



Nightingale Health

Financial Statements Release
1 July 2021–30 June 2022



Nightingale Health Group Financial Statements Release 1 July 2021–30 June 2022 (unaudited)

Company Release, 29 September 2022 at 9:00 a.m. (EEST)

Nightingale Health Plc has prepared this Financial Statements Release and the consolidated financial statements and half-year reports of the prior financial years in accordance with the Finnish Accounting Standards (“FAS”) and the rules and requirements of the Nasdaq First North Growth Market Finland.

The Board of Directors of Nightingale Health Plc has decided that the company shall transition to report in accordance with the International Financial Reporting Standards (“IFRS”) as of the financial year ended on 30 June 2022.

Nightingale Health will publish its first IFRS-compliant consolidated financial statements for the financial year ended on 30 June 2022, including comparison information for the financial year ended on 30 June 2021, approximately on 27 October 2022. Transition date to IFRS-reporting is 1 July 2020.

To provide transparency to the impact of the transition on its financial results, Nightingale Health will, prior to the publication of the audited consolidated IFRS financial statements, publish its unaudited consolidated IFRS financial statements and the most significant impacts of the transition to IFRS for the financial year ended on 30 June 2021 and half-year period ended on 31 December 2021 approximately on 25 October 2022.



EXPANSION TO NEW MARKETS GATHERS SPEED

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

January 2022–June 2022 key financials

- Revenue was EUR 0.88 (1.07) million
- EBITDA was EUR -4.59 (-2.60) million
- Operating profit (loss) was EUR -6.30 (-2.88) million
- Net income (loss) for the period was EUR -10.31 (-8.19) million
- Unadjusted earnings per share (EPS) was EUR -0.17 (-0.16)
- Cash and cash equivalents at the end of the period were EUR 95.28 (113.81) million

July 2021–June 2022 key financials

- Revenue was EUR 2.21 (2.08) million
- EBITDA was EUR -7.85 (-4.75) million
- Operating profit (loss) was EUR -11.09 (-5.22) million
- Net income (loss) for the period was EUR -15.38 (-11.19) million
- Unadjusted earnings per share (EPS) was EUR -0.26 (-0.27)
- Cash and cash equivalents at the end of the period were EUR 95.28 (113.81) million



Significant events during financial year 1 July 2021 – 30 June 2022

Consumer service Livit by Nightingale Health

- In spring 2022 Nightingale Health launched consumer service Livit by Nightingale Health, which utilizes the company's at-home testing solution. The at-home testing solution allows consumers to use the service without having to visit a laboratory. The service includes a wide selection of results that only Nightingale Health can provide. The service can be ordered and results are delivered in the Livit by Nightingale Health mobile app.
- Nightingale Health and major Finnish pharmacy chain, Yliopiston Apteekki, agreed on a commercial partnership covering the distribution and sales of Nightingale Health's at-home testing solution. Pre-sales of the service in Yliopiston Apteekki's online store started in December 2021 and expanded to pharmacies nationwide during the first half of 2022.
- In June 2022 Nightingale Health announced a partnership with international digital health company Physitrack Plc. The partnership brings Livit by Nightingale Health to the users of Physitrack's wellness services in Germany and the UK as well as in the Nordics.

Nightingale Pro

- The service model Nightingale Pro, which was launched in October 2021, is in use in the service launched together with Nightingale Health's partner Terveystalo. The Terveystalo + Nightingale well-being membership combines Nightingale Health's blood analysis results with weekly digital programs that encourage healthy lifestyle choices. In the Nightingale Pro service model the blood sample is taken as a venous sample in the laboratory of the healthcare partner.
- The Nightingale Pro service model is utilized in Japan in the preventive health service offered by Welltus Inc (subsidiary of Mitsui & Co. Ltd). During the financial year Nightingale Health launched the service in Shin-Oyama City hospital and several other clinics offering preventive health checks. Additionally, Nightingale Health expanded its Japan laboratory by doubling the analysis capacity.

Acquisitions

- In July 2021 Nightingale Health acquired a German digital health company Yolife GmbH. With the acquisition, Yolife's digital health solutions were integrated into Nightingale Health's preventative health offering and were utilized in the Livit by Nightingale Health consumer service.
- In February 2022, Nightingale Health acquired a Finnish genetics company Negen Ltd and launched an excellence center focusing on genomics. The excellence center will develop

machine learning and artificial intelligence tools. Combining Nightingale Health's proprietary blood test and genomic data provides ground-breaking possibilities to improve early disease risk detection and accelerate the development of preventative medicine.

Other significant events

- Nightingale Health's positive impact to society was confirmed by an analysis that measures companies' net impact, made by technology company The Upright Project. Based on Nightingale Health's products and services, such as its advanced blood analysis technology and innovative preventative health solutions, the company's net impact ratio was +70%. The result places Nightingale Health in the best seven percent of companies globally.
- Nightingale Health published a scientific study utilizing its proprietary technology and showing the technology's capability to predict hundreds of diseases from a single blood sample. At the same time, the company released a free webtool that can be used to confirm the full range of relationships between hundreds of diseases and all of Nightingale Health's biomarkers.
- Nightingale Health received CE marking for its at-home blood collection kit that it uses in its at-home solution.
- Fimea inspected Nightingale Health's regulatory compliance with the requirements for manufacturer of medical device.
- Nightingale Health's information security management system ISO/IEC 27001:2013 certification was continued with outstanding results in a surveillance audit.

Appointments

- Nightingale Health appointed Jeffrey Barrett as Chief Scientific Officer and Tuukka Paavola as Chief Financial Officer. Barrett joined Nightingale Health's management team on 27 September 2021 and Paavola on 7 December 2021.

Key figures

EUR thousand	Group			
	1-6/2022	1-6/2021	7/2021-6/2022	7/2020-6/2021
Revenue	884	1,068	2,205	2,081
EBITDA	-4,592	-2,601	-7,846	-4,752
Operating profit (loss)	-6,305	-2,883	-11,085	-5,222
Net income (loss) for the financial period	-10,313	-8,186	-15,376	-11,192
Equity ratio	94%	94%	94%	94%
Net debt to equity ratio	-84%	-87%	-84%	-87%
Balance sheet total	118,525	134,191	118,525	134,191
Number of employees on average	67	58	64	76
Personnel expenses	1,845	1,663	2,985	2,649
Investments in tangible and intangible assets	4,856	1,751	8,674	3,134
Cash and cash equivalents at the end of the period	95,279	113,807	95,279	113,807
Earnings per share (EPS), undiluted and diluted*, EUR	-0.17	-0.16**	-0.26	-0.27**

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

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

From the CEO

Nightingale Health's mission is to bring disease prevention and a healthier life within everyone's reach. The treatment of lifestyle diseases causes the significant majority of healthcare expenses. Preventing diseases is the best way to decrease these expenses and increase the number of healthy years, as it enables reducing the number of people falling sick. A smaller number of sick people leads to a more effective healthcare system as well as improved personal and national well-being.

When building a healthier society, it is essential to make people more aware of their health and potential disease risks and provide them with tools for regularly monitoring and maintaining their health. By monitoring the impacts of lifestyle changes on health, it is possible to find the best lifestyle for each individual and help them gain as many healthy years as possible. As a result of years of development work related to biotechnology, the world's leading medical research, and AI software, we at Nightingale Health can offer health monitoring capabilities that comprehensively and accurately detect disease risks that traditional monitoring tools cannot detect.



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

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

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

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

With the support of strong research evidence and the already received regulatory approvals, Nightingale Health's technology offers a significant opportunity to implement preventative health. As part of our mission, we also made the key features of our technology directly available to consumers by launching the Livit by Nightingale Health consumer service in March 2022. Livit starts a new era in global consumer health as it provides health metrics that have real relevance

to health and well-being. The breakthrough of the Livit service is its ability to predict the most essential factor in personal health and well-being, the number of future healthy years. Ultimately, we adopt healthy habits to live a healthy life for as long as possible, and Livit is the world's first comprehensive tool for understanding how lifestyle can affect the number of future healthy years.

We believe that the entire industry will shift from the niche market of measuring individual biomarkers to turning a comprehensive understanding of health and better personal lifestyle into an everyday skill. To enable this change, we must move from merely analyzing current health and individual metrics towards holistically understanding the future health of individuals. Understanding future health is key in preventing diseases, because by predicting the future health of individuals, we can take early measures to prevent diseases, create better wellbeing and increase the number of healthy years.

With Livit, we can reach an almost unlimited number of customers, as anyone can take a blood sample at home. Thanks to at-home testing and affordable pricing, a large number of people can use our technology for yearly checks and continuous monitoring of future healthy years.

Nightingale Pro – significant steps forward in Japan

During the past financial year, the implementation of preventative health has advanced especially in Japan, where the cooperation with Welltus Inc, a subsidiary of Mitsui, has progressed well. We launched our service in Shin-Oyama City Hospital and several other clinics that offer preventative health checks. Entering the Japanese healthcare system is a significant achievement for a European company.

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

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

Nightingale Health's net impact among the best in the world

The companies that manage to positively impact the world have an excellent opportunity to build growth based on sustainability. We at Nightingale Health have always considered it important to create systemic change that has a positive impact. Thus, in the spring we were very proud to receive the analysis results measuring the net impact of companies, conducted by the technology company The Upright Project. The analysis validated our positive impact on society resulting from years of work.

Based on Nightingale Health's products and services, such as our advanced blood analysis technology and innovative preventative health solutions, the company's net impact ratio is +70%. The result places us in the best seven percent of companies globally. Publicly listed companies on Nasdaq Helsinki have, on average, a score of -16%, meaning their net impact on the world is negative.

According to the analysis, the biggest positive impact stems from significantly promoting knowledge creation. This originates from the company's ability to analyze a vast amount of biologically significant information from a single blood sample and from the fact that our technology is widely used in health data collections, such as the UK Biobank and hundreds of other international collections as well as by scientific researchers around the world. These researchers use Nightingale Health's analysis technology when studying the diseases that put the largest strain on society, such as cardiovascular diseases and type 2 diabetes.

Based on Upright's model, our net impact will become even more positive as the company grows. In the growth scenario, Nightingale Health is expected to promote knowledge creation more and more strongly as the company offers its services to a wider base of consumers and healthcare players.

The conclusions of Upright's analysis support the fundamental idea behind our mission: by continuing Nightingale Health's growth story and bringing disease prevention and a healthier life within everyone's reach, we create positive value not only for our customers and shareholders but also for the entire society.

Teemu Suna
CEO and Founder, Nightingale Health Plc

Business targets for the financial year 2021–2022

During the financial year 2021–2022, Nightingale Health achieved the following business targets:

- Launch of a commercial service based on the at-home test
- Launch of a new version of the company's mobile application
- Signing of an international commercial partnership agreement

Nightingale Health did not achieve the following business targets within the financial year 2021–2022:

- FDA (U.S. Food and Drug Administration) approval (approval process still ongoing)
- Reaching an order book of EUR 5 million (reached order book of approximately EUR 3.8 million, which is approximately 1.5 times higher than at the end of the previous financial year)

Business targets for the financial year 2022–2023

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

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

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

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

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



Market outlook

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

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

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

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

Nightingale Health believes that it will benefit from the prevailing global megatrend of consumers wanting to manage and improve their personal health and well-being. The COVID-19 pandemic has made at-home testing familiar to consumers and Nightingale Health expects this familiarity to lead to an increase in the market for at-home testing for other diseases and conditions. Nightingale Health expects that its services will respond to this demand and provide completely new kinds of tools to care for health for consumers interested in managing and improving their personal health. Additionally, Nightingale Health can connect consumers to the services of healthcare operators to help consumers improve their health and well-being.



Financial review 1 July 2021–30 June 2022

Revenue

The group's revenue during the financial year totaled EUR 2.21 (2.08) million.

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

Result

Group-level operating profit (loss) was EUR -11.09 (-5.22) million. EBITDA was EUR -7.85 (-4.75) million. Profit (loss) before appropriations and taxes was EUR -15.42 (-11.19) million. Net income (loss) for the financial year totaled EUR -15.38 (-11.19) million.

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

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

The group's personnel expenses during the financial year totaled EUR 2.98 (2.65) million.

Depreciation and amortization of tangible and intangible assets during the financial year totaled EUR 3.24 (0.47) million.

The net income is negatively impacted by writing off the convertible loan to Weavr Health Corp, in accordance with the principle of prudence as defined in the Finnish Accounting Act, due to the significantly more difficult financial environment for start-ups and growth companies.

In accordance with plans, the negative result reflects the stage in the company's development where investments have been made to enable development and commercialization of the company's technology.

Balance sheet and cash flows

At the end of the financial year, the group balance sheet totaled EUR 118.53 (30 June 2021: 134.19) million, of which equity constituted EUR 110.09 (124.43) million. Equity ratio at the end of the financial year was 94 (94) per cent.

At the end of the financial year, the company's net debt totaled EUR -92.08 (-108.75) million. Long-term interest-bearing debt totaled EUR 1.67 (3.20) million. Net debt to equity ratio at the end of the financial year was -84 (-87) per cent.

Net cash flow from operating activities during the financial year totaled EUR -9.67 (-2.88) million.

Cash flow from investments totaled EUR -7.65 (-4.73) million consisting of investments in tangible and intangible assets, sale and leaseback agreement for NMR instrument and the acquisition of all shares of Yolife and Negen.

Cash flow from financing activities totaled EUR -1.22 (120.52) million.

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

Investments, research and product development

Investments in tangible and intangible assets during the financial year totaled EUR 8.67 (2020–2021: 3.14, 2019–2020: 8.19) million. The relative share of investments of total operating costs was 45.6 (30.4, 62.5) per cent. Investments were mainly related to the development of digital services, production capabilities for laboratory software and product concepts as well as the procurement of blood samples and health data. Development of digital services includes investments in the company's mobile application, which the company uses to provide its customers with blood analysis results and connect the customers to partner services. Investments in production capabilities of laboratory software act as a foundation for all the company's products and enable international expansion of the business. Investments in the procurement of blood samples and health data, on the other hand, have an integral role as the company develops the core parts of its products, i.e., disease risk prediction algorithms, and applies for patents related to them.

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

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

Personnel

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

Shares and shareholders

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

Shares issued and share capital

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

At the end of the financial year, 30 June 2022, Nightingale Health's share capital amounted to EUR 80 thousand and the company had issued 60,918,459 fully paid shares of which 20,787,594 were Series A shares, 38,892,100 were Series B shares, and 1,238,765 were EMP shares.

Nightingale Health held 577,920 EMP shares at the end of the financial year, 30 June 2022, which constituted approximately 1 (1) per cent of outstanding shares. The shares held by the company carry no voting rights and no entitlement to dividends.

Trading in the shares

The closing price of the share on the last trading day of the financial year, 30 June 2022, was EUR 1.81. The highest price quoted in the financial year was EUR 5.95 and the lowest EUR 1.70. The average closing price of the share during the financial year was EUR 3.32, and the average daily trading volume was 76,623 shares.

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

Shareholders

Nightingale Health had 12,467 shareholders on 30 June 2022 (30 June 2021: 7,073). The company's 100 largest shareholders are presented on the company's website.

Governance and management

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

Nightingale Health's Corporate Governance Statement and Remuneration Report for the financial year 2021–2022 will be released during week 43.

Annual General Meeting

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

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

The number of members of the Board of Directors was confirmed to be seven members. Tom Jansson, Antti Kangas, Olli Karhi, Lotta Kopra, Leena Niemistö, Timo Soininen and Teemu Suna were re-elected as members of the Board of Directors.

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

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

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

Extraordinary General Meeting

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

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

Management Team

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

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

Option programs

Nightingale Health has established option programs as incentive programs for personnel of the company, covering employees of the company and its group companies and other key persons. In February 2021, the company's Board of Directors outlined that the option programs of the company must be tied to an increase in the company's value. The purpose of the option programs is to bind the option holders to the economic growth of the company and to the development of the company's share value as well as create a long-term relationship between the company and the option holders, which benefits the company both economically and operationally.

Nightingale Health has the following incentive programs: Early stage EMP option programs in which the right to subscribe to shares was acquired in connection with the company's First North listing, 2020 Charman's Options, 2020 Board Member Options, 2021 Board, the CEO and Key Management Incentive Program. Additionally, in 2022, Nightingale Health launched three different types of stock option programs: stock option program directed to management team members, stock option program connected to acquisition and stock option program for other key employees.

The incentive programs of the board and management are described in detail on the company's website.

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, 39 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.¹ All blood samples of individual customers are analyzed using a CE marked IVD device. The quality management system according to which the laboratory processes are conducted is compliant with the EN ISO 13485 standard and certified by Dekra Certification B.V. ("Dekra"). Nightingale also participates in the UK NEQAS and WEQAS programs that are used to monitor analysis quality between Nightingale's laboratory and other laboratories. In Japan, Nightingale also participates in the CAP and JAMT Clinical Laboratory Accuracy Control Survey programs and the Clinical Laboratory Accuracy Control program of the Tokyo metropolitan government.

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

Risks and uncertainties

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

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

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

Risks related to business and industry

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

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

Nightingale Health secures its intellectual property rights through technological, legal, operational and commercial means. The blood analysis technology developed by Nightingale Health comprises several areas that are all needed to utilize the technology, including handling of samples, authentication and quality assurance protocols, NMR measurement and automated data processing. The company protects as trade secrets such intellectual property rights that the company can commercialize without revealing technical details of the methods and processes

¹ Nightingale Health Plc, laboratory is a testing laboratory T333 as accredited by FINAS accreditation service, accreditation criteria SFS-EN ISO/IEC 17025. Scope of accreditation for clinical laboratory tests and test sites are available at www.finas.fi.

applied. The technical architecture of the blood analysis technology has been built to protect these trade secrets. Nightingale Health takes into consideration intellectual property rights protection extensively in all its agreements as well as in personnel onboarding and continuous training.

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

Risks related to personnel

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

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

Risks related to financial position

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

The recent increase in inflation rate in Nightingale Health's main operating geographies exposes the company to a risk that the price of the products and service needed by the company will increase. Nightingale Health is actively monitoring the situation and investigating possibilities to minimize the effect of increased inflation on its financial position. The financial impact of the increased price of electricity, mainly caused by the recent events in the geopolitical situation, is limited and does not substantially affect the company's financial result.

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

Nightingale Health is exposed to currency risks, i.e., translation and transaction risks due to fluctuations in exchange rates. The key foreign currencies that the company is the most exposed to are U.S. dollar and Japanese yen, as the company's subsidiaries primarily pay the essential costs related to the U.S. and Japanese subsidiaries in U.S. dollars and Japanese yens. Currently, all external debt of the group is in euros and intra-group loans are in euros, Japanese yens or U.S. dollars. The company monitors its currency position and initiated activities to systematically manage currency risks using, for instance, derivative contracts.

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

Legal risks and risks related to regulation and compliance

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

Risks related to information security

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

During the previous financial year, Nightingale Health has improved its information security risk management by implementing a system for continuously monitoring information security threats and by implementing new tools and methods to further improve its information security risk management. Furthermore, Nightingale Health's ISO27001-certificate was externally audited, and several tests regarding the information security of the company's products and services were successfully carried out.

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

The parent company's distributable non-restricted equity on 30 June 2022 was EUR 93,216,002. The parent company's net loss for the financial period totaled EUR -15,062,539.

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

The Board of Directors proposes to the Annual General Meeting that no dividend be distributed for the financial year 1 July 2021–30 June 2022 and that the loss of the financial year is recorded in retained earnings.

Significant events after the end of the period

On 11 August 2022, Nightingale Health's Board of Directors resolved to change the subscription price of shares in the company's stock option programs. The change is applicable in all stock option programs that entitle to subscribe for Series B shares. The new subscription price of each

share in the stock option programs is EUR 2.50. Prior to the change the subscription price was EUR 6.75 per share. The subscription price is changed to maintain the purpose of the stock option programs to incentivize the option holders to the economic growth of the company and the development of the company's market value as well as create a long-term relationship between the company and the option holders.

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

Annual General meeting

The Annual General Meeting of Nightingale Health Plc will be held on 17 November 2022. An invitation to the meeting will be published at a later date.

Financial reporting

Nightingale Health will publish financial reports as follows:

- Annual report and its first IFRS-compliant consolidated financial statements from the financial year ended on 30 June 2022, including comparison information from financial year ended on 30 June 2021, approximately on 27 October 2022.
- To provide transparency to the impact of the IFRS transition on its financial results, Nightingale Health will, prior to the publication of the audited consolidated IFRS financial statements, publish its unaudited consolidated IFRS financial statements and the most significant impacts of the transition to IFRS for the financial year ended on 30 June 2021 and half-year period ended on 31 December 2021 approximately on 25 October 2022.
- Half-year financial report (1 July–31 December 2022) on Thursday 2 March 2023.

Live webcast for investors and media

Nightingale Health will arrange a live webcast for investors and media in English on 29 September 2022 at 1 p.m. EEST. The webcast can be followed online at:

<https://nightingalehealth.videosync.fi/2021-2022-results>

Presentation will be held by CEO Teemu Suna and CFO Tuukka Paavola. A recording of the event will be available later the same day at www.nightingalehealth.com/investors.

Helsinki, 29 September 2022
Nightingale Health Plc
Board of Directors

Additional information

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Financial figures for 1 July 2021–30 June 2022

Basis of preparation of Financial Statements Release

The Financial Statements Release has been prepared in accordance with the Finnish Accounting Standards (“FAS”) and presented in accordance with the rules of the Nasdaq First North Growth Market Finland. The figures in the Financial Statements Release are unaudited. Figures presented are rounded to the nearest thousand. Thus, in certain cases, the sum of the numbers in a column or row does not always exactly match the total presented in the column or row.

Consolidated income statement

EUR thousand	1–6/2022	1–6/2021	7/2021– 6/2022	7/2020– 6/2021
Revenue	884	1,068	2,205	2,081
Other operating income	242	142	262	303
Materials and services	-633	-272	-1,037	-319
Personnel expenses	-1,845	-1,663	-2,985	-2,649
Depreciation, amortization and impairment losses	-1,713	-282	-3,239	-470
Other operating expenses	-3,262	-1,931	-6,312	-4,224
Share of profit of associates	23	56	20	56
Operating profit (loss)	-6,305	-2,883	-11,085	-5,222
Financial income and expenses	-4,053	-5,301	-4,334	-5,968
Profit (loss) before appropriation and taxes	-10,358	-8,185	-15,419	-11,190
Income taxes	45	-2	44	-2
Profit (loss) for the period	-10,313	-8,186	-15,376	-11,192

Consolidated balance sheet

EUR thousand	30 June 2022	30 June 2021
ASSETS		
Non-current assets		
Intangible assets	19,316	14,106
Tangible assets	1,298	721
Investments	76	3,329
Total non-current assets	20,690	18,156
Current assets		
Inventories	591	658
Receivables	1,964	1,569
Cash and cash equivalents	95,279	113,807
Total current assets	97,835	116,034
TOTAL ASSETS	118,525	134,191
EQUITY AND LIABILITIES		
Equity		
Share capital	80	80
Reserve for invested unrestricted equity	147,390	146,378
Retained earnings (loss)	-22,042	-10,851
Profit (loss) for the period	-15,376	-11,192
Translation difference	42	13
Total equity	110,094	124,429
Liabilities		
Non-current liabilities		
Loans from financial institutions	1,667	3,200
Total non-current liabilities	1,667	3,200
Current liabilities		
Loans from financial institutions	1,532	1,860
Advances received	1,482	1,941
Trade payables	1,118	905
Other liabilities	410	272
Accruals and deferred income	2,221	1,583
Total current liabilities	6,764	6,562
Total liabilities	8,431	9,762
TOTAL EQUITY AND LIABILITIES	118,525	134,191

Consolidated cash flow statement

EUR thousand	1-6/2022	1-6/2021	7/2021-6/2022	7/2020-6/2021
Cash flow from operating activities				
Profit (loss) before appropriations and taxes	-10,358	-8,185	-15,419	-11,190
Adjustments *)	6,016	5,666	7,871	6,586
Changes in working capital				
Increase (-) or decrease (+) in trade and other receivables	-260	5,230	-522	5,465
Increase (-) or decrease (+) of inventories	-56	-156	67	-473
Increase (+) or decrease (-) in trade and other payables	-153	-4,060	-886	-2,948
Interest and other financial expenses paid	-320	-217	-772	-324
Interest and other financial income received	-11	-5	0	0
Income taxes paid	-4	0	-4	-1
Net cash flow from operating activities	-5,146	-1,727	-9,666	-2,884
Cash flow from investments				
Investments in intangible and tangible assets	-4,296	-1,307	-7,527	-2,698
Income from tangible and intangible non-current assets	633	1,239	633	1,239
Acquired subsidiaries	-615		-760	0
Investments in other shares	0	-3,274	0	-3,274
Net cash flow from investments	-4,279	-3,341	-7,654	-4 733
Cash flow from financing activities				
Proceeds from capital loans	0	4,818	0	6,818
Proceeds from convertible loans	0	0	0	1,000
Other financial income received	0	2,258	0	2,258
Other financial expenses paid	0	-7,579	0	-7,579
Directed share issue	52	113,974	471	118,820
Repurchase of treasury shares	0	-20	0	-20
Repayments of personnel loans	28	0	174	0
Repayments of non-current loans	-800	-667	-1,860	-779
Net cash flow from financing activities	-720	112,785	-1,216	120,517
Net change in cash and cash equivalents	-10,144	107,717	-18,536	112,901
Cash and cash equivalents at beginning of period	105,413	6,090	113,807	905
Net foreign exchange difference on cash held	-10	0	-9	0
Cash and cash equivalents at end of period	95,279	113,807	95,279	113,807
Change	-10,144	107,717	-18,536	112,901

***) Adjustments**

EUR thousand	1-6/2022	1-6/2021	7/2021- 6/2022	7/2020- 6/2021
Other operating expenses	0	92	0	156
Depreciation, amortization and impairment losses	1,713	282	3,239	470
Share of profit of associates	-23	-56	-20	-56
Finance income	3,989	-2,253	3,861	-2,258
Finance costs	321	7,499	773	8,168
Other adjustments	16	102	18	106
Total	6,016	5,666	7,871	6,586

Consolidated statement of changes in equity

1 January 2022–30 June 2022

EUR thousand	Share capital	Reserve for invested unrestricted equity	Translation differences	Retained earnings	Capital loan	Total equity
Equity at the beginning of period (1 January 2022)	80	147,338	3	-27,097	0	120,324
Loss for the period				-10,313		-10,313
Translation differences			39	-8		31
Directed share issue		52				52
Equity at the end of period (30 June 2022)	80	147,390	42	-37,418	0	110,094

1 January 2021–30 June 2021

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

Consolidated statement of changes in equity

1 July 2021–30 June 2022

EUR thousand	Share capital	Reserve for invested unrestricted equity	Translation differences	Retained earnings	Capital loan	Total equity
Equity at the beginning of period (1 July 2021)	80	146,378	13	-22,042	0	124,429
Loss for the period				-15,376		-15,376
Translation differences			29			29
Directed share issue		1,012				1,012
Equity at the end of period (30 June 2022)	80	147,390	42	-37,418	0	110,094

1 July 2020–30 June 2021

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

Changes in intangible and tangible assets

EUR thousand	INTANGIBLE ASSETS				TANGIBLE ASSETS	
	Capitalized development expenses	Advance payments	Goodwill	Other capitalized long-term expenses	Machinery and equipment	Total
Acquisition cost 1 Jul 2021	11,304	700		2,510	789	15,303
Translation differences				-4	-5	-9
Additions	6,631	100	1,462	566	1,377	10,131
Deductions	371*	0	0	96	633	1,100
Acquisition cost 30 June 2022	17,564	800	1,462	2,976	1,528	24,329
Accumulated depreciation and amortization 1 Jul 2021	369	0	0	40	69	478
Depreciation and amortization during the period	2,273	140	104	560	161	3,238
Accumulated depreciation 30 June 2022	2,642	140	104	600	230	3,716
Book value 30 June 2022	14,922	660	1,358	2,376	1,298	20,614

* Grants received

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

The capitalized development expenses and other long-term expenses for financial year ended on 30 June 2022 were EUR 7,197 thousand, including investments made in the development of digital services, production capacity of laboratory software, product concepts, and investments made in health data and samples. The capitalized costs included personnel expenses, research sample analysis costs as well as third party services and purchases. Personnel expenses accounted for approximately 30.3 per cent (EUR 2,181 thousand) of capitalized expenses during the financial year.

The additions to machinery and equipment consisted mainly of new laboratory equipment. The deductions consisted of a sale and leaseback agreement with a financier. In connection with the acquisition of new NMR spectrometers, the company has a commitment of EUR 622 thousand regarding the part of the procurement that has not yet been realized. The machinery acquisition commitments are presented in off-balance sheet commitments.

Related party transactions

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

The parent company of the group is Nightingale Health Plc. Transactions between the group and its subsidiary companies considered as related parties have been eliminated during the group consolidation and are therefore not included in the presented figures.

As required by Nightingale Health's business operations, the company has acquired from and sold services to the following related parties: Labquality Oy, PetMeta Labs Oy and Villagecape Ventures Oy. The company's purchases from related parties during the financial period amounted to EUR 249 (176) thousand and sales to related parties amounted to EUR 54 (49) thousand. All transactions have been made on an arm's length basis.

Off-balance sheet commitments

EUR thousand	30 June 2022	30 June 2021
Collaterals		
Loans secured by floating charge	2,157	3,757
Floating charges provided as collateral	6,400	6,400
Off-balance sheet commitments*		
To be paid during the next financial year		
Lease liabilities	1,181	1,978
Facility rental liabilities	1,026	1,016
Machinery acquisition commitments	622	0
Total	2,830	2,994
To be paid after one year		
Lease liabilities	1,437	1,829
Facility rental agreements	2,368	3,283
Total	3,804	5,112

*) The lease liabilities and facility rental liabilities are presented with VAT included.

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

Calculation of key figures

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