Pennsylvania. In the United Kingdom, Nightingale's blood analysis technology is installed in laboratories run by the Oxford and Bristol universities. There are no technical limitations to setting up new international laboratories.



# Nightingale

## HEALTH AND WELLBEING INDUSTRY PARTNERSHIP BUSINESS MODEL



## DIRECT-TO-CONSUMER BUSINESS MODEL



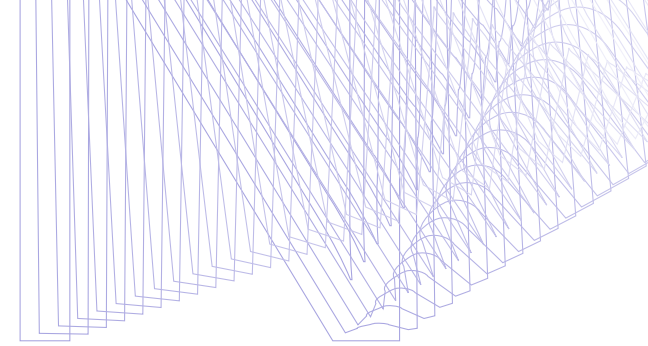
# Targets

Nightingale has set the following near-term, mid-term and long-term business targets.

## NIGHTINGALE'S NEAR-TERM BUSINESS TARGETS PUBLISHED IN CONNECTION WITH THE IPO

Target	Status
To sign a partnership agreement with an established health service provider.	Nightingale signed a partnership agreement with Terveystalo in April 2021.
To conclude an agreement to analyse at minimum 75,000 samples.	Nightingale signed a strategic partnership agreement covering 200,000 samples with Estonian Biobank in February 2021.
To get FDA (U.S. Food and Drug Administration) approval.	Expected to be reached as planned.
To launch a new version of the company's mobile application.	Expected to be reached as planned.
To be granted the information security certification ISO 27001.	Certificate received in January 2021.

# Nightingale



## NIGHTINGALE'S BUSINESS TARGETS FOR THE FINANCIAL YEAR 2021-2022

### Target

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FDA (U.S. Food and Drug Administration) approval

- FDA approval enables the use of Nightingale's analysis technology in healthcare solutions in the United States.
- 

Launching a new version of the company's mobile application

- The new version of the mobile application will contain a more comprehensive view of health and a 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.
- 

To sign an international commercial partnership agreement

- Nightingale expects its next commercial agreement to be a significant international agreement that increases the user volume 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 the continuous subscription service.

## NIGHTINGALE'S MID-TERM AND LONG-TERM BUSINESS TARGETS

### Mid-term business targets

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- To conclude an agreement to analyse 2 million samples annually in Europe
- To conclude an agreement to analyse 10 million samples annually in the United States or in Asia.
- To extend its laboratory capacity in respective geographical areas to meet the analysis capacity required by the aforementioned agreements.

### Long-term business targets

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- To provide health insights to 100 million users through partnerships with health service providers and health initiatives and through direct-to-consumer sales of at-home testing.
- To generate EUR 500 million in annual revenue from its partnerships with health service providers and from direct-to-consumer sales of in-application purchases.



# Initial Public Offering

After a research and development phase spanning several years, Nightingale proceeded in 2020 to the commercialisation of its technology. To finance the new phase, the company was listed on the First North Growth Market Finland marketplace.

In February 2021, Nightingale announced it was planning an IPO and listing of its Series B shares on the Nasdaq Helsinki First North Growth Market Finland marketplace. Nightingale's IPO was oversubscribed and the listing was carried out according to plan. The listing consisted of a share issue, and Nightingale raised gross proceeds of approximately EUR 110 million by 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, based on which the company's market value was approximately EUR 409 million immediately following the IPO.

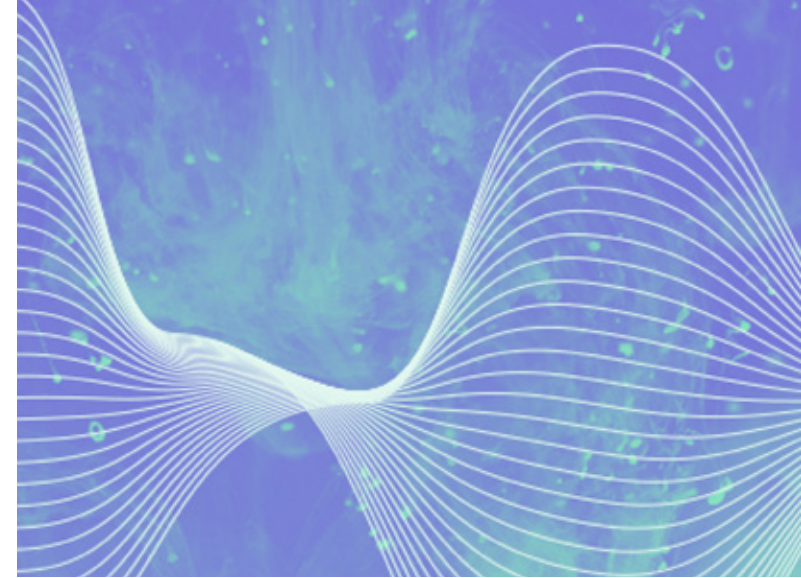
The IPO attracted strong interest from international and Nordic investors. Cornerstone investors AP4 (Swedish pension fund), DNCA Invest (French asset management

company), certain funds managed by Sp-Fund Management Company Ltd and the Finnish FIM Fenno fund submitted subscription commitments worth a total of EUR 39 million in the IPO.

Trading in the company's Series B shares began on the First North Growth Market Finland maintained by Nasdaq Helsinki Ltd on 19 March 2021 with the ticker symbol HEALTH.



# Nightingale



The funds accumulated in the IPO enable Nightingale to proceed in its growth strategy to the commercialisation of its technology. The company plans to use the net proceeds from the IPO to support its growth strategy mainly in the following way:

- 35% for capital expenditure
- 30% for sales and marketing
- 15% for research and development
- 15% for operating expenses
- 5% for other unforeseen expenses that may arise in Nightingale's business.

## Trading in the shares

The closing price of the share on 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 4.51. The average closing price of the share during the review period was EUR 5.34 and the average daily trading volume was 112,483 shares.

Nightingale's market value on 30 June 2021 was approximately EUR 349 million.

## Shareholders

Nightingale had a total of 7,073 shareholders on 30 June 2021. Information about the company as an investment, its share and shareholders is available on Nightingale's website at [www.nightingalehealth.com](http://www.nightingalehealth.com).





# Nightingale Health Index

A metric summarising  
six vital parameters to give  
an overview of health.

HEALTH INDICATOR

Track how the system reacts  
different areas of the body

Cholesterol balance

Inflammation

Heart rate

Fatty acid balance

Diabetes risk



# Nightingale as an investment

Nightingale's management believes that Nightingale has several key strengths that create a competitive advantage.

### **1. Immense target market**

The global costs of chronic diseases are estimated to be as much as USD 46 trillion in 2010–2030. To reduce the strain on today's healthcare system, it is vital to reduce the number of people who get sick by preventing diseases. Disease prevention significantly improves quality of life and enables savings in healthcare costs. Consumer interest in health and wellbeing is growing rapidly, which has strongly increased the demand for medical grade preventative solutions. In addition to consumers, also healthcare service

providers, employers and insurance companies have a strong interest towards preventative health.

Nightingale is a key enabler of prevention, as the blood analysis technology it has developed can identify a consumer's individual health risks for about one thousand diseases from a single blood sample and connect consumers to relevant health solutions to reduce risks and prevent diseases. Educating people by offering better health insights is a way of enabling better decision-making on an individual

level, which provides possibilities for promoting personal health and wellbeing.

### **2. Business strategy that benefits existing healthcare players**

Hundreds of millions of blood samples are taken annually around the globe. By using Nightingale's technology to analyse a blood sample taken, for example, in connection with a normal cholesterol test, a health service provider can, with very small additional costs, get an unparalleled amount of valuable information that is not inexpensively available with other



technologies. Thus, Nightingale can use existing blood sample streams and provide added value to them.

The extensive health information provided by Nightingale on risks of disease enables current health and wellbeing players to expand their services to a mainly healthy customer segment interested in disease prevention. In this customer segment, an increased risk of disease and a need for preventative measures can be detected with Nightingale's blood analysis, enabling targeted offering of health and wellbeing services.

### **3. Strong international partnerships**

The investment of the Japanese conglomerate Mitsui & Co., Ltd. in the company and the commercial partnership agreement with Mitsui's subsidiary, Welltus, have made Nightingale's technology commercially

available in Japan. In Finland, Nightingale is launching a wellbeing service with Terveystalo, the nation's biggest health service company, for all Terveystalo's customers in autumn 2021.

Nightingale's partnership with Reaktor, Europe's leading software development company, enables world-class application development. Cooperation with Weavr Health, one of the leading blood collection device manufacturers in the world, accelerates the international commercialisation of Nightingale's at-home blood test.

### **4. Scientifically and regulatorily validated technology ready for the mass market**

Nightingale's blood analysis technology can be used to measure 250 blood biomarkers from a single blood sample. By combining the biomarker values and health event data

received from the world's largest biobanks, Nightingale has created the capability to assess the risks for about 1,000 diseases.

More than one million blood samples have already been analysed with Nightingale's blood analysis technology. The functionality and benefits of the technology have been proven in over 300 peer-reviewed scientific publications, and the technology has received wide international regulatory approvals. The technology's competitive advantages also include high level of automation, fast scalability, excellent reproducibility, accuracy and low price. Nightingale's existing regulatory approvals and health data sets give Nightingale a strong position in the market and create an advantage over competitors. Laboratories using Nightingale's technology have already been established in Finland, the United Kingdom, the United States and Japan, creating good preconditions for global expansion.



### **Share information**

Market:

First North Growth Market Finland

Symbol: HEALTH

Date of listing: 19 March 2021

ISIN: FI4000490875

Sector: Healthcare

Contact information for

investor relations:

[ir@nightingalehealth.com](mailto:ir@nightingalehealth.com)





# Corporate Governance Statement

1 July 2020 – 30 June 2021

In its corporate governance and management, Nightingale Health Plc (“Nightingale”) complies with the laws and regulations applicable to a Finnish company listed on Nasdaq First North Growth Market, the Nasdaq First North Growth Market Rulebook and the company’s Articles of Association. Nightingale furthermore has opted to comply with the Finnish Corporate Governance Code 2020 issued by the Finnish Securities Market Association (available at <https://cgfinland.fi/en/>)

## **Exemption from the Corporate Governance Code**

The company’s 2021 incentive program for the Board of Directors, CEO and key management diverges from the Corporate Governance Code’s recommendation 23 in the following way: two non-executive Board members are covered by an incentive program with similar terms as those applicable to the CEO and some of the company’s Management Team. The Board of Directors has decided on the incentive program based on the authorisation given by the Annual General Meeting. The company considers this exception justifiable, as the company does not see that the incentive program weakens

the execution of the Board’s supervisory duty or causes conflicts of interest. According to the terms of the incentive program, the Board members and specified key management members covered by it receive a right entitling to options based on the company’s market value growth. Based on the incentive program, rights entitling to options are given in two instalments: when the company reaches a market value of at least EUR 500 million and when the company reaches a market value of at least EUR 1,000 million (based on the volume-weighted average share price of 45 days). The company sees that no conflicts of interest are created and the shareholders’ interests are not jeopardised, because an



increase in the company's market value is always in the best interest of the company's shareholders. The company sees that the shared target related to market value growth does not weaken the Board's supervisory duty, as the other targets relating to the company's growth are aligned with market value growth. Additionally, the exemption covers two out of seven Board members who do not individually hold decision-making power in the company. These Board members have joined the Board as part of the expansion of the Board during the company's listing and their rights in the incentive program have been tied to the company's increase in value compared to the valuation of the company at listing.

## GOVERNING BODIES

In accordance with the Finnish Companies Act, the General Meeting of Shareholders is the highest decision-making body of the company. Its tasks are defined in the Finnish Companies Act and the company's Articles of Association. The Annual General Meeting of Shareholders decides, among other things, on the amendments to the Articles of Association, adopts the financial statements,

decides on the distribution of profits and discharges the members of the Board and the CEO from liability. The Annual General Meeting elects the Board members and the auditor, and decides on their remuneration. The Annual General Meeting is convened by the Board annually within 6 months from the end of the previous financial year.

The general objective of the Board of Directors is to direct the company's business and strategy in a manner that secures a significant and sustained increase in the value of the company for its shareholders. To this end, the members of the Board are expected to act as a resource and to offer their expertise and experience for the benefit of the company. The tasks and responsibilities of the company's Board of Directors are determined on the basis of the Finnish Companies Act as well as other applicable legislation. The Board of Directors has general authority to decide and act in all matters not reserved for other corporate governance bodies by law or under the provisions of the Articles of Association. The general task of the Board of Directors is to organise and oversee the company and it has the duty at all times to act in the best interests of the company. The Board of

Directors shall see to the administration of the company and the appropriate organisation of its operations (general competence). The Board of Directors shall be responsible for the appropriate arrangement of the control of the company's accounts and finances.

The CEO is appointed by the Board. The CEO shall see to the executive management of the company in accordance with the instructions and orders given by the Board. Nightingale's Management Team assists the CEO in the management of Nightingale's business.

## SCIENTIFIC ADVISORY BOARD

In addition to the governing bodies of the company, the company has established a Scientific Advisory Board. The Scientific Advisory Board is not a decision-making body but acts in a supporting role to advance the company's strategy to translate novel scientific findings from flagship biobanks and research cohorts to preventative health applications available for individuals globally. The company's Scientific Director acts as the Chairperson of the Scientific Advisory Board.

## COMPOSITION OF THE BOARD OF DIRECTORS

According to the Articles of Association of the company, the Board shall consist of a minimum of three (3) and a maximum of ten (10) elected, ordinary members. At least one deputy member shall be elected to the Board of Directors, if the number of ordinary members elected to the board is less than three (3). The term of the Board members ends at the closing of the next Annual General Meeting following the election. The Board shall elect a Chairperson of the Board, unless otherwise decided when the Board is appointed.

Composition of the Board of Directors on 30 June 2021:

Timo Soininen

Antti Kangas

Olli Karhi

Teemu Suna

Leena Niemistö

Tom Jansson

Lotta Kopra

# Nightingale



**Timo Soininen**

- **Chairman of the board since 2020**
- **Born 1965**
- **Finnish citizen**
- **M.Sc. (Econ)**
- Main occupation: Board professional and investor
- Holdings in the company on 30 June 2021: 447,888 Series A shares, 58,000 Series B shares, 1,362,025 Series A options, entitling to same amount of shares in the company. In addition, 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. Additionally, 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 addition, Villagecape Ventures Oy, Timo Soininen's closely associated company over which Timo Soininen does not have control, holds 201,670 Series A shares and 59,259 Series B shares.
- Independent from the company and from major shareholders



**Antti Kangas**

- **Board member since 2013**
- **Nightingale's CTO and Management Team member**
- **Born 1984**
- **Finnish citizen**
- **M.Sc. (Tech)**
- Main occupation: Nightingale Health Plc, Chief Technology Officer
- Holdings in the company on 30 June 2021: 5,340,342 Series A shares, 17,458 Series B shares, 0 options
- Not independent from the company or from major shareholders



**Olli Karhi**

- **Board member since 2015**
- **Born 1963**
- **Finnish citizen**
- **Lic. Med. MD**
- Main occupation: Board professional
- Holdings in the company on 30 June 2021: 0 shares, 0 options
- Independent from the company but not independent from major shareholders



**Teemu Suna**

- **Board member since 2016**
- **Nightingale's CEO and Management Team member**
- **Born 1982**
- **Finnish citizen**
- **M.Sc. (Tech)**
- Main occupation: Nightingale Health Plc, Chief Executive Officer
- Holdings in the company on 30 June 2021: 2,637,964 Series A shares, 22,737 Series B shares, 2,000,000 Series B options, which entitle to subscribe for Series B shares in the company when the company's market capitalisation is at least EUR 500 million based on 45-day volume weighted average purchase price, that correspond to 1 per cent of the company's outstanding shares on a fully diluted basis. When the company's market capitalisation is at least 1 000 million based on 45-day volume weighted average purchase price the options entitle to subscribe for Series B shares in the company that correspond to 1 per cent of the company's outstanding shares on a fully diluted basis.
- Not independent from the company or from major shareholders



**Leena Niemistö**

- **Board member since 2021**
- **Born 1963**
- **Finnish citizen**
- **MD, PhD**
- Main occupation: Board professional and investor
- Holdings in the company on 30 June 2021: 403,340 Series A shares, 74,074 Series B shares, 231,770 Series A options, entitling to same amount of shares in the company. In addition, 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. Additionally, 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.
- Independent from the company and from major shareholders



# Nightingale



**Tom Jansson**

- **Board member since 2021**
- **Born 1968**
- **Finnish citizen**
- **M.Sc. (Econ)**
- Main occupation: F-Secure Oyj, Chief Financial Officer
- Holdings in the company on 30 June 2021: 0 shares, 600,000 Series B options, which entitle to subscribe for Series B shares in the company when the company's market capitalisation is at least EUR 500 million based on 45-day volume weighted average purchase price, that correspond to 0.3 per cent of the company's outstanding shares on a fully diluted basis. When the company's market capitalisation is at least 1 000 million based on 45-day volume weighted average purchase price the options entitle to subscribe for Series B shares in the company that correspond to 0.3 per cent of the company's outstanding shares on a fully diluted basis.
- Independent from the company and from major shareholders



**Lotta Kopra**

- **Board member since 2021**
- **Born 1980**
- **Finnish citizen**
- **M.Sc. (Econ)**
- Main occupation: Spinnova Oyj, Chief Commercial Officer
- Holdings in the company on 30 June 2021: 201,670 Series A shares held by Lineari Oy, a company controlled by Lotta Kopra, 600,000 Series B options, which entitle to subscribe for Series B shares in the company when the company's market capitalisation is at least EUR 500 million based on 45-day volume weighted average purchase price, that correspond to 0.3 per cent of the company's outstanding shares on a fully diluted basis. When the company's market capitalisation is at least 1 000 million based on 45-day volume weighted average purchase price the options entitle to subscribe for Series B shares in the company that correspond to 0.3 per cent of the company's outstanding shares on a fully diluted basis.
- Independent from the company and from major shareholders

In addition, the following persons have acted as Board members during the financial year 1 July 2020 – 30 June 2021:

Juha Pöysä (until 7.1.2021)

Juha-Pekka Nuutinen (until 7.1.2021)

A majority of the members of the Board of Directors shall be independent from the company and at least two of the members shall be independent from the company and any significant shareholder. Evaluation of director candidates' independence is an essential part of the director nomination process. Each director candidate's independence is assessed annually against the independence criteria of the Corporate Governance Code. The independence of a director, who has served as a director for more than 10 consecutive years, is subject to an overall evaluation on an annual basis.



## **DIVERSITY OF THE BOARD OF DIRECTORS**

The Board of Directors has approved the company's Diversity Principles. The responsibility to maintain the principles rests with the CEO. The Board of Directors approve all amendments to the Diversity Principles. The purpose of the Diversity Principles is to define the goals and methods by which a purposeful diversity of the Board of Directors is achieved, that in turn furthers the effective work of the Board as a team.

When electing the members of the Board of Directors, the objective is to ensure that the Board of Directors as a collective supports the development of the current and future business of the company. When planning the composition of the Board of Directors, the Board of Directors takes into account the needs and development stages of the company's business operations as well as the areas of expertise required by the Board of Directors. When preparing the composition of the Board of Directors, long-term needs and succession planning are also taken into account.

Diversity reinforces the objective that the Board of Directors' competence profile as a whole supports the development of the current and future business of the company, and it is seen as a material part and success factor that enables the achievement of strategic objectives and the continuous improvement of customer-oriented operations.

The diversity of the Board of Directors is viewed from different perspectives. The material factors for the company are the members' complementary skills, education and experience from different professions and industries, different development stages of business operations and management, and the personal attributes of the members. The diversity of the Board of Directors is supported by experience from the international operating environment and relevant industries, as well as cultural knowledge and the consideration of age and gender distribution.

Both genders shall always be represented in the Board of Directors. If two candidates are equally competent, priority will be given to the candidate of the under-represented gender.

The realisation and development of diversity to achieve objectives are evaluated in the self-assessment discussion of the Board.

The company's long-term objective is to achieve a more balanced representation of both genders in the Board of Directors. As means to achieve the aforesaid objective, the Board seeks to include representatives of both genders in the search and evaluation process of new Board members.

During the financial year 1.7.2020 – 30.6.2021 two new female members were chosen to the Board, whereby the Board's composition is a more balanced representation of both genders. The Board has expertise from diverse areas, including management, finance, consumer business, healthcare industry and technology.

## **RESPONSIBILITIES AND DUTIES OF THE BOARD**

The Board of Directors is responsible for the management of the company and for the proper arrangement of its operations. In addition, the Board of Directors is responsible for the appropriate arrangement of the

# Nightingale

supervision of the company's accounts and finances. The Board of Directors uses regular reports and other information provided thereto by the company's management to stay informed of any developments in the company's operations and finances.

The Board of Directors adopts the company's strategy and monitors its implementation. The Board of Directors also adopts the annual operating plan and a budget based on the strategy, sets the company's goals for each fiscal year and monitors their implementation. In addition to the duties set out in law and in the Articles of Association, the Board of Directors discusses matters that are significant to and which have a long-term impact on the extent and quality of the operations of the company and the group.

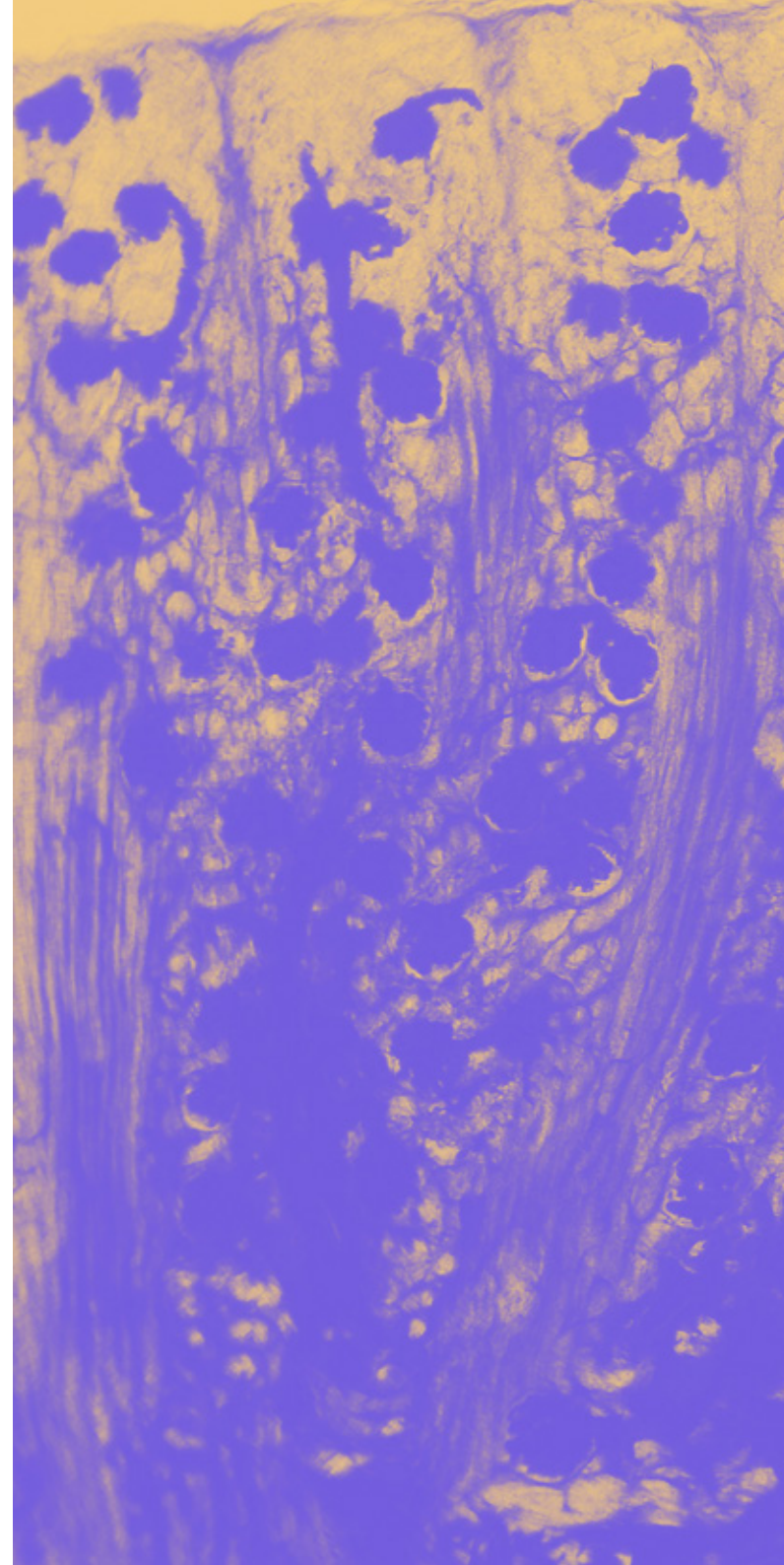
As the company does not have a separate Audit Committee, the Board of Directors is also responsible for monitoring of the financial reporting, compliance and remuneration processes.

The Board of Directors has decided that the company does not have a separate Nomination Committee. The Board of

Directors is responsible for preparing proposals to the General Meeting on the appointment of the members of the Board of Directors.

The Board may establish permanent committees from among its members and define written rules of procedure for each committee. The Board may in individual cases appoint ad hoc committees for preparation of a specific matter.

The Board of Directors assess its operations on an annual basis to ascertain whether the Board of Directors is operating efficiently. The Board of Directors sets out the process used in its assessment in its annual action plan. When assessing the operations of the Board of Directors, the extent to which it has implemented its action plan will also be reviewed. At the same time, the expectations of the company's stakeholders vis-à-vis the operations of the Board of Directors will also be assessed. This assessment is carried out as an internal self-assessment. The Board of Directors will discuss the results of the assessment.







## BOARD MEETINGS

The Board of Directors will convene in accordance with the schedule agreed upon in the annual action plan that is adopted in advance. The Board of Directors will convene not less than 12 (twelve) times a year. The Board will hold extraordinary meetings as necessary, which may also be held as teleconference meetings. Matters may also be decided upon without convening an actual meeting by drawing up a unanimous decision that is signed by all Board members. The chairman of the Board convenes the extraordinary board meetings.

The number of Board meetings in the financial year 1 July 2020 – 30 June 2021 was 20.

The table below presents the Board members' participation in the meetings between 1 July 2020 and 30 June 2021.\*)

Member	Time	Participation in Board meetings	Participation in Board meetings (%)
Timo Soininen	From 4 December 2020	20/20	100%
Antti Kangas		20/20	100%
Olli Karhi		19/20	95%
Teemu Suna		20/20	100%
Leena Niemistö	From 7 January 2021	20/20	100%
Tom Jansson	From 18 February 2021	17/17	100%
Lotta Kopra	From 18 February 2021	17/17	100 %

\*) In addition, Juha Pöysä and Juha-Pekka Nuutinen have acted as Board members. During 1 July 2020 – 7 January 2021 the work of the Board of Directors has been based on unanimous decisions.



# Nightingale

## CHIEF EXECUTIVE OFFICER

The CEO is responsible for the company's management in accordance with the Finnish Companies Act, corporate governance rules and the instructions given by the Board of Directors. The CEO prepares decisions and other matters for Board Meetings, develops the company's operations in line with the targets agreed with the Board, and ensures the proper implementation of Board decisions.

The CEO shall see to the executive management of the company in accordance with the instructions and orders given by the Board (general competence). The CEO shall ensure that the company's accounting follows the law and that its financial affairs have been arranged reliably. The CEO shall supply the members of the Board with the information necessary for the performance of the duties of the Board.

The CEO is responsible for ensuring that existing legislation and applicable regulations are observed by the company.



**Teemu Suna**

- **Chief Executive Officer, Founder**
- **Born 1982**
- **Finnish citizen**
- **M.Sc. (Tech)**
- CEO and Management Team member since 2014
- Holdings in the company: 2,637,964 Series A shares, 22,737 Series B shares, 2,000,000 Series B options, which entitle to subscribe for Series B shares in the company when the company's market capitalisation is at least EUR 500 million based on 45-day volume weighted average purchase price, that correspond to 1 per cent of the company's outstanding shares on a fully diluted basis. When the company's market capitalisation is at least 1 000 million based on 45-day volume weighted average purchase price the options entitle to subscribe for Series B shares in the company that correspond to 1 per cent of the company's outstanding shares on a fully diluted basis.





## MANAGEMENT TEAM

The Nightingale Management Team consists of the CEO, his/her deputy (if one has been appointed) and other senior management.

The Nightingale Management Team assists the CEO in the management of Nightingale's business. The members of the team have authorities in their individual areas of responsibility, and their duty is to develop the company's operations as a whole in line with the targets set by the Board of Directors and the CEO. The Management Team is not a decision-making body of the company.

Composition of the Management Team on 30 June 2021:

Teemu Suna  
Antti Kangas  
Satu Saksman  
Minja Salmio  
Laura Pulkkinen  
Salla Ruosaari



**Antti Kangas**

- **Chief Technology Officer, Founder**
- **Born 1984**
- **Finnish citizen**
- **M.Sc. (Tech)**
- Management Team member since 2014
- Holdings in the company: 5,340,342 Series A shares, 17,458 Series B shares, 0 options



**Satu Saksman**

- **Chief Operating Officer, Co-founder**
- **Born 1976**
- **Finnish citizen**
- **M.Sc. (Tech)**
- Management Team member since 2015
- Holdings in the company: 529,158 Series A shares, 17,458 Series B shares, 75,250 EMP shares, 1,550 EMP options, each entitling to 301 shares in the company and 1,000,000 Series B options which entitle to subscribe for Series B shares in the company when the company's market capitalisation is at least EUR 500 million based on 45-day volume weighted average purchase price, that correspond to 0.5 per cent of the company's outstanding shares on a fully diluted basis. When the company's market capitalisation is at least 1 000 million based on 45-day volume weighted average purchase price the options entitle to subscribe for Series B shares in the company that correspond to 0.5 per cent of the company's outstanding shares on a fully diluted basis.

# Nightingale



**Minja Salmio**

- **Chief Legal Officer**
- **Born 1987**
- **Finnish citizen**
- **LL.M.**
- Management Team member since 2017
- Holdings in the company: 82,775 EMP shares, 1,550 EMP options, each entitling to 301 shares in the company and 1,000,000 Series B options which entitle to subscribe for Series B shares in the company when the company's market capitalisation is at least EUR 500 million based on 45-day volume weighted average purchase price, that correspond to 0.5 per cent of the company's outstanding shares on a fully diluted basis. When the company's market capitalisation is at least 1 000 million based on 45-day volume weighted average purchase price the options entitle to subscribe for Series B shares in the company that correspond to 0.5 per cent of the company's outstanding shares on a fully diluted basis.



**Laura Pulkkinen**

- **Chief Financial Officer (interim)**
- **Born 1991**
- **Finnish citizen**
- **BA (Econ)**
- Management Team member since 2021
- Holdings in the company: 75,250 EMP shares and 650 EMP options, each entitling to 301 shares in the company



**Salla Ruosaari**

- **Chief R&D Officer**
- **Born 1976**
- **Finnish citizen**
- **PhD**
- Management Team member since 2021
- Holdings in the company: 75,250 EMP shares and 250 EMP options, each entitling to 301 shares in the company



## INTERNAL CONTROL AND RISK MANAGEMENT

The purpose of internal control and risk management is to ensure that the company's and its subsidiaries' operations are effective, that financial and other information is reliable, and that the company and its subsidiaries comply with the relevant regulations and operating principles.

Nightingale's Board of Directors is primarily responsible for Nightingale Group's risk management. The Board confirms the principles and responsibilities of risk management, the risk limits of the Group and other general guidelines according to which the risk management and internal audit are organized.

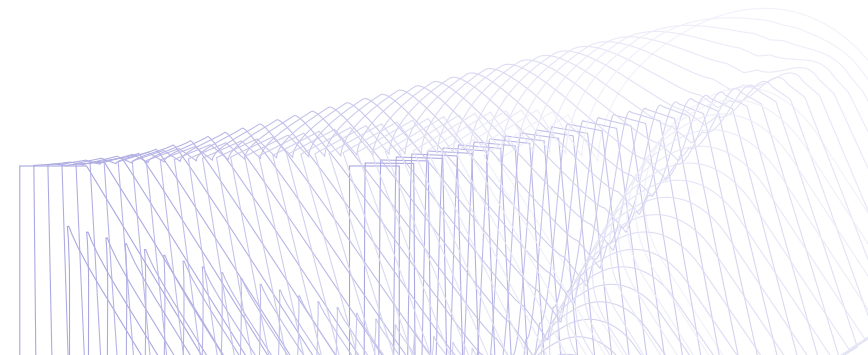
The Board is responsible for ensuring that the Group's internal control and risk management are sufficient relative to the scope of Nightingale Group's business and that their supervision is appropriate.

The Board supervises that the CEO manages the company's operative business and administration in accordance with the instructions and orders issued by the Board. The Board assesses Nightingale Group's financial reports and material changes in business operations to ensure that risk management is sufficient.

The aim of internal control is to give the Board and acting management adequate assurance of the realisation of the following objectives:

- the effectiveness and appropriateness of operations;
- the achievement of targets and profitability;
- the reliability and completeness of financial reporting and other reporting;
- the safeguarding of assets;
- compliance with operating principles, plans, guidelines, laws and regulations to, for example, prevent errors and misconduct.

Internal control is an essential part of Nightingale Group's operations on all levels and functions of the organisation. The entire Group personnel is responsible for internal control and directors in subsidiaries monitor its effectiveness as part of operative management.



# Nightingale

## AUDITING

The extent and requirements of auditing the company are governed by the laws and regulations applicable to Finnish public companies. Accordingly, an independent third-party auditor audits annually the accounting records for each financial period, the annual accounts, and the administration of the company. The audit of the company includes an examination of the consolidated annual accounts for the Group as well as the relations between Group companies.

As required by law, the auditor gives an auditor's report to the company's shareholders in connection with the annual financial statements.

According to the company's Articles of Association, the company has an auditor that is an auditing firm approved by the Finnish Patent and Registration Office. The auditor is elected annually by the Annual General

Meeting of Shareholders for a term that expires at the end of the next Annual General Meeting following the election. The auditor's term shall cover the financial year.

During the financial year 1 July 2020 – 30 June 2021, PriceWaterhouseCoopers Oy served as the company's auditor, with Valtteri Helenius as the auditor in charge. Fees paid to the auditor for auditing services totalled EUR 25,200 and fees for other services totalled EUR 353,609. Fees for other services were mainly related to the company's IPO.

## INTERNAL AUDIT

Internal audits evaluate the company's internal controls. The audits ensure appropriateness and success of the company's internal control system and risk management as well as the management and corporate governance processes.

Internal audits improve the fulfillment of the supervision obligation of the Board of Directors and provide management with tools necessary to attain operational efficiency by identifying problems and correcting lapses before they are discovered in an external audit.

All company functions are audited internally on a yearly basis. Internal audits for each year are planned and scheduled according to the Yearly Audit Plan. Auditors are selected ensuring objectivity and impartiality of the audit process. Auditors must be qualified for auditing and audits can be outsourced and performed by outside consultants, if necessary. Requirements related to consultants are defined in Human Resources and Training Policy. The auditing process consists of the following: planning, performing, reporting, follow-up and closing. The internal audit is described in detail in the Internal Audit instructions.



## INSIDER ADMINISTRATION

The Board shall ensure that the company has proper policies governing the administration of insider issues in place at all times. The insider laws and regulations, including the Market Abuse Regulation (EU), the Finnish Securities Markets Act, and the Guidelines for Insiders issued by Nasdaq Helsinki, complemented by the company's own Insider Policy adopted by the Board, constitute the primary legal framework for the insider issues relevant to the company.

The persons discharging managerial responsibilities in Nightingale in the meaning of the Market Abuse Regulation, include members of the company's Board, the CEO, and other members of the Nightingale Management Team (together, the "Management").

Nightingale applies a restricted period of thirty (30) calendar days before the announcement, as well as the day of the announcement, of a half-year report or a financial statements release (the "Closed Window"). During

this period, the Management, the persons subject to trading restrictions, and any legally incompetent persons under their custody are prohibited to conduct any transactions, on their own account or for the account of a third party, directly or indirectly, relating to the company's shares or debt instruments, or derivatives or other financial instruments linked thereto.

A project-specific insider register is maintained when required by law or regulations. Project-specific insiders are prohibited from trading in the company's securities until the termination of the project.

## RELATED PARTY TRANSACTIONS

Nightingale's related party policy, which includes the principles for monitoring and evaluating related party transactions, has been approved by the Board of Directors which monitors and evaluates related party transactions. The related party principles of Nightingale define the principles and processes by which the company identifies

its related parties and monitors transactions with them, assesses the nature and terms of such transactions and ensures that potential conflicts of interest are duly considered in the decision-making of the company.

The definition of related parties is based on the definitions included in the International Accounting Standard 24. The company's related parties include its subsidiaries, associated companies, key management personnel of the company, including the Board of Directors, the CEO and the Management Team, as well as their family members. Related parties also include such companies over which the above-mentioned persons have control. The company maintains a list of the natural and legal persons that are its related parties in order to identify related party transactions.

The company regularly reports on related party transactions annually in its financial statements. The company discloses the information required by law in the notes to the financial statements.



# Remuneration Report 2020 – 2021

### INTRODUCTION

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

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

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

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

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

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



Nightingale's Remuneration Policy for management aims to encourage and reward management for work that is in line with the company's strategy at a given time and for compliance with the set rules, as well as to motivate them to strive for the success of the company.

## REMUNERATION

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

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

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

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

# Nightingale

## BOARD REMUNERATION

### Annual remuneration

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

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

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

### 2020 Chairman options

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

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



### **2020 Board member options**

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

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

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

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

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

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

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

# Nightingale

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

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

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

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

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

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

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

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

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

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





## CEO REMUNERATION

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

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

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

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

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

### **2021 CEO options**

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

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

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

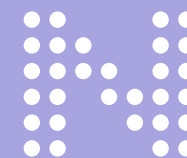
All options under the 2021 Board, the CEO and Key Management Incentive Program entitle the option holder to subscribe for Series B shares at a subscription price corresponding to the IPO subscription price, i.e. EUR 6.75 per share. The purpose of the option program is to commit the option holders to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





# Board of Directors' Report and Financial Statements 2020 – 2021

Nightingale



# Board of Directors' Report and Financial Statements for the period of 1 July 2020 – 30 June 2021

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*The financial statements are to be retained until 30 June 2031.*

*Audit evidence for the financial period is to be retained until 30 June 2027.*



# Board of Directors' Report 2020 – 2021

## OVERVIEW OF NIGHTINGALE AND THE FINANCIAL PERIOD

Nightingale's aim is to promote preventive care and help people to live healthier lives. The blood analysis technology developed by Nightingale measures a broad group of biomarkers from a single blood sample, recognising individual disease risks. Nightingale empowers people with better health information, helps them make better health-related decisions and connects them to health care operators offering preventive care services to maintain health. In the future, Nightingale aims to help millions of people to prevent common lifestyle diseases, concurrently decreasing the massive costs of healthcare.

The Nightingale Health Group comprises Nightingale Health Plc and its subsidiaries. Nightingale is headquartered in Helsinki, Finland. Nightingale owns and independently oversees two laboratories in Finland, in Helsinki and Kuopio, and one laboratory in Tokyo, Japan. Nightingale'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.

The financial period was historic for Nightingale: The company was listed on Nasdaq Helsinki's First North Growth Market Finland marketplace in March 2021. Nightingale collected gross proceeds of approximately EUR 110 million in the IPO, and the number of the company's shareholders increased to approximately 5,500 owners as a result of the offering.

During the financial period, the company signed several agreements furthering its commercialisation strategy and developed its technological capabilities. Establishing a laboratory and commencing commercial activities in Japan at a subsidiary wholly owned by Nightingale Health Plc has progressed on schedule despite the COVID-19 pandemic. During the financial period, the subsidiary received a clinical laboratory certificate from the Prefectural Governor in Tokyo, commenced production and signed a commercial collaboration agreement with Welltus, a subsidiary of Mitsui & Co., Ltd., for selling wellness services in Japan.

In Finland, Nightingale signed its first significant commercial collaboration agreement with Terveystalo and announced accelerated availability of its at-home blood testing solution. Following the partnership with Terveystalo, Nightingale and Terveystalo are developing a new subscription-based service, planned to be launched for all Terveystalo's customers in autumn 2021. Piloting of the at-home blood test with 10,000 consumers commenced in May 2021 and continues until the end of 2021.

In Estonia, Nightingale signed a strategic collaboration agreement with Estonian Biobank that aims to bring Nightingale's technology to national use in Estonia. The collaboration includes the analysis of 200,000 samples and delivering the results to the participants of the biobank study. In the United Kingdom, Nightingale's technology was used to make new medical breakthroughs from the world's most famous and extensive biobank, UK Biobank. The new discoveries include, among others, a connection between biomarkers measured by Nightingale and the severe form of the COVID-19 disease.



Additionally, Nightingale signed partnership agreements with Reaktor, Europe's leading software development and digital design company, and Weavr Health Corp., a US-based company that manufactures at-home blood collection devices. The purpose of Nightingale and Reaktor's comprehensive strategic partnership is to support Nightingale's fast international growth and improve the company's ability to scale the offering of digital health solutions to customers on a global scale. Through the new commercial terms agreed with Weavr and a minority investment in the company, Nightingale can significantly accelerate the commercialisation of its at-home blood test.

The events of the financial year enable Nightingale to accelerate its business growth and proceed with its mission to make preventative health tools available for everyone.

## KEY FIGURES

EUR 1,000	Group 2020–2021	Group 2019–2020*	Group 2018–2019*
Revenue	2,081	1,781	2,063
EBITDA	-4,752	-3,116	-3,555
Operating profit (loss)	-5,222	-3,342	-3,783
Net income (loss) for the financial period	-11,192	-3,731	-4,020
Equity ratio, %	94	37	40
Net debt to equity ratio, %	-87	56	14
Balance sheet total	134,191	23,791	14,405
Number of employees on average	76	92	61
Personnel expenses	2,649	1,639	2,150
Investments in tangible and intangible assets	3,138	8,186	3,045
Cash and cash equivalents at the end of the financial period	113,807	905	6,473

## Share performance indicators

	Group 2020–2021	Group 2019–2020*	Group 2018–2019*
Earnings per share (EPS), undiluted and diluted**, EUR	-0.27***	-0.11	-0.12
Equity per share, EUR	2.08	0.15	0.10
Lowest share price, HEALTH, EUR	4.51	-	-
Highest share price, HEALTH, EUR	6.75	-	-
Closing price at the end of the financial period, HEALTH, EUR	5.77	-	-
Average daily trading volume of the share	112,483	-	-
Market value of the shares at the end of the financial period, EUR	349,254,950	-	-

\*) 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.

## REVENUE AND RESULT

### 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, CASH FLOWS AND INVESTMENTS

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 IPO 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, 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: 3.05) 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 a 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. 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 been significant. Investments in the procurement of blood samples and health data have an integral role as the company develops the core parts of its products, i.e. disease risk predictions and applies for patents related to them.

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

The 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 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.

### **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 healthcare costs in many countries. Prevention of diseases could be carried out much more extensively than currently, but the healthcare system is forced to focus primarily on treatment 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 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, which, as a result, helps to mitigate the massive healthcare costs stemming from lifestyle diseases and to decrease the stress on healthcare systems.

Preventive care helps to detect and prevent diseases and medical issues before they develop into serious problems. Preventive healthcare is a top 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 healthcare technologies and services preventing diseases.

Lately, consumers have adopted solutions that connect basic healthcare 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 health applications. Using different technologies to monitor changes in health is a growing trend among consumers.

Nightingale believes that it will benefit from the global megatrend of consumers wanting to manage and improve their health. Nightingale expects that its services will respond to this demand and provide new kinds of tools to care for health for consumers interested in managing and improving their health. Additionally, Nightingale can connect consumers to the services of healthcare operators to help consumers improve their health and well-being.

## GENERAL MEETING

### 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 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. 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 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 Board member.

The Extraordinary General Meeting resolved to change the company form to a publicly listed company and to increase share capital from

company reserves by EUR 72,000, after which the total share capital amounted to EUR 80,000.

The Extraordinary General Meeting resolved to revise the Articles of Association so that a 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 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 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 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 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 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 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, MANAGEMENT TEAM AND AUDITOR

### Board of Directors

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

### Management Team

Members of the 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.

More information about remuneration is included in the Remuneration Report, which has been published in connection with the Board of Directors' Report and the Financial Statements.

Related party transactions have been described in Note 7 of the Notes to the financial statements.

## 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 governance is described in more detail in the Corporate Governance Statement released in connection with the Board of Directors' Report and the Financial Statements.

## 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 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 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 Nasdaq Helsinki First North Growth Market Finland marketplace 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 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 4.51. 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, including nominee-registered shareholders. The company's 100 largest shareholders are presented on the company's website at [www.nightingalehealth.com](http://www.nightingalehealth.com).

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 ten largest shareholders measured in the number of shares held on 30 June 2021

Shareholder	Number of shares	Percentage of all shares	Percentage of votes
Kangas Antti Juhana	A series: 5,340,342 B series: 17,458 EMP: 0 Total: 5,357,800	8,85	20,29
Soininen Pasi Pekka Kristian	A series: 5,340,342 B series: 17,458 EMP: 0 Total: 5,357,800	8,85	20,29
Cor Group Oy	A series: 2,769,802 B series: 1,711,185 EMP: 0 Total: 4,480,987	7,5	11,17
Suna Teemu Pentti	A series: 2,637,964 B series: 22,737 EMP: 0 Total: 2,660,701	4,4	10,03
Fjärde Ap-Fonden	A series: 0 B series: 2,400,000 EMP: 0 Total: 2,400,000	3,97	0,91
Tjp Consulting Oy	A series: 0 B series: 1,497,174 EMP: 0 Total: 1,497,174	2,47	0,57
Würtz Peter	A series: 1,126,342 B series: 17,458 EMP: 0 Total: 1,143,800	1,89	4,28
Koskelo Maarit Irene	A series: 0 B series: 881,629 EMP: 0 Total: 881,629	1,46	0,33

Shareholder	Number of shares	Percentage of all shares	Percentage of votes
New Energy Finland Oy	A series: 0 B series: 812,700 EMP: 0 Total: 812,700	1,34	0,31
Saksman Satu Sinikka	A series: 529,158 B series: 17,458 EMP: 75,250 Total: 621,866	1,03	2,02
<b>10 largest shareholders total</b>	<b>A series: 17,743,950 B series: 7,395,257 EMP: 75,250 Total: 25,214,457</b>	<b>41,66</b>	<b>70,19</b>
<b>In joint account*</b>	<b>14,486,227</b>	<b>23,93</b>	<b>5,50</b>
<b>Others**</b>	<b>20,828,770</b>	<b>34,41</b>	<b>24,31</b>
<b>Total</b>	<b>60,529,454</b>	<b>100,00</b>	<b>100,00</b>

\*) Includes 7,121,058 Series B shares owned by PerkinElmer, Inc; 2,702,077 Series B shares owned by Kirin Holdings Company, Limited; 2,702,077 Series B shares owned by Mitsui & Co., Ltd; 1,246,441 Series B shares owned by Startup Health Transformer Fund II, L.P; 714,574 Series B shares owned by Afos LLC.

\*\*\*) Includes nominee-registered shareholders

Shares owned by members of the Board of Directors or the Management Team or communities under their control constituted approximately 17 per cent of shares outstanding and approximately 36 per cent of votes.

Nominee-registered shares constituted approximately 13 per cent of shares outstanding and approximately 3 per cent of votes.

Distribution of holdings on 30 June 2021

Shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1-100	1,760	24.88	84,561	0.14
101-1,000	4,830	68.29	1,474,763	2.44
1,001-10,000	398	5.63	920,436	1.52
10,001-100,000	37	0.52	1,476,683	2.44
100,001-1,000,000	34	0.48	12,466,168	20.60
over 1,000,000	14	0.20	44,106,843	72.87
<b>Total</b>	<b>7,073</b>	<b>100.00</b>	<b>60,529,454</b>	<b>100</b>

Shareholders by sector

Sector	Number of shareholders	% of shareholders	Number of shares	% of shares	% of votes
Private companies	213	3.01	10,537,575	17.41	20.33
Financial and insurance institutions	12	0.17	8,177,613	13.51	3.79
Households	6,808	96.25	23,116,725	38.19	69.07
Non-profit instit serving households	9	0.13	592,989	0.98	0.23
Foreigners	31	0.44	18,104,552	29.91	6.88
<b>Total</b>	<b>7,073</b>	<b>100</b>	<b>60,529,454</b>	<b>100</b>	<b>100</b>
Of which nominee-registered	8	0.00	7,827,318	12.93	2.97
Of which in joint account	5	0.00	14,486,227	23.93	5.50



## OPTION PROGRAMS

On 30 June 2021, members of the company's Board of Directors and Management Team held a total of 6,797,795 option rights, entitling to the subscription of a total of 7,997,795 shares in the company. Other personnel held a total of 7,722 option rights on 30 June 2021, entitling to the subscription of 2,324,322 shares in the company. The total number of unsubscribed options corresponded on 30 June 2021 to approximately 17 per cent of the total number of the company's shares (60,529,454) and 8 per cent of the number of votes entitled by the shares.

Nightingale's share-based rewarding and incentive programs are described in the Notes to the financial statements in Note 8.5.

## 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/IEC 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 traditional laboratory operations.

## RISKS AND RISK MANAGEMENT

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

<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).

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 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 established 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/IEC 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/IEC 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.

## ESTIMATED FUTURE DEVELOPMENT

### 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 healthcare 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 well-being 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.

## 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 FINANCIAL 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 Nightingale's global health mission.

On 30 August 2021, Nightingale appointed internationally recognised scientific leader Jeffrey Barret as Chief Scientific Officer. Barrett joined Nightingale's Management Team on 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 later.

## FINANCIAL REPORTS DURING FINANCIAL YEAR 2021 – 2022

Nightingale will publish a half-year financial report for the period 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).

Helsinki, 30 September 2021  
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

### Share performance indicators

Indicator	Formula
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
Equity per share	Equity / number of shares (issue adjusted) – own shares
Market value of the shares at the end of the financial period, EUR	Closing price at the end of the financial period * number of outstanding shares





# Financial Statements 2020 – 2021

Nightingale

## Consolidated income statement

EUR	Note	1 July 2020 – 30 June 2021	1 July 2019 – 30 June 2020
<b>REVENUE</b>	2.1	<b>2,081,109</b>	<b>1,780,918</b>
Other operating income	2.2	303,185	13,012
Materials and services	2.3		
Materials and consumables			
Purchases during the financial period		-756,468	-7,570
Increase (+) / decrease (-) in inventories		473,049	-6,042
External services		-35,538	0
		<b>-318,957</b>	<b>-13,612</b>
Personnel expenses	8.2		
Wages and salaries		-2,273,653	-1,440,690
Social security expenses	8.2		
Pension expenses		-253,499	-109,446
Other social security expenses		-121,976	-89,060
		<b>-2,649,127</b>	<b>-1,639,197</b>
Depreciation, amortisation and impairment losses	2.4		
Depreciation according to a predetermined plan		-470,266	-226,539
		<b>-470,266</b>	<b>-226,539</b>

EUR	Note	1 July 2020 – 30 June 2021	1 July 2019 – 30 June 2020
Other operating expenses	2.5	-4,223,929	-3,256,936
Share of profit of associates		55,856	0
<b>OPERATING PROFIT (LOSS)</b>		<b>-5,222,128</b>	<b>-3,342,354</b>
Financial income and expenses	2.6		
Other interest and financial income		2,257,964	192
Interest and other financial expenses		-8,225,496	-386,325
		<b>-5,967,532</b>	<b>-386,133</b>
<b>PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES</b>		<b>-11,189,661</b>	<b>-3,728,486</b>
Income taxes	2.7	-2,096	-2,780
<b>PROFIT (LOSS) FOR THE FINANCIAL PERIOD</b>		<b>-11,191,757</b>	<b>-3,731,267</b>

## Consolidated balance sheet

EUR	Note	30 June 2021	30 June 2020
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	3.2		
Intangible rights		13,169,578	11,513,931
Other long-term expenditure		236,821	0
Advance payments		700,000	600,000
		<b>14,106,399</b>	<b>12,113,931</b>
Tangible assets	3.3		
Machinery and equipment		720,615	1,375,485
		<b>720,615</b>	<b>1,375,485</b>
Investments	3.4		
Holdings in associated companies		55,856	0
Other shares and similar rights of ownership		3,273,590	0
		<b>3,329,447</b>	<b>0</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>18,156,461</b>	<b>13,489,416</b>

EUR	Note	30 June 2021	30 June 2020
<b>CURRENT ASSETS</b>			
Inventories	3.5		
Finished products/goods		658,468	185,908
Receivables			
Non-current receivables			
Loan receivables	7	421,750	469,258
Other receivables		179,763	83,954
Prepayments and accrued income	3.6	231,484	162,510
		<b>832,997</b>	<b>715,722</b>
Current receivables			
Trade receivables		27,011	367,016
Other receivables		157,243	7,380,014
Prepayments and accrued income	3.6	552,060	747,238
		<b>736,313</b>	<b>8,494,267</b>
Cash and cash equivalents		113,806,527	905,207
<b>TOTAL CURRENT ASSETS</b>		<b>116,034,306</b>	<b>10,301,103</b>
<b>TOTAL ASSETS</b>		<b>134,190,767</b>	<b>23,790,519</b>

EUR	Note	30 June 2021	30 June 2020
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
	4.1		
Share capital		80,000	8,000
Reserve for invested unrestricted equity		146,378,099	12,761,680
Retained earnings (loss)		-10,850,595	-7,122,591
Profit (loss) for the financial period		-11,191,757	-3,731,267
Translation difference		13,074	659
Capital loan	4.4	0	6,818,182
<b>TOTAL EQUITY</b>		<b>124,428,821</b>	<b>8,734,664</b>

EUR	Note	30 June 2021	30 June 2020
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
	4.5		
Loans from financial institutions		3,199,577	4,488,948
		<b>3,199,577</b>	<b>4,488,948</b>
<b>Current liabilities</b>			
	4.6		
Loans from financial institutions		1,860,334	1,350,008
Advances received		1,941,302	224,227
Trade payables		905,228	537,353
Other liabilities	4.7	272,398	7,057,227
Accruals and deferred income	4.8	1,583,107	1,398,093
		<b>6,562,369</b>	<b>10,566,907</b>
<b>TOTAL LIABILITIES</b>		<b>9,761,946</b>	<b>15,055,856</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>134,190,767</b>	<b>23,790,519</b>

## Consolidated cash flow statement

EUR	1 July 2020 – 30 June 2021	1 July 2019 – 30 June 2020
<b>Cash flows from operating activities:</b>		
Profit/loss before appropriations and taxes	-11,189,661	-3,728,486
Adjustments:		
Other operating expenses	155,825	69,689
Depreciation, amortisation and impairment losses	470,266	226,539
Share of profit of associates	-55,856	0
Financial income	-2,257,964	-192
Financial expenses	8,168,121	382,711
Other adjustments	105,883	-883
<b>Total</b>	<b>-4,603,387</b>	<b>-3,050,622</b>
Changes in working capital:		
Increase (-) or decrease (+) in trade and other receivables	5,465,036	-781,887
Increase (-) or decrease (+) of inventories	-472,560	73,434
Increase (+) or decrease (-) in trade and other payables	-2,948,298	829,960
Interest and other financial expenses paid	-323,746	-235,498
Interest and other financial income received	3	192
Income taxes paid	-551	-1,573
<b>Net cash from operating activities</b>	<b>-2,883,503</b>	<b>-3,165,995</b>
<b>Cash flows from investments:</b>		
Investments in intangible and tangible assets	-2,698,469	-8,185,501

EUR	1 July 2020 – 30 June 2021	1 July 2019 – 30 June 2020
Grants received for investments	0	383,958
Income from tangible and intangible non-current assets	1,239,490	0
Investments in other shares	-3,273,590	0
<b>Net cash flow from investments</b>	<b>-4,732,570</b>	<b>-7,801,543</b>
<b>Cash flows from financing activities:</b>		
Proceeds from capital loans	6,818,182	6,818,182
Proceeds from convertible loans	1,000,000	0
Other financial income received	2,257,961	0
Other financial expenses paid	-7,578,944	0
Directed share issue	118,819,524	0
Repurchase of treasury shares	-20,284	-13,457
Proceeds from non-current loans	0	350,000
Repayments of non-current loans	-779,045	-1,755,214
<b>Net cash from financing activities</b>	<b>120,517,394</b>	<b>5,399,511</b>
<b>Net change in cash and cash equivalents</b>	<b>112,901,321</b>	<b>-5,568,028</b>
<b>Cash and cash equivalents at 1 July</b>	<b>905,207</b>	<b>6,473,234</b>
<b>Net foreign exchange difference on cash held</b>	<b>0</b>	<b>0</b>
<b>Cash and cash equivalents at 30 June</b>	<b>113,806,527</b>	<b>905,207</b>
<b>Change</b>	<b>112,901,321</b>	<b>-5,568,028</b>



## Parent company income statement

EUR	Note	1 July 2020 – 30 June 2021	1 July 2019 – 30 June 2020
<b>REVENUE</b>	2.1	<b>1,648,607</b>	<b>1,577,702</b>
Other operating income	2.2	510,029	13,012
Materials and services	2.3		
Materials and consumables			
Purchases during the financial period		-740,813	-7,570
Increase (+) / decrease (-) in inventories		458,417	-6,042
External services		0	0
		<b>-282,396</b>	<b>-13,612</b>
Personnel expenses	8.2		
Wages and salaries		-2,044,171	-1,371,629
Social security expenses	8.2		
Pension expenses		-253,499	-109,446
Other social security expenses		-84,701	-74,212
		<b>-2,382,370</b>	<b>-1,555,287</b>

EUR	Note	1 July 2020 – 30 June 2021	1 July 2019 – 30 June 2020
Depreciation, amortisation and impairment losses	2.4		
Depreciation according to a predetermined plan		-430,246	-226,539
		<b>-430,246</b>	<b>-226,539</b>
Other operating expenses	2.5	-3,913,109	-3,180,488
<b>OPERATING PROFIT (LOSS)</b>		<b>-4,849,486</b>	<b>-3,385,212</b>
Financial income and expenses	2.6		
Other interest and financial income		2,310,128	192
Interest and other financial expenses		-8,216,894	-383,853
		<b>-5,906,767</b>	<b>-383,661</b>
<b>PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES</b>	2.7	<b>-10,756,252</b>	<b>-3,768,873</b>
Income taxes		1,072	-960
<b>PROFIT (LOSS) FOR THE FINANCIAL PERIOD</b>		<b>-10,755,180</b>	<b>-3,769,833</b>

## Parent company balance sheet

EUR	Note	30 June 2021	30 June 2020
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	3.2		
Intangible rights		13,169,578	11,513,931
Advance payments		700,000	600,000
		<b>13,869,578</b>	<b>12,113,931</b>
Tangible assets	3.3		
Machinery and equipment		600,439	1,375,485
		<b>600,439</b>	<b>1,375,485</b>
Investments	3.4		
Holdings in group companies		13,135	13,135
Other shares and similar rights of ownership		3,273,590	0
		<b>3,286,725</b>	<b>13,135</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>17,756,743</b>	<b>13,502,551</b>

EUR	Note	30 June 2021	30 June 2020
<b>CURRENT ASSETS</b>			
Inventories	3.5		
Finished products/goods		644,325	185,908
		<b>644,325</b>	<b>185,908</b>
Receivables			
Non-current receivables			
Receivables from group companies	3.6	977,273	162,763
Loan receivables	7	421,750	469,258
Other receivables		83,954	83,954
Prepayments and accrued income	3.6	231,484	162,510
		<b>1,714,461</b>	<b>878,485</b>
Current receivables			
Trade receivables		26,927	310,997
Receivables from group companies	3.6	226,312	0
Other receivables		97,893	7,378,920
Prepayments and accrued income	3.6	538,635	647,157
		<b>889,767</b>	<b>8,337,074</b>
Cash and cash equivalents		113,344,202	660,503
<b>TOTAL CURRENT ASSETS</b>		<b>116,592,755</b>	<b>10,061,971</b>
<b>TOTAL ASSETS</b>		<b>134,349,498</b>	<b>23,564,521</b>

EUR	Note	30 June 2021	30 June 2020
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
	4.1		
Share capital		80,000	8,000
Reserve for invested unrestricted equity		146,378,099	12,761,680
Retained earnings (loss)		-10,896,314	-7,125,396
Profit (loss) for the financial period		-10,755,180	-3,769,833
Capital loans	4.4	0	6,818,182
<b>TOTAL EQUITY</b>		<b>124,806,606</b>	<b>8,692,633</b>

EUR	Note	30 June 2021	30 June 2020
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
	4.5		
Loans from financial institutions		3,199,577	4,488,948
		<b>3,199,577</b>	<b>4,488,948</b>
<b>Current liabilities</b>			
	4.6		
Loans from financial institutions		1,860,334	1,350,008
Advances received		1,771,684	197,442
Trade payables		891,566	498,969
Other liabilities	4.7	266,603	7,047,658
Accruals and deferred income	4.8	1,553,127	1,288,863
		<b>6,343,314</b>	<b>10,382,940</b>
<b>TOTAL LIABILITIES</b>		<b>9,542,892</b>	<b>14,871,888</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>134,349,498</b>	<b>23,564,521</b>

## Parent company cash flow statement

EUR	1 July 2020 – 30 June 2021	1 July 2019 – 30 June 2020
<b>Cash flows from operating activities:</b>		
Profit/loss before appropriations and taxes	-10,756,252	-3,771,208
Adjustments:		
Other operating expenses	128,135	69,689
Depreciation, amortisation and impairment losses	430,246	226,539
Financial income	-2,310,128	-192
Financial expenses	8,216,894	383,853
Other adjustments	89,120	-1,765
<b>Total</b>	<b>-4,201,985</b>	<b>-3,093,084</b>
Changes in working capital:		
Increase (-) or decrease (+) in trade and other receivables	4,443,335	-690,656
Increase (-) or decrease (+) of inventories	-458,417	73,434
Increase (+) or decrease (-) in trade and other payables	-2,981,064	627,071
Interest and other financial expenses paid	-296,056	-234,944
Interest and other financial income received	-4,253	192
Income taxes paid	297	-185
<b>Net cash from operating activities</b>	<b>-3,498,143</b>	<b>-3,318,171</b>
<b>Cash flows from investments:</b>		
Investments in intangible and tangible assets	-2,301,452	-8,185,501

EUR	1 July 2020 – 30 June 2021	1 July 2019 – 30 June 2020
Grants received for investments	0	383,958
Income from tangible and intangible non-current assets	1,239,490	0
Investments in subsidiary shares	0	-8,181
Investments in other shares	-3,273,590	0
<b>Net cash flow from investments</b>	<b>-4,335,552</b>	<b>-7,809,725</b>
<b>Cash flows from financing activities:</b>		
Proceeds from capital loans	6,818,182	6,818,182
Proceeds from convertible loans	1,000,000	0
Other financial income received	2,257,961	0
Other financial expenses paid	-7,578,944	0
Directed share issue	118,819,524	0
Repurchase of own shares	-20,284	-13,457
Proceeds from non-current loans	0	350,000
Repayments of non-current loans	-779,045	-1,755,214
<b>Net cash from financing activities</b>	<b>120,517,394</b>	<b>5,399,511</b>
<b>Net change in cash and cash equivalents</b>	<b>112,683,699</b>	<b>-5,728,385</b>
<b>Cash and cash equivalents at 1 July</b>	<b>660,503</b>	<b>6,388,888</b>
<b>Cash and cash equivalents at 30 June</b>	<b>113,344,202</b>	<b>660,503</b>
<b>Change</b>	<b>112,683,699</b>	<b>-5,728,385</b>

# NOTES TO THE FINANCIAL STATEMENTS 1 JULY 2020 – 30 JUNE 2021

## 1 Basis of preparation

### 1.1 ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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. The consolidated financial statements have been prepared in accordance with Finnish accounting legislation (FAS) and in preparing the consolidated financial statements, the subsidiaries have been adjusted to reflect the principles applied to the parent company. The financial statements are presented in euros.

Intragroup transactions, internal profits, receivables and liabilities, as well as any intragroup ownerships and dividend distributions are eliminated. The share of profit of the associated company is presented in the consolidated income statement as a separate item. The profit and loss statements of foreign group companies have been converted into euros using the average rate for the financial period and the balance sheets have been converted using the exchange rate of the balance sheet date. The exchange gains and losses created during the conversion as well as the translation

differences arising from the conversion of the equity of the foreign subsidiaries are presented in the item retained earnings.

The associated company has been consolidated using the equity method.

The company has not previously prepared consolidated financial statements as part of its statutory financial statements. The consolidated financial statements have not been prepared under chapter 6, section 1 of the Accounting Act, as the subsidiaries have not been individually and collectively material to give a true and fair view of the group. The comparative amounts presented in these consolidated financial statements are derived from the audited consolidated financial statements prepared for the company's listing prospectus and included in the prospectus (Appendix C) for the financial year ended 30 June 2020.

Expenses arising from the company's IPO during the financial year, EUR 7,551 thousand, and proceeds from the stabilisation arrangement, EUR 2,258 thousand, are presented in financial items.

### 1.2 CHANGES IN GROUP STRUCTURE

On 30 October 2020, the company agreed together with PetBiomics Ltd on the establishment of an associated company PetMeta Labs Oy, where the company's ownership is 35 per cent. The share of profit of the associated company is presented in the consolidated income statement as a separate item.

In February 2021, the Extraordinary General Meeting resolved to change the company's company form to public limited company.

### 1.3 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.

### 1.4 SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On 9 July 2021, the company announced the acquisition of a German digital health company



Yolife GmbH (“Yolife”). Nightingale’s blood testing platform is complemented with Yolife’s digital health capabilities. The assets of Yolife will be integrated into Nightingale’s preventative health offering and the founding team of Yolife will join Nightingale to accelerate Nightingale’s mission to deliver preventative health solutions globally.

On 30 August 2021, the company appointed internationally recognised scientific leader Jeffrey Barret as Chief Scientific Officer. Barrett joined the company’s Management Team on 27 September 2021.

### 1.5 RESEARCH AND DEVELOPMENT EXPENDITURE

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 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 development expenditure capitalised 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 development expenditure capitalised on the balance sheet may be reduced if the expected economic benefits to be generated changes. If the expected economic benefits to be generated by an asset capitalised on the balance sheet is less than the amount of development expenditure capitalised on the balance sheet, the value of the capitalised development expenditure is adjusted with a write-down to correspond to the expected economic benefits to be generated by the asset.

Capitalised development expenditure has arisen directly from the process of completing the asset for its intended use. The company has started depreciations on mobile application development costs during the financial year ended 30 June 2021. Regarding other capitalised development expenditure, the development phase is still in progress and no depreciation has been made during the financial year ended 30 June 2021. In the future, the amount of depreciation will increase and affect the company’s operating result in the short and medium term.

### 1.6 GROUP INFORMATION

The Group’s parent company is Nightingale Health Plc (business ID 1750524-0), whose domicile is Helsinki. Copies of the consolidated financial statements are available at the head office of Nightingale Health Plc, Mannerheimintie 164a, 00300 Helsinki.

Subsidiaries	Domicile	Share of ownership 30 June 2021	Share of ownership 30 June 2020
NG 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 %
<b>Associated companies</b>			
PetMeta Labs Ltd	Finland	35 %	0 %



## 2 Notes to the income statement

### 2.1 REVENUE PER BUSINESS AND MARKET AREA

The company recognises 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.

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
<b>Geographical distribution</b>				
Finland	359,259	267,521	359,259	267,521
Rest of Europe	925,195	1,173,415	827,768	981,032
North America	347,490	148,867	32,165	138,035
Asia	390,540	147,775	370,790	147,775
Others	58,625	43,340	58,625	43,340
	<b>2,081,109</b>	<b>1,780,918</b>	<b>1,648,607</b>	<b>1,577,702</b>

### 2.2 OTHER OPERATING INCOME

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Other operating income from group companies	0	0	206,843	0
Received grants	284,509	0	284,509	0
Other operating income	18,676	13,012	18,676	13,012
	<b>303,185</b>	<b>13,012</b>	<b>510,029</b>	<b>13,012</b>

Grants received are recognised in other operating income when the grant is received for costs to be recognised in the income statement. Grants received that are related to capitalised 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.

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Materials and consumables				
Purchases during financial year from others	756,468	7,570	740,813	7,570
Purchases during financial year from group companies	0	0	0	0
Increase (-) / decrease (+) in inventories	-473,049	6,042	-458,417	6,042
External services				
Subcontracting	35,538	0	0	0
Other external services	0	0	0	0
	<b>318,957</b>	<b>13,612</b>	<b>282,396</b>	<b>13,612</b>

Purchases in the amount of EUR 18,100 (EUR 153,917) and external services in the amount of EUR 60,457 (EUR 977,071) have been capitalised in development expenditure during the financial period.

### 2.4 DEPRECIATION AND AMORTISATION ACCORDING TO A PREDETERMINED PLAN

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Intangible assets				
Intangible rights	395,294	0	395,294	0
Other long-term expenditure	13,555	223,408	0	223,408
Tangible assets				
Machinery and equipment	61,417	3,130	34,952	3,130
<b>Total depreciation and amortisation</b>	<b>470,266</b>	<b>226,539</b>	<b>430,246</b>	<b>226,539</b>

## 2.5 OTHER OPERATING EXPENSES

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Voluntary social security contributions	59,136	353,403	58,216	351,090
Premises	976,953	834,571	866,674	825,897
Vehicle expenses	86,455	96,781	86,455	96,781
Computer hardware and software expenses	405,426	425,826	404,067	425,767
Machinery and equipment expenses	1,417,431	656,739	1,389,776	656,739
Travel expenses	23,145	125,658	20,243	118,015
Representation expenses	5,921	32,296	5,319	32,296
Sales expenses	-739	5,365	-739	5,365
Marketing expenses	84,851	66,549	83,277	66,549
Research and development expenses	347,003	92,972	347,003	92,972
Administrative services	529,377	356,109	397,505	310,283
Other administrative expenses	261,410	186,201	238,869	184,453
Other operating expenses	27,561	24,464	16,445	14,279
	<b>4,223,929</b>	<b>3,256,936</b>	<b>3,913,109</b>	<b>3,180,488</b>

Other operating expenses have been capitalised in development expenditure in the amount of EUR 621,487 (EUR 1,550,722) during the financial period.

## 2.6 FINANCIAL INCOME AND EXPENSES

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Other interest and financial income				
From group companies	0	0	52,167	0
From others	2,257,964	192	2,257,961	192
	<b>2,257,964</b>	<b>192</b>	<b>2,310,128</b>	<b>192</b>
Interest and other financial expenses				
To group companies	0	0	0	0
To others	-8,168,121	-382,711	-8,168,121	-383,853
	<b>-8,168,121</b>	<b>-382,711</b>	<b>-8,168,121</b>	<b>-383,853</b>
Translation difference	-57,376	-3,614	-48,774	0
<b>Total financial income and expenses</b>	<b>-5,967,532</b>	<b>-386,133</b>	<b>-5,906,767</b>	<b>-383,661</b>

### 2.6.1 IPO and stabilisation arrangement

During the financial year ended 30 June 2021 the company listed its Series B-shares on Nasdaq First North Growth Market Finland marketplace. The offering comprised a total of 16,295,300 new shares and the company raised gross proceeds of approximately EUR 110 million. The price per share in the offering was EUR 6.75. Trading in the company's shares commenced on 19 March 2021.

The fees and expenses, of EUR 7,551 thousand, in relation to the offering are presented in financial income and expenses.

In connection with the initial public offering, the Board of Directors of the company resolved on a directed gratuitous share issue to the stabilising manager, Swedbank AB (publ), as part of the stabilisation arrangement. The additional shares ("Additional Shares") were subscribed by the stabilising manager in connection with the share issue. The Additional Shares were sold in connection with the offering, and after the offering the stabilising manager acquired a total of 2,444,440 Series B shares from the market as a result of stabilisation measures relating the offering (the "Stabilised Shares"). As the number of Stabilised Shares equaled to the number of Additional Shares, no separate directed share issue against consideration was carried out to the stabilising manager as part of the stabilisation arrangement.

Swedbank decided not to exercise the over-allotment option granted by the company to purchase up to 2,444,440 Series B shares at a price corresponding to the subscription price in the offering and redelivered to the company the additional 2,444,440 Series B shares it had acquired as a result of stabilisation measures relating to the offering. The stabilising manager returned the proceeds from the stabilisation arrangement, of EUR 2,258 thousand, to the company. The proceeds are presented in financial income and expenses.

The company canceled the redelivered 2,444,440 Series B shares. The cancellation of the shares was entered in the Finnish Trade Register on 31 March 2021. After the cancellation of the shares, the total number of Series B shares was 36,147,250 and the total number of all shares was 60,529,454.

### 2.7 INCOME TAXES

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Income taxes on business operations	2,096	2,780	-1,072	960
	<b>2,096</b>	<b>2,780</b>	<b>-1,072</b>	<b>960</b>



## 3 Notes to assets in the balance sheet

### 3.1 INTANGIBLE AND TANGIBLE ASSETS

Intangible and tangible assets are recognised in the balance sheet at the variable acquisition cost less any planned depreciations, possible adjustments and grants received related to capitalised 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	3–5 years
Other long-term expenses	8–15 years
Production machinery and equipment	3–10 years
Office furniture	3 years

### 3.2 INTANGIBLE ASSETS

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Intangible rights				
Acquisition cost on 1 July	11,513,931	5,178,482	11,513,931	5,178,482
Additions	2,141,147	6,719,407	2,141,147	6,719,407
Grants received	0	-383,958	0	-383,958
Other deductions	-90,205	0	-90,205	0
<b>Acquisition cost on 30 June</b>	<b>13,564,873</b>	<b>11,513,931</b>	<b>13,564,873</b>	<b>11,513,931</b>
Amortisation	-395,294	0	-395,294	0
<b>Accumulated depreciation 30 June</b>	<b>-395,294</b>	<b>0</b>	<b>-395,294</b>	<b>0</b>
<b>Book value as of 30 June</b>	<b>13,169,578</b>	<b>11,513,931</b>	<b>13,169,578</b>	<b>11,513,931</b>

The intangible rights capitalised during the financial period consists of development expenditure and amounted to EUR 2,141,147 (EUR 6,719,407). The expenses consisted of wages in the amount of EUR 1,440,663 (EUR 4,037,697) and other expenses in the amount of EUR 700,484 (EUR 2,681,710).

During the financial period, the capitalisation of development 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 production capacity of laboratory software, and investments made in the development of product concepts.

## 3.3 TANGIBLE ASSETS

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Other long-term expenditure				
Acquisition cost on 1 July	0	446,817	0	446,817
Additions	250,376	0	0	0
<b>Acquisition cost on 30 June</b>	<b>250,376</b>	<b>446,817</b>	<b>0</b>	<b>446,817</b>
Accumulated amortisation/impairment 1 July	0	-223,408	0	-223,408
Amortisation	-13,555	-223,408	0	-223,408
<b>Accumulated depreciation 30 June</b>	<b>-13,555</b>	<b>-446,817</b>	<b>0</b>	<b>-446,817</b>
<b>Book value as of 30 June</b>	<b>236,821</b>	<b>0</b>	<b>0</b>	<b>0</b>
Advance payments for intangible assets				
Acquisition cost on 1 July	600,000	500,000	600,000	500,000
Additions	100,000	100,000	100,000	100,000
<b>Acquisition cost on 30 June</b>	<b>700,000</b>	<b>600,000</b>	<b>700,000</b>	<b>600,000</b>

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Machinery and equipment				
Acquisition cost on 1 July	1,382,789	16,695	1,382,789	16,695
Additions	646,037	1,366,094	499,396	1,366,094
Deductions	-1,239,490	0	-1,239,490	0
<b>Acquisition cost on 30 June</b>	<b>789,336</b>	<b>1,382,789</b>	<b>642,695</b>	<b>1,382,789</b>
Accumulated depreciation/impairment 1 July	-7,304	-4,174	-7,304	-4,174
Depreciation	-61,417	-3,130	-34,952	-3,130
<b>Accumulated depreciation 30 June</b>	<b>-68,721</b>	<b>-7,304</b>	<b>-42,256</b>	<b>-7,304</b>
<b>Book value as of 30 June</b>	<b>720,615</b>	<b>1,375,485</b>	<b>600,439</b>	<b>1,375,485</b>

## 3.4 INVESTMENTS

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Holdings in group companies				
NG Health Sweden AB			4,953	4,953
Nightingale Health Japan K.K.			8,181	0
			<b>13,135</b>	<b>4,953</b>
Holdings in associated companies				
Acquisition cost 1 July	0	0	0	0
Additions	55,856	0	0	0
<b>Acquisition cost 30 June</b>	<b>55,856</b>	<b>0</b>	<b>0</b>	<b>0</b>
Other investments				
Acquisition cost 1 July	0	0	0	0
Additions	3,273,590	0	3,273,590	0
<b>Acquisition cost 30 June</b>	<b>3,273,590</b>	<b>0</b>	<b>3,273,590</b>	<b>0</b>

In June 2021, the company closed a minority investment of EUR 3.3 million (USD 4 million) to at-home blood collection device manufacturer Weavr Health Corp. The investment was made in the form of a convertible loan.

## 3.5 INVENTORIES

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Finished products / goods and laboratory supplies	451,430	185,908	437,287	185,908
Advance payments for inventories	207,038	0	207,038	0
	<b>658,468</b>	<b>185,908</b>	<b>644,325</b>	<b>185,908</b>

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 KEY ITEMS INCLUDED IN PREPAYMENTS AND ACCRUED INCOME

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
<b>Receivables from companies in the same group</b>				
Non-current receivables from companies in the same group				
Loan receivables			977,273	162,763
Current receivables from companies in the same group				
Other receivables			4,368	0
Accrued income			221,944	0
			<b>1,203,585</b>	<b>162,763</b>
Long-term equipment lease expenses	231,484	162,510	231,484	162,510
Short-term equipment lease expenses	187,182	286,240	177,048	286,240
Insurance expenses	21,088	6,975	20,601	6,975
Premises rent	230,546	301,483	230,546	301,483
Computer hardware and software expenses	49,193	43,577	49,193	43,577
External services	2,805	104,472	0	8,618
Other accrued income	61,246	4,491	61,246	263
	<b>783,544</b>	<b>909,748</b>	<b>770,119</b>	<b>809,666</b>

On 30 June 2021, the parent company of the Group had tax losses carried forward in the amount of EUR 10,836,313 (EUR 7,202,432), for which a deferred tax asset has not been recognised. The losses in question will expire in 2027 – 2031.

## 4 Notes to equity and liabilities in the balance sheet

### 4.1 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1 July 2020 – 30 June 2021

	Share capital	Reserve for invested unrestricted equity	Translation difference	Retained earnings	Capital loans	Total equity
<b>Equity 1 July 2020</b>	<b>8,000</b>	<b>12,761,680</b>	<b>659</b>	<b>-10,853,858</b>	<b>6,818,182</b>	<b>8,734,664</b>
<b>Result for the financial year</b>						
Profit (loss) for the financial period				-11,191,757		-11,191,757
Translation difference			12,415	4,347		16,762
<b>Result for the financial year total</b>	<b>0</b>	<b>0</b>	<b>12,415</b>	<b>-11,187,410</b>	<b>0</b>	<b>-11,174,995</b>
<b>Transactions with owners</b>						
Capital loan					-6,818,182	-6,818,182
Directed share issue	72,000	133,684,211				133,756,211
Purchase of treasury shares		-67,792				-67,792
Other changes				-1,085		-1,085
<b>Transactions with owners total</b>	<b>72,000</b>	<b>133,616,419</b>	<b>0</b>	<b>-1,085</b>	<b>-6,818,182</b>	<b>126,869,153</b>
<b>Equity 30 June 2021</b>	<b>80,000</b>	<b>146,378,099</b>	<b>13,074</b>	<b>-22,042,352</b>	<b>0</b>	<b>124,428,821</b>

During the financial period ended 30 June 2021, the company acquired, taking into account the stock split, 97,825 (275) of its treasury shares at a price of EUR 67,792 (EUR 58,096). The purchase of the treasury shares is related to the end of the employment of persons included in the company's incentive schemes.



1 July 2019 – 30 June 2020

	Share capital	Reserve for invested unrestricted equity	Translation difference	Retained earnings	Capital loans	Total equity
<b>Equity 1 July 2019</b>	<b>8,000</b>	<b>12,819,776</b>	<b>-226</b>	<b>-7,120,824</b>	<b>0</b>	<b>5,706,727</b>
<b>Result for the financial year</b>						
Profit (loss) for the financial period				-3,731,267		-3,731,267
Translation difference			885			885
<b>Result for the financial year total</b>	<b>0</b>	<b>0</b>	<b>885</b>	<b>-3,731,267</b>	<b>0</b>	<b>-3,730,382</b>
<b>Transactions with owners</b>						
Capital loan					6,818,182	6,818,182
Purchase of treasury shares		-58,096				-58,096
Other changes				-1,767		-1,767
<b>Transactions with owners total</b>	<b>0</b>	<b>-58,096</b>	<b>0</b>	<b>-1,767</b>	<b>6,818,182</b>	<b>6,758,319</b>
<b>Equity 30 June 2020</b>	<b>8,000</b>	<b>12,761,680</b>	<b>659</b>	<b>-10,853,858</b>	<b>6,818,182</b>	<b>8,734,664</b>

## 4.2 PARENT COMPANY'S STATEMENT OF CHANGES IN EQUITY

1 July 2020 – 30 June 2021

	Share capital	Reserve for invested unrestricted equity	Translation difference	Retained earnings	Capital loans	Total equity
<b>Equity 1 July 2020</b>	<b>8,000</b>	<b>12,761,680</b>	<b>0</b>	<b>-10,895,229</b>	<b>6,818,182</b>	<b>8,692,633</b>
<b>Result for the financial year</b>						
Profit (loss) for the financial period				-10,755,180		-10,755,180
Translation difference						0
<b>Result for the financial year total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-10,755,180</b>	<b>0</b>	<b>-10,755,180</b>
<b>Transactions with owners</b>						
Capital loan					-6,818,182	-6,818,182
Directed share issue	72,000	133,684,211				133,756,211
Purchase of treasury shares		-67,792				-67,792
Other changes				-1,085		-1,085
<b>Transactions with owners total</b>	<b>72,000</b>	<b>133,616,419</b>	<b>0</b>	<b>-1,085</b>	<b>-6,818,182</b>	<b>126,869,153</b>
<b>Equity 30 June 2021</b>	<b>80,000</b>	<b>146,378,099</b>	<b>0</b>	<b>-21,651,493</b>	<b>0</b>	<b>124,806,606</b>

During the financial period ended 30 June 2021, the company acquired, taking into account the stock split, 97,825 (275) of its treasury shares at a price of EUR 67,792 (EUR 58,096). The purchase of the treasury shares is related to the end of the employment of persons included in the company's incentive schemes.

1 July 2019 – 30 June 2020

	Share capital	Reserve for invested unrestricted equity	Translation difference	Retained earnings	Capital loans	Total equity
<b>Equity 1 July 2019</b>	<b>8,000</b>	<b>12,819,776</b>	<b>0</b>	<b>-7,123,061</b>	<b>0</b>	<b>5,704,715</b>
<b>Result for the financial year</b>						
Profit (loss) for the financial period				-3,769,833		-3,769,833
Translation difference						0
Other changes				-3,264		-3,264
<b>Result for the financial year total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-3,773,097</b>	<b>0</b>	<b>-3,773,097</b>
<b>Transactions with owners</b>						
Capital loan					6,818,182	6,818,182
Purchase of treasury shares		-58,096				-58,096
Other changes				930		930
<b>Transactions with owners total</b>	<b>0</b>	<b>-58,096</b>	<b>0</b>	<b>930</b>	<b>6,818,182</b>	<b>6,761,016</b>
<b>Equity 30 June 2020</b>	<b>8,000</b>	<b>12,761,680</b>	<b>0</b>	<b>-10,895,229</b>	<b>6,818,182</b>	<b>8,692,633</b>

Calculation of the parent company's distributable non-restricted equity	Parent company 2021	Parent company 2020
Reserve for invested unrestricted equity	146,378,099	12,761,680
Retained earnings	-10,895,229	-7,125,396
Profit (loss) for the financial period	-10,755,180	-3,769,833
<b>Total non-restricted equity</b>	<b>124,727,691</b>	<b>1,866,451</b>
Capitalised development expenditure	-2,141,147	-11,513,931
<b>Total distributable equity</b>	<b>122,586,544</b>	<b>-9,647,480</b>

The Board of Directors proposes to the Annual General Meeting that no dividend is paid and that the loss for the financial period EUR -10,755,180 (EUR -3,769,833) is recorded under retained earnings.

### 4.3 SHARES

At the end of the financial year the company had issued 60,529,454 fully paid shares, of which 22,717,674 were Series A shares, 36,147,250 were Series B shares and 1,664,530 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.

During the financial year the company executed a free share issue (a share split) 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 company's Extraordinary General Meeting resolved on 18 February 2021 to authorise the Board of Directors to decide on the issuance of new Series B shares and/or of own Series B shares held by the company in one or more instalments against or without payment. Pursuant to the authorisation, a maximum of 41,000,000 new Series B shares may be issued and/or Series B shares held by the company to be conveyed. The authorisation includes the right to deviate from the shareholders' subscription right, provided that there is a weighty financial reason for the company to deviate. The Board of Directors is entitled to decide on the terms of the share issue or conveyance of the shares held by the company. The authorisation given to the Board of Directors also includes the right to decide whether the share subscription price is to be entered in full or in part in the reserve for invested unrestricted equity or as an increase of share capital. The authorisation is valid until 31 December 2021.

In addition, the Extraordinary General Meeting held on 18 February 2021 resolved to authorise 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 Companies Act by one or several decisions. The amount of the shares issued or conveyed by virtue of the authorisation to issue special rights entitling to shares cannot exceed 5,000,000 Series A shares and/or 19,100,000 Series B shares. The authorisation is valid until 18 February 2026.

In addition, the Extraordinary General Meeting held on 18 February 2021 resolved to authorise 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 own 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 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 authorisation. The authorisation is valid until 19 August 2022.

On 4 December 2020, the Annual General Meeting of the company resolved to authorise the Board of Directors of the company to resolve on the issuance of shares in one or several parts against payment. The aggregate number of shares to be issued must not exceed 20,000 Series A shares. The Board of Directors of the company may resolve to issue new shares or to transfer own shares possibly held by the company. The authorisation entitles the Board of Directors to decide on all other matters related to the issuance of shares, including the right to deviate from the pre-emptive right of shareholders to subscribe for shares to be issued.

#### 4.4 CAPITAL LOANS

In November 2019, the company formed an investment and collaboration agreement as well as a capital loan agreement with Kirin and Mitsui. In accordance with the agreements Kirin and Mitsui each paid separately EUR 3,409 thousand (total EUR 6,818 thousand) into the company's bank account in November 2019. In addition, Kirin and Mitsui each paid separately EUR 3,409 thousand (total EUR 6,818 thousand) into an escrow account in November 2019. During the financial year 2020–2021, the company withdrew in accordance with the agreements EUR 2,000 thousand of additional funding from the escrow account. Under the terms and conditions of the agreements, the capital loans, funds in the escrow account and accrued interest were converted into Series B shares in February 2021. Thus, a basis for releasing the funds, EUR 4,818 thousand, in the escrow account was formed and the funds were released to the company in March 2021.

During the previous financial period the balance of the escrow account was presented in other receivables and other loans and therefore the balance has changed significantly.

The company had no capital loans on 30 June 2021.





## 4.5 NON-CURRENT LIABILITIES

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Loans from financial institutions	3,199,577	4,488,948	3,199,577	4,488,948
	<b>3,199,577</b>	<b>4,488,948</b>	<b>3,199,577</b>	<b>4,488,948</b>
Liabilities becoming due after more than 5 years				
Loans from financial institutions	0	260,624	0	260,624
	<b>0</b>	<b>260,624</b>	<b>0</b>	<b>260,624</b>

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

## 4.6 CURRENT LIABILITIES

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Liabilities to others				
Loans from financial institutions	1,860,334	1,350,008	1,860,334	1,350,008
Advances received	1,941,302	224,227	1,771,684	197,442
Trade payables	905,228	537,353	891,566	498,969
Accrued liabilities	1,583,107	1,398,093	1,553,127	1,288,863
Other liabilities	272,398	7,057,227	266,603	7,047,658
	<b>6,562,369</b>	<b>10,566,907</b>	<b>6,343,314</b>	<b>10,382,940</b>

## 4.6.1 Convertible loan

In July 2020, the company entered into an agreement with PerkinElmer in which the company issued a convertible loan for EUR 2,000 thousand. The company raised EUR 1,000 thousand of this loan.

In February 2020, in accordance with the terms and conditions of the agreement with PerkinElmer, the withdrawn loan amount and the unpaid accrued interest were converted into Series B shares.

## 4.7 KEY ITEMS IN OTHER LIABILITIES

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Tax withholdings	148,001	147,770	148,001	146,449
Social security contribution	7,656	8,774	7,656	8,082
VAT liability	112,791	40,945	110,861	40,945
Escrow	0	6,858,482	0	6,852,182
Others	3,950	1,255	85	0
	<b>272,398</b>	<b>7,057,227</b>	<b>266,603</b>	<b>7,047,658</b>

## 4.8 KEY ITEMS INCLUDED IN ACCRUALS AND DEFERRED INCOME

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Accrued salary expenses	236,452	102,367	207,299	102,367
Holiday pay	759,669	849,676	759,669	843,899
Social security contributions for holiday pay	152,997	163,928	152,997	162,113
Pension plan contributions	120,569	34,037	120,569	34,037
Accident insurance payments	22,099	7,792	22,099	7,792
Unemployment insurance contributions	23,570	5,009	23,570	5,009
Group life insurance payments	2,588	593	2,588	593
Accrued interest payable	7,202	133,053	7,202	133,053
Expense provisions	257,429	0	257,134	0
Others	533	101,638	0	0
	<b>1,583,107</b>	<b>1,398,093</b>	<b>1,553,127</b>	<b>1,288,863</b>

## 5 Off-balance sheet commitments

### 5.1 COLLATERALS

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Loans secured by floating charge				
Loans from financial institutions	3,756,783	4,536,000	3,756,783	4,536,000
Floating charges provided as collateral	6,400,000	6,400,000	6,400,000	6,400,000

### 5.2 OFF-BALANCE SHEET COMMITMENTS IN TOTAL

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
To be paid within one year				
Machinery and equipment lease liabilities	1,978,227	1,148,000	1,978,227	1,148,000
Facility rental liabilities	1,015,613	912,000	905,064	912,000
Machinery acquisition contracts	0	619,000	0	619,000
Product development cooperation	0	301,000	0	301,000
	<b>2,993,840</b>	<b>2,980,000</b>	<b>2,883,291</b>	<b>2,980,000</b>
To be paid after one year				
Machinery and equipment lease liabilities	1,829,265	1,763,000	1,829,265	1,763,000
Facility rental liabilities	3,282,982	4,045,000	3,144,796	4,045,000
	<b>5,112,246</b>	<b>5,808,000</b>	<b>4,974,060</b>	<b>5,808,000</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.

## 6 Auditor's fees

### 6.1 AUDITOR'S FEES

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Audit fees	25,200	16,870	25,200	16,870
Actions referred to in section 1.1.2 of the Auditing Act	8,374	1,283	8,374	1,283
Tax consultancy	3,500	380	3,500	380
Other fees	341,735	18,533	341,735	18,533
	<b>378,809</b>	<b>37,066</b>	<b>378,809</b>	<b>37,066</b>

Other fees are mainly related to the company's IPO.

## 7 Related party transactions

The related parties include the company's subsidiaries, associated company PetMeta Labs Oy, the 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, each of which is considered to have a significant influence over the company.

The company has acquired services required for its business activities from and correspondingly provided services to the following related party companies: Cor Group Oy, Labquality Oy, PetMeta Labs Oy and Villagecape Ventures Oy. All transactions have been made on an arm's length basis.

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Purchases	176,125	351,852	176,125	351,852
Sales	48,827	3,705	48,827	3,705

On 30 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 principle 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 on 30 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 borrow 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.

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Loans to personnel in relation to share issues	421,750	469,258	421,750	469,258
of which extended to related parties	63,990	63,990	63,990	63,990

## 8 Notes concerning personnel and members of governing bodies

### 8.1 AVERAGE NUMBER OF PERSONNEL

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Officers	4	4	4	4
Workers	72	88	70	86
	<b>76</b>	<b>92</b>	<b>74</b>	<b>90</b>

### 8.2 PERSONNEL EXPENSES

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Wages and salaries	2,273,653	1,440,690	2,044,171	1,371,629
Pension expenses	253,499	109,446	253,499	109,446
Other social security expenses	121,976	89,060	84,701	74,212
	<b>2,649,127</b>	<b>1,639,197</b>	<b>2,382,370</b>	<b>1,555,287</b>

Of the personnel expenses, wages have been capitalised in development expenditure in the amount of EUR 1,440,663 (EUR 4,037,697).

### 8.3 REMUNERATION OF THE MANAGEMENT

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
CEO				
Wages and salaries	295,172	212,553	295,172	212,553
Pension expenses	48,750	35,201	48,750	35,201
	<b>343,922</b>	<b>247,753</b>	<b>343,922</b>	<b>247,753</b>
Management Team				
Wages and salaries	551,609	354,022	551,609	354,022
Pension expenses	87,225	57,726	87,225	57,726
	<b>638,834</b>	<b>411,747</b>	<b>638,834</b>	<b>411,747</b>

In March 2021, the company started to pay a monthly remuneration of EUR 2,000 to each member of the Board of Directors.



## 8.4 PENSION COMMITMENTS

The company has no management related pension plans or commitments that differ from those described by law.

## 8.5 STOCK AND STOCK OPTION PLANS

The company has established option programs as incentive programs for personnel of the company, covering employees of the company and its group companies and other key persons. The company's Board of Directors has outlined that future option programs of the company must be tied to an increase in the company's value.

Valid stock option plans are described below.

### EMP I Plan

The Annual General Meeting of Shareholders on 18 November 2016 resolved to authorise the Board of Directors to issue up to 7,318 EMP shares or stock options entitling the holder to subscribe for EMP shares to employees of the company as a part of the company's incentive and commitment program (the "EMP I Plan"). 4,120 EMP shares (pre-split amount) were subscribed for at a subscription price of EUR 193.91 per share on the basis of the EMP I Plan.

### EMP II Plan

The Annual General Meeting of Shareholders on 6 April 2018 resolved to authorise the Board of Directors to issue up to 13,466 EMP shares or stock

options ("EMP II Stock Options") to the employees of the company and other key persons as a part of the company's incentive and commitment program (the "EMP II Plan"). The Board of Directors on 27 April 2018 issued 11,000 EMP II Stock Options. The EMP II Stock Options were issued free of charge. The share subscription period for the EMP II Stock Options ends on 30 April 2028. As adjusted by the stock split resolved by the Extraordinary General Meeting on 18 February 2021, each EMP II Stock Option entitles its holder to subscribe for 301 EMP shares at a subscription price of EUR 1.42 per EMP share. The holder of EMP II Stock Options acquired the right to subscribe for EMP shares with all of the holder's EMP II Stock Options in connection with the company's First North listing. The subscription right may only be used if the EMP II Stock Option holder has an employment or service relationship with the company at the time of subscription. The EMP II Stock Options will terminate and become void without compensation immediately upon the end of the holder's employment or service relationship with the company. The Board of Directors of the company shall determine how share subscription takes place. Of the EMP II Stock Options offered under the EMP II Plan, 123 were subscribed for EMP shares (pre-split amount) by the end of 30 June 2021.

On 7 November 2018, the Board of Directors of the company approved the transfer of the issued and unsubscribed 1,806 stock options to the company

pursuant to the 2017HR Plan and resolved to issue 1,806 new EMP II Stock Options.

### EMP III Stock Option Plan

On 23 October 2020, the Board of Directors of the company resolved to begin a new incentive program (the "EMP III Stock Option Plan"). The Board of Directors of the company resolved to convert the 1,700 EMP shares which had been issued by the Board of Directors of the company by resolution on 27 April 2018 into stock options in accordance with the terms and conditions of the EMP III Stock Option Plan and issue 446 new EMP III options ("EMP III Stock Options"). The Board of Directors resolved to issue 2,146 EMP III Stock Options to the employees of the company or its group companies and other key persons as a part of the company's incentive and commitment program. The EMP III Stock Options were issued free of charge. As adjusted by the stock split resolved by the Extraordinary General Meeting on 18 February 2021, each EMP III Stock Option entitles its holder to subscribe for 301 EMP shares at a subscription price of EUR 1.63 per EMP share. The share subscription period for the EMP III Stock Options ends on 30 October 2030. The holder of EMP III Stock Options acquired the right to subscribe for EMP share with all of the holder's EMP III Stock Options in connection with the company's First North listing. The subscription right may only be used if the holder of the EMP III Stock Options has

an employment or service relationship with the company at the time of subscription. The EMP III Stock Options will terminate and become void without compensation immediately upon the end of the holder's employment or service relationship with the company. The Board of Directors of the company shall determine how share subscription takes place.

Of the EMP III Stock options offered under the EMP III Plan, 15 were subscribed for EMP shares (pre-split amount) by the end of 30 June 2021.

#### **2020 Chairman's Options**

The company and the Chairman of the Board have entered into a Chairman's Agreement on 7 September 2020 according to which the Chairman has been granted 1,362,025 contractual stock options entitling to new shares of the company. Each stock option entitles the Chairman to subscribe for one (1) Series A share in the company with a subscription price of EUR 1.63 per share.

In addition, the Chairman has the right to stock options

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

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

In case the 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 in the Board of Directors.

#### **2020 Board Member Options**

The company and the Board member Leena Niemistö have entered into a Board Member Agreement on 15 December 2020, according to which the Board member has been granted 231,770 contractual stock options entitling to new shares of the company. Each stock option entitles the Board member to subscribe for one (1) Series A share in the company with a subscription price of EUR 2.48 per share.

In addition, Leena Niemistö has the right to stock options

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

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

In case the board membership ends, Leena Niemistö shall maintain the right to subscribe for shares with the stock options that have vested before the end of the board membership.

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

##### *General principles*

In the new 2021 Board, the CEO and Key Management Incentive Program, the vesting event is determined based on the company's market value. The Board of Directors may link the stock options authorised by the General Meeting on 18 February 2021 to three vesting events at the Board's discretion as follows:

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

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

The company's goal is to create incentive schemes that provide strong incentives to increase the company's value.

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

The company's Board of Directors has on 3 March 2021 resolved to issue 5,200,000 option rights entitling to subscribe for 5,200,000 new Series B shares in the company. The first part of the options vest 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"). The second part of the options vest 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 decided to issue to Teemu Suna 2,000,000 option rights, each of which entitles to subscribe for one Series B share. At the First Vesting Event, Teemu Suna is entitled to subscribe for Series B shares in the company that correspond to one per cent of the company's

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

The company's Board of Directors decided to issue to Satu Saksman and Minja Salmio 2,000,000 option rights in aggregate, 1,000,000 option rights to each, each of which entitles to subscribe for one Series B share. At the First Vesting Event, Satu Saksman and Minja Salmio are both entitled to subscribe for Series B shares in the company that correspond to one half per cent of the company's outstanding shares on a fully diluted basis. At the Second Vesting Event, Satu Saksman and Minja Salmio are both entitled to subscribe for Series B shares in the company that correspond to one half per cent of the company's outstanding shares on a fully diluted basis.

The company's Board of Directors decided to issue to Tom Jansson and Lotta Kopra 1,200,000 option rights in aggregate, 600,000 option rights to each, each of which entitles to subscribe for one Series B share. At the First Vesting, Tom Jansson and Lotta Kopra are both entitled to subscribe for Series B shares in the company that correspond to 0.3 per cent of the company's outstanding shares on a fully diluted basis. At the Second Vesting Event, Tom Jansson and Lotta Kopra are both entitled

to subscribe for Series B shares in the company that correspond to 0.3 per cent of the company's outstanding shares on a fully diluted basis.

All options under the 2021 Board, the CEO and Key Management Incentive Program entitle the option holder to subscribe for Series B shares at a subscription price that corresponds to the subscription price of the offer shares, i.e. EUR 6.75 per share. The purpose of the option program 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.

**Future option programs**

*2021 New Employee Incentive Program*

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.

*Outstanding stock options on 30 June 2021*

Options	Subscription price with stock option	Subscription deadline	Outstanding stock options <sup>1)</sup>	Subscribed stock options
EMP Plan II Options	EUR 1.42 per EMP share	30 April 2028	8,577	123
EMP III Options	EUR 1.63 per EMP share	30 April 2030	3,145	15
2020 Chairman's Options	EUR 1.63 per Series A share	4 December 2030	1,362,025	0
2020 Board Member Options	EUR 2.48 per Series A share	4 December 2030	231,770	0
2021 CEO Options	EUR 6.75 per Series B share	31 December 2031	2,000,000	0
2021 Key Management Options	EUR 6.75 per Series B share	31 December 2031	2,000,000	0
2021 New Board Members Options	EUR 6.75 per Series B share	31 December 2031	1,200,000	0
<b>Total</b>			<b>6,805,517</b>	

<sup>1)</sup> EMP II Stock Options and EMP III Stock Options have been granted prior to the free share issue (stock split) resolved on 18 February 2021. As a result of the stock split, each EMP II Stock Option and EMP III Stock Option entitles to subscribe for 301 EMP shares. In the other stock options presented in the table, the stock split is already accounted for and they entitle to subscribe for one Series A or Series B share.

## Signatures to the financial statements and Board of Directors' report

Helsinki, 30 September 2021

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Timo Soininen  
Chairman of the Board

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Teemu Suna  
Board member, CEO

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Antti Kangas  
Board member

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Olli Karhi  
Board member

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Leena Niemistö  
Board member

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Tom Jansson  
Board member

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Lotta Kopra  
Board member

## The Auditor's note

A report of the audit performed has been issued today.

Helsinki, 30 September 2021

PricewaterhouseCoopers Oy  
Authorised Public Accountants

Valtteri Helenius  
Authorised Public Accountant



## Books and records

Journal	Electronic archive
General ledger	Electronic archive
Financial statements	Separately bound
Balance sheet items	Separately bound
Record types and method of retention	
Sales invoices	Electronic archive
Purchase invoices	Electronic archive on entry of vouchers
Electronic invoices (purchase invoices)	Electronic archive
Travel expense statements and expense invoices, memos	Electronic archive
Wages	Electronic archive
Account statements, payment receipts	Electronic archive
VAT calculations	Electronic archive
Periodic tax returns	Electronic archive

Original purchase invoices received in paper format shall be retained on paper by the reporting entity. If the paper invoice has been scanned, the invoice shall only be retained in electronic format in a paperless archive. The original records attached to the record related to travel expense statements and expense invoices shall be retained on paper by the reporting entity. If the paper invoice or its attachments have been scanned, they shall only be retained in electronic format in the paperless archive.

# Auditor's Report

## To the Annual General Meeting of Nightingale Health Oyj

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

In our opinion, the financial statements give a true and fair view of the group's and the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

#### *What we have audited*

We have audited the financial statements of Nightingale Health Oyj (business identity code 1750524-0) for the financial period 1.7.2020 - 30.6.2021. The financial statements comprise the balance sheets, the income statements, cash flow statements and notes for the group as well as for the parent company.

#### Basis for Opinion

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

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

#### *Independence*

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

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

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

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

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered

material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the parent company's or the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

## OTHER REPORTING REQUIREMENTS

### Other Information

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

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

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

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

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

Helsinki, 30 September 2021

PricewaterhouseCoopers Oy  
Authorised Public Accountants

Valtteri Helenius  
Authorised Public Accountant (KHT)



**NIGHTINGALE HEALTH  
GROUP**

Business ID: 1750524-0  
1 July 2020 – 30 June 2021

**The financial statements were prepared by:**

Accountor Services Oy  
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02150 Espoo

**Company information:**

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Mannerheimintie 164a  
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Business ID: 1750524-0

