

Nightingale Health Plc

Company release 27 October 2022 at 9:00 a.m. (EEST)

Adoption of International Financial Reporting Standards (IFRS) and unaudited financial information for the comparative period

Nightingale Health Plc ("Nightingale Health" or the "Company") will publish its first consolidated financial statements prepared in accordance with IFRS for the financial year ended 30 June 2022. Nightingale Health has prepared the following unaudited IFRS financial information for the comparison periods to provide its investors with comparative information on Nightingale Health's consolidated statement of income, statement of financial position and key financials. Comparative information is provided for the financial year ended 30 June 2021, and for the opening IFRS statement of financial position as at the transition date, 1 July 2020. The IFRS transition does not affect the Company's business targets.

The financial information presented in this company release has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in force as at 30 June 2022. The date of transition to IFRS is 1 July 2020, and the Group applies IFRS 1 *First-time Adoption of International Financial Reporting Standards* in the transition. Nightingale Health's previous consolidated financial statements and half-year reports ("FAS financial information") were prepared in accordance with Finnish Accounting Standards ("FAS"). Further information on financial information prepared in accordance with FAS is available on Nightingale Health's website.

Nightingale Health will publish the accounting policies according to IFRS in the consolidated financial statements that will be published on 27 October 2022.

The financial information in this company release has not been audited.

Key financials for the financial year 1 July 2020-30 June 2021

- Revenue was EUR 2,305 thousand
- EBITDA was EUR -7,301 thousand
- Operating profit (loss) was EUR -9,754 thousand
- Profit (loss) for the period was EUR -9,725 thousand
- Earnings per share (EPS) amounted to EUR -0,23 (Series A shares and EMP shares) and EUR -0,23 (Series B shares)
- Cash and cash equivalents at the end of the period totaled EUR 113,807 thousand

Consolidated statement of income and consolidated statement of comprehensive income
1 July 2020-30 June 2021

EUR thousand	FAS 1 July 2020 – 30 June 2021	Total IFRS adjustments	IFRS 1 July 2020 - 30 June 2021
Revenue	2,081	224	2,305
Other income	303	1	304
Materials and services	-319	-	-319
Employee benefits	-2,649	-3,716	-6,365
Depreciation, amortization and impairment losses	-470	-1,983	-2,453
Other expenses	-4,224	873	-3,351
Share of joint venture's result	56	69	125
Operating profit (loss)	-5,222	-4,532	-9,754
Finance income	2,258	-	2,258
Finance costs	-8,225	5,999	-2,227
Net finance items	-5,968	5,999	31
Profit (loss) before tax	-11,190	1,467	-9,723
Income tax expense	-2	-	-2
Profit (loss) for the period	-11,192	1,467	-9,725
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
Profit (loss) for the period	-11,192	1,467	-9,725
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign operations - foreign currency translation differences, net of tax	-	12	12
Other comprehensive income for the period, net of tax	-	12	12
Total comprehensive income for the period	-11,192	1,479	-9,713

A more detailed bridge calculation of the IFRS transition from the consolidated statement of income is presented in appendix A of this company release and the IFRS adjustments made are described in more detail in appendix C.

Consolidated statement of financial position 30 June 2021 and 1 July 2020

EUR thousand	FAS 1 July 2020	Total IFRS adjustments	IFRS 1 July 2020	FAS 30 June 2021	Total IFRS adjustments	IFRS 30 June 2021
Assets						
Non-current assets						
Intangible assets	12,114	-1,964	10,150	14,106	-2,323	11,783
Property, plant and equipment	1,375	301	1,677	721	1,694	2,415
Right-of-use assets	-	5,811	5,811	-	5,652	5,652
Equity-accounted investees	-	-	-	56	69	125
Investments in convertible loan	-	-	-	3,274	-	3,274
Other assets	716	-263	453	833	-244	589
Deferred tax assets	-	-	-	-	-	-
Total non-current assets	14,205	3,886	18,091	18,989	4,848	23,838
Current assets						
Inventories	186	-	186	658	-	658
Trade and other receivables	8,494	-480	8,014	736	-52	685
Cash and cash equivalents	905	-	905	113,807	-	113,807
Total current assets	9,585	-480	9,105	115,201	-52	115,150
Total assets	23,791	3,406	27,196	134,191	4,796	138,987
Equity and liabilities						
Equity						
Share capital	8	-	8	80	-	80
Reserve for invested unrestricted equity	12,762	-512	12,250	146,378	-4,934	141,444
Equity loans	6,818	-161	6,657	-	-	-
Translation differences	1	-1	-	13	-1	12
Retained loss	-10,854	-1,808	-12,662	-22,042	3,545	-18,498
Total equity	8,735	-2,482	6,253	124,429	-1,390	123,039
Liabilities						
Non-current liabilities						
Loans and borrowings	4 489	545	5,034	3,200	865	4,064
Lease liabilities	-	3,574	3,574	-	3,137	3,137
Deferred tax liabilities	-	-	-	-	-	-
Total non-current liabilities	4,489	4,119	8,608	3,200	4,001	7,201
Current liabilities						
Loans and borrowings	1,350	-	1,350	1,860	345	2,205
Lease liabilities	-	1,365	1,365	-	1,685	1,685
Advances received	224	-	224	1,941	-26	1,915
Trade and other payables	8,993	404	9,396	2,761	181	2,942
Total current liabilities	10,567	1,769	12,336	6,562	2,185	8,748
Total liabilities	15,056	5,887	20,943	9,762	6,187	15,949
Total equity and liabilities	23,791	3,406	27,196	134,191	4,796	138,987

A more detailed bridge calculation of the IFRS transition from the consolidated balance sheets is presented in Appendix B of this company release, and the IFRS adjustments made are described in more detail in Appendix C.

Key impacts from the adoption of IFRS

The key impacts from the adoption of IFRS to the financial information of Nightingale Health are briefly described below:

- Under IFRS other long-term expenses capitalized by the Company are either classified to other assets or written off from the balance sheet, if they do not meet the asset recognition criteria under IFRS.
- In FAS financial information Nightingale Health recognized lease payments as other operating expenses during lease term and future lease payments subsequent to period end were disclosed as off-balance sheet commitments. Under IFRS a right-of-use asset and a lease liability are recognized at the lease commencement date. Lease payments presented as other operating expenses under FAS are apportioned between the reduction of the lease liability and the interest expense

related to the lease liability. Depreciation of the right-of-use assets is recorded in the statement of income. In IFRS transition Nightingale Health recognized leases as right-of-use assets and lease liabilities.

- Nightingale Health has granted stock options to board members, CEO, employees and other key personnel. In FAS, the increase in equity triggered by the exercise of the option to subscribe the share has been recorded in connection with the payment of the subscription price, but no expense related to the options have been recorded in the statement of income. Under IFRS options are measured at fair value at the grant date and expensed over the vesting period.
- Under FAS the sale and leaseback arrangements of certain laboratory devices are treated as a sale of the asset and leasing of the same asset after the sale. As the IFRS criteria for recognizing sales were not met the arrangement has been treated as a sale and leaseback transaction and therefore the sale has been cancelled and the payment received has been recognized as a liability.
- Under IFRS transaction costs that are directly attributable to the issue of new shares are recorded directly to equity. Nightingale Health had material transaction costs arising from the IPO of which transaction costs directly attributable to the issue of new shares were adjusted from finance costs to equity and transaction costs of other than new shares were adjusted to Other expenses in IFRS.
- Accounting for financial instruments differs between FAS and IFRS. Under FAS, convertible loan withdrawn by the Company was measured at nominal value. Under IFRS, the convertible loan is measured at fair value through profit or loss, and the change in fair value is recognized in consolidated statement of income.
- Nightingale Health has netted the deferred tax liabilities against deferred tax assets, because they were related to the same taxation authority and Nightingale Health has the right to net them against each other.

Key adjustments related to Opening IFRS statement of financial position as at 1 July 2020 and statement of financial position as at 30 June 2021.

Nightingale Health derecognized other long-term assets capitalized as intangible assets such as marketing and branding costs as well as expenses considered as long-term under FAS. The adjustment reduced other long-term expenses included in intangible assets and equity by EUR 2,075 thousand at the IFRS transition date 1 July 2020 and EUR 2,235 thousand at 30 June 2021. Other adjustments were recognized to Intangible assets resulting in adjustments totaling to decrease of EUR 1,964 thousand in Intangible assets and Equity on 1 July 2020 and EUR 2,086 thousand at 30 June 2021.

As result of the change in accounting treatment of the leases Nightingale Health recognized right-of-use assets of EUR 5,811 thousand and Lease liabilities of EUR 4,939 thousand at 1 July 2020, respectively right-of-use asset of EUR 5,652 thousand and lease liabilities of EUR 4,822 thousand at 30 June 2021. In addition, the accrued lease items recorded under FAS financial information were adjusted by reducing the items Other assets by EUR 263 thousand, Trade and other receivables by EUR 179 thousand and increasing Trade and other payables by EUR 4 thousand at 1 July 2020, respectively reducing other assets by EUR 84 thousand, trade receivables and other receivables by EUR 179 thousand and accounts payable and other payables by EUR 224 thousand at 30 June 2021. An adjustment of EUR 427 thousand was recognized at 1 July 2020 and of EUR 791 thousand at 30 June 2021 to Retained losses reflecting the difference in the adjustments due to the changed accounting treatment of leases.

Nightingale Health reversed sale and leaseback transactions recorded in the FAS financial information. The adjustment increased Property, plant and equipment by EUR 1,227 thousand, Loans and borrowings by EUR 1,239 thousand as well as Trade and other payables by EUR 5 thousand, and increased Retained losses by EUR 18 thousand.

Key adjustments related to Consolidated statement of income 1 July 2020 – 30 June 2021

Nightingale Health adjusted the transaction costs related to the issuance of new shares in the IPO by EUR 6,469 thousand from Finance costs to a deduction from equity. The adjustment improved the Profit (loss) for the period. The proportion of transaction costs of other than new shares amounting to EUR 1,110 thousand was adjusted from Finance costs to Other expenses.

Nightingale Health recognized share options issued and benefits given in connection with the share issues issued to its employees and other key personnel as an expense for the vesting period. The adjustment reduced the Profit (loss) for the period by EUR 3,886 thousand.

The adoption of IFRS had a total positive impact on the Profit (loss) for the period of EUR 1,467 thousand.

The individual most significant adjustments described above do not include the tax effect of the adjustments, but the tax effects have been treated as a separate adjustment.

The adjustments made in the IFRS transition are described in more detail in Appendix C of this company release.

Nightingale Health Plc will publish its first consolidated financial statements prepared in accordance with IFRS on 27 October 2022. Comparative IFRS periods for the half-yearly periods ended on 30 June 2022 and 31 December 2021 will be published before the publication of the H1/2023 half-yearly report. The materials will be available after publication at nightingalehealth.com/investors.

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Appendices

Appendix A Consolidated statements of income and consolidated statements of comprehensive income
1 July 2020 - 30 June 2021

Appendix B Consolidated statements of financial position 1 July 2020 and 30 June 2021

Appendix C Descriptions of the IFRS adjustments

About Nightingale Health

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

APPENDIX A – Consolidated statement of income and consolidated statement of comprehensive income 1 July 2020 - 30 June 2021

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

APPENDIX B – Consolidated statement of financial position 1 July 2020

EUR thousand	FAS 1 July 2020	1	2	3	4	5	6	7	8	Total IFRS ad- just- ments	IFRS 1 July 2020
Assets											
Non-current assets											
Intangible assets	12,114	-1,964	-	-	-	-	-	-	-	-1,964	10,150
Property, plant and equipment	1,375	-	-	-	-	-	-	-	301	301	1,677
Right-of-use assets	-	-	5,811	-	-	-	-	-	-	5,811	5,811
Other assets	716	-	-263	-	-	-	-	-	-	-263	453
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	14,205	-1,964	5,548	-	-	-	-	-	301	3,886	18,091
Current assets											
Inventories	186	-	-	-	-	-	-	-	-	-	186
Trade and other receivables	8,494	-	-179	-	-	-	-	-	-301	-480	8,014
Cash and cash equivalents	905	-	-	-	-	-	-	-	-	-	905
Total current assets	9,585	-	-179	-	-	-	-	-	-301	-480	9,105
Total assets	23,791	-1,964	5,370	-	-	-	-	-	-	3,406	27,196
Equity and liabilities											
Equity											
Share capital	8	-	-	-	-	-	-	-	-	-	8
Reserve for invested unrestricted equity	12 762	-	-	-	-	-	-	-512	-	-512	12 250
Equity loans	6 818	-	-	-	-	-	-	-161	-	-161	6 657
Translation differences	1	-	-	-	-	-	-	-	-1	-1	0
Retained loss	-10 854	-1 964	427	-	-	-	-	-272	1	-1 808	-12 662
Total equity	8 735	-1 964	427	-	-	-	-	-945	-	-2 482	6 253
Liabilities											
Non-current liabilities											
Loans and borrowings	4,489	-	-	-	-	-	-	545	-	545	5,034
Lease liabilities	-	-	3,574	-	-	-	-	-	-	3,574	3,574
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-
Total non-current liabilities	4,489	-	3,574	-	-	-	-	545	-	4,119	8,608
Current liabilities											
Loans and borrowings	1,350	-	-	-	-	-	-	-	-	-	1,350
Lease liabilities	-	-	1,365	-	-	-	-	-	-	1,365	1,365
Advances received	224	-	-	-	-	-	-	-	-	-	224
Trade and other payables	8,993	-	4	-	-	-	-	400	-	404	9 396
Total current liabilities	10,567	-	1,369	-	-	-	-	400	-	1,769	12 336
Total liabilities	15,056	-	4,943	-	-	-	-	945	-	5,887	20 943
Total equity and liabilities	23,791	-1,964	5,370	-	-	-	-	-	-	3,406	27 196

APPENDIX B – Consolidated statement of financial position 30 June 2021

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

APPENDIX C – Descriptions of the IFRS adjustments**IFRS adjustments on 1 July 2020 and 30 July 2021 and for the financial year ended on 30 June 2021**

1) Intangible assets

i) Other long-term expenses: In its FAS financial statements Nightingale Health had certain long-term expenses which are not eligible for capitalization according to IAS 38 *Intangible Assets*. These costs included mainly capitalized marketing and brand related costs. In the transition to IFRS Nightingale Health derecognized the amounts capitalized as an IFRS adjustment. The adjustment resulted in decrease of Intangible assets and equity of EUR 2,075 thousand at the date of transition to IFRS on 1 July 2020 and EUR 2,235 thousand on 30 June 2021

In the consolidated statement of income the adjustment resulted in increases of Employee benefits of EUR 43 thousand and Other expenses of EUR 142 thousand and in a decrease of Depreciation, amortization and impairment losses of EUR 26 thousand in the financial period ended on 30 June 2021.

ii) Borrowing costs: In its FAS financial statements Nightingale Health expensed all borrowing costs. Under IFRS borrowing costs are required to be capitalized for the cost of the asset requiring substantial period of time to complete when they meet the criteria for the capitalization. In the transition to IFRS Nightingale Health capitalized borrowing costs for development projects if the development phase exceeded 12 months. In the transition Nightingale Health elected to use the exemption permitted under IFRS 1 *First-time Adoption of International Financial Reporting Standards* and did not adjust the carrying amounts of historical borrowing costs in the opening IFRS statement of financial position. Capitalizing borrowing costs resulted in decrease of EUR 321 thousand in Finance costs and the respective increase of Intangible assets in the financial period ended on 30 June 2021.

iii) Amortization: In its FAS financial statements Nightingale Health started amortization of intangible assets from the beginning of the financial years. In the IFRS conversion Nightingale Health adjusted amortization for the Intangible assets to start when an asset was completed. The resulting adjustment totaled to EUR 588 thousand resulting in a decrease in Intangible assets and increase in Depreciation, amortization and impairment losses in the financial period ended on 30 June 2021.

iv) Other adjustments:

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

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

2) Leases

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

- As result of the change in accounting treatment of leases Nightingale Health recognized right-of-use assets of EUR 5,811 thousand and Lease liabilities of EUR 4,939 thousand at 1 July 2020 and respectively right-of-use assets of EUR 5,652 and Lease liabilities of EUR 4,822 at 30 June 2021. In addition, the accrued lease items recorded under FAS financial information were adjusted by reducing the items Other assets by EUR 263 thousand, Trade and other receivables by EUR 179 thousand and increasing Trade other payables by EUR 4 thousand at 1 July 2020 and decreasing Other assets by EUR 84 thousand, Trade and other receivables by EUR 179 thousand and Trade other payables by EUR 224 thousand at 30 June 2021. An adjustment of EUR 427 thousand was recognized to Retained losses at 1 July 2020 and of EUR 791 thousand at 30 June 2021 reflecting the differences in the adjustments due to the changed accounting treatment of leases.
- In the consolidated statement of income the lease expenses previously presented under Other expenses were reversed, and depreciation and interest costs recognized. The adjustments resulted in a positive effect on profit (loss) mainly due to leases for which the depreciation period exceeded the lease term as Nightingale Health expects to exercise the purchase options of the assets. For the financial period ended on 30 June 2021 lease payments were reversed from Other expenses of EUR 1,966 thousand and Other income of EUR 1 thousand and interest charges of EUR 263 thousand were recognized and depreciation of the right-of-use assets amounted to EUR 1,339 thousand.

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

3) IPO costs

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

4) Share-based payments

Nightingale Health has share option plans for its employees and other key personnel and the related payments are made with equity instruments. In FAS financial statements the option plans had not been recognized in statement of income. IFRS 2 *Share-based payments* requires share options to be measured at the grant-date fair value and recognized as expenses over the vesting period. A counter-entry is made to equity, so the recordings do not impact the total equity balance. The resulting change was

increase of EUR 3,886 thousand in the Employee benefits in the financial period ended on 30 June 2021. Share-based payments directly attributable to capitalized development projects was capitalized to Intangible assets. Nightingale Health has granted a discount on the subscription price of the share issues carried out in 2017 and 2018 to employees and other key personnel. Under FAS, the subscription price of the share has been recorded in the company's reserve for invested unrestricted equity. The benefit received by employees and other key personnel from the discount granted in share issues has been recorded as an expense in the statement of income under FAS. Under IFRS, the received payments have been recognized as expenses over the vesting period and counter-entry is made to equity.

5) Sale and leaseback

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

On 30 June 2021 the resulting change was increase of Property, plant and equipment totaling to EUR 1,227 thousand, Loans and borrowings totaling to EUR 1,239 thousand and Trade and other payables totaling to EUR 5 thousand and a increase of Retained losses totaling to EUR 18 thousand. Respectively, in the financial period ended on 30 June 2021 the adjustments were increase of Depreciation, amortization, and impairment losses of EUR 13 thousand and Finance costs of EUR 5 thousand. As the sale and leaseback was executed in the end of the period, no lease expenses were accrued, thus, no adjustment recognized. Further, no gain or loss had realized as the payment received equaled to the cost of the devices.

6) Revenue recognition

In the transition to IFRS revenue recognized in FAS was adjusted as the delivery-based method, i.e. at a point in time, changed to over time revenue recognition. The resulting change was an increase of Revenue amounting to EUR 224 thousand in the financial year ended on 30 June 2021 as well as decrease of EUR 26 thousand in Advances received and increase of EUR 198 thousand in Trade and other receivables. Nightingale Health had no customer contracts, that were not completed, at the date of transition to IFRS on 1 July 2020, thus no adjustment was recognized on 1 July 2020.

7) Financial instruments

The following tables and related descriptions include adjustment related to financial instruments. These adjustments are presented as totals in the bridge calculation of the IFRS transition.

EUR thousand	i	ii	iii	iv	v	vi	Total 1 July 2020
Equity							
Reserve for invested unrestricted equity	-	-	-	-	-512	-	-512
Equity loans	-	-	-	-	-	-161	-161
Retained loss	38	-	-400	-	-71	161	-272
Total equity	38	-	-400	-	-583	0	-945
Non-current liabilities							
Loans and borrowings	-38	-	-		583	-	545
Total non-current liabilities	-38	-	-		583	-	545
Current liabilities							
Trade and other liabilities	-	-	400	-	-	-	400
Total current liabilities	-	-	400	-	-	-	400
Total liabilities	-38	-	400	-	583	-	945
Total equity and liabilities	-	-	-		-	-	-

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

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

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

ii) Loan facility fees: Prior to transition, Nightingale Health had not recorded expense related to considering a utilization fee for a loan facility agreed with European Investment Bank before the transition to IFRS. In the financial period ended on 30 June 2021 Nightingale Health recognized the non-utilization fee of EUR 400 thousand on the loan not withdrawn to Trade and other payables in the opening balance sheet at 1.7.2020 as the loan had not been withdrawn in set limit. Fee was still unpaid on 30 June 2021. in Finance costs and in Trade and other payables when it became probable that the loan will not be withdrawn.

iii) Convertible loan: Nightingale Health withdrew a convertible loan of EUR 1 million in July 2020. The convertible loan was presented at nominal value under FAS. The convertible loan was converted to shares in February 2021. Under IFRS the convertible loan was recognized at fair value through profit or loss. The loss related to the change in the fair value of EUR 1,609 thousand was recognized in Finance costs on the financial year ended on 30.6.2021.

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

v) Transaction costs of convertible equity capital loans: In FAS financial information transaction costs of loans were expensed. In IFRS transition the transaction costs for the convertible equity capital loans of EUR 161 thousand were reclassified from Retained loss to decrease the equity loans in question. The transaction cost were reclassified to Reserve for invested unrestricted equity when the equity loans were converted to shares in the financial year ended on 30 June 2021.

8) Other adjustments and reclassifications

Nightingale Health recognized also other adjustments due to adoption of IFRS. The following describes the largest of these adjustments and reclassifications. These adjustments are presented as totals in the bridge calculation of the IFRS transition.

i) Reclassifications:

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

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

ii) Deferred taxes: Deferred tax adjustments were recognized from IFRS adjustments where applicable. Deferred tax assets were recognized for deductible temporary differences only to the extent that it is probable that future taxable profits will be available. Deferred tax assets and deferred tax liabilities were

offset to the extent they relate to the same taxation authority and Nightingale Health has a legally enforceable right to set off current tax assets against current tax liabilities.