

**Aiforia Technologies Plc**  
(previously Aiforia Technologies Oy)

Half-yearly financial information 1.1.2021 - 30.06.2021

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## Consolidated income statement

(EUR thousand)	1 Jan. 2021 - 30 June 2021	1 Jan. 2020 - 30 June 2020	1 Jan. 2020 - 31 Dec. 2020
<b>Revenue</b>	<b>426</b>	<b>445</b>	<b>849</b>
Other operating income	259	858	1,520
Materials and services			
External services	-294	-79	-259
Total materials and services	-294	-79	-259
Personnel expenses			
Wages and salaries	-767	-712	-1,434
Social security expenses			
Pension expenses	-58	-80	-158
Other social security expenses	-55	-48	-88
Total personnel expenses	-881	-841	-1,680
Depreciation, amortisation and impairment losses			
Depreciation according to plan	-572	-453	-998
Impairment losses on non-current assets		-24	-24
Total depreciation, amortisation and impairment losses	-572	-477	-1,022
Other operating expenses	-787	-1,109	-2,041
<b>Operating loss</b>	<b>-1,850</b>	<b>-1,204</b>	<b>-2,632</b>
Financial income and expenses			
Other interest income and other financial income	41	1	6
Interest and other financial expenses	-534	-16	-131
Total financial income and expenses	-493	-15	-124
<b>Loss before appropriations and taxes</b>	<b>-2,343</b>	<b>-1,219</b>	<b>-2,756</b>
<b>Loss for the financial period</b>	<b>-2,343</b>	<b>-1,219</b>	<b>-2,756</b>

## Consolidated balance sheet

(EUR thousand)	30 June 2021	30 June 2020	31 Dec. 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets			
Development expenses	3,017	2,300	2,216
Tangible assets			
Machinery and equipment	6	5	6
<b>Total non-current assets</b>	<b>3,023</b>	<b>2,305</b>	<b>2,222</b>
<b>Current assets</b>			
Current receivables			
Trade receivables	153	177	263
Other receivables	206	42	114
Prepaid expenses and accrued income	163	114	757
Total current receivables	521	333	1,134
Cash and cash equivalents	11,726	1,228	1,912
<b>Total current assets</b>	<b>12,247</b>	<b>1,561</b>	<b>3,046</b>
<b>Total assets</b>	<b>15,271</b>	<b>3,866</b>	<b>5,268</b>

	30 June 2021	30 June 2020	31 Dec. 2020
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	103	103	103
Reserve for invested unrestricted equity	23,389	8,788	10,790
Retained earnings (losses)	-10,048	-7,346	-7,251
Loss for the financial period	-2,343	-1,219	-2,756
<b>Total equity</b>	<b>11,101</b>	<b>326</b>	<b>886</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans from financial institutions	2,706	2,341	2,706
<b>Total non-current liabilities</b>	<b>2,706</b>	<b>2,341</b>	<b>2,706</b>
<b>Current liabilities</b>			
Loans from financial institutions		500	500
Advances received	323	97	298
Trade payables	400	205	395
Other current liabilities	108	36	34
Accruals and deferred income	633	361	448
<b>Total current liabilities</b>	<b>1,464</b>	<b>1,199</b>	<b>1,675</b>
<b>Total liabilities</b>	<b>4,170</b>	<b>3,540</b>	<b>4,382</b>
<b>Total equity and liabilities</b>	<b>15,271</b>	<b>3,866</b>	<b>5,268</b>

## Consolidated statement of cash flows

<b>(EUR thousand)</b>	<b>1 Jan. 2021 - 30 June 2021</b>	<b>1 Jan. 2020 - 30 June 2020</b>	<b>1 Jan. 2020 - 31 Dec. 2020</b>
<b>Cash flow from operating activities</b>			
Loss before appropriations and taxes	-2,343	-1,219	-2,756
Adjustments for:			
Depreciation, amortisation and impairment losses	572	477	1,022
Other non-cash items	-259	-858	-67
Financial income and expenses	493	15	124
Operating profit before working capital changes	-1,537	-1,585	-1,677
Changes in working capital			
Increase(-) or decrease(+) of current interest-free receivables	3	56	-840
Increase(-) or decrease(+) of current interest-free liabilities	4	-84	-324
Cash flow from operating activities before financial items and taxes	-1,529	-1,613	-2,841
Interest paid and payments from other operating financial expenses	-19	-12	-25
<b>Cash flow from operating activities (A)</b>	<b>-1,548</b>	<b>-1,625</b>	<b>-2,866</b>
<b>Cash flow from investing activities</b>			
Investments in tangible and intangible assets	-1,376	-354	-816
Grants received for investments	984	56	67
<b>Cash flow from investing activities (B)</b>	<b>-392</b>	<b>-298</b>	<b>-749</b>
<b>Cash flow from financing activities</b>			
Proceeds from share issue	12,599	1,000	3,003
Share issue and IPO expenses	-341		
Loans from financial institutions increase (+)/decrease (-)	-500	634	1,000
<b>Cash flow from financing activities (C)</b>	<b>11,757</b>	<b>1,634</b>	<b>4,003</b>
Net increase (+)/(-) decrease in cash and cash equivalents (A+B+C)	9,817	-289	388
Effects of changes in foreign exchange rates	-3	1	9
Cash and cash equivalents at the beginning of the period	1,912	1,515	1,515
<b>Cash and cash equivalents at the end of the period</b>	<b>11,726</b>	<b>1,228</b>	<b>1,912</b>

## Consolidated statement of changes in equity

<b>(EUR thousand)</b>	Share capital	Reserve for invested unrestricted equity	Retained earnings	<b>Total equity</b>
<b>Equity at 1 January 2021</b>	<b>103</b>	<b>10,790</b>	<b>-10,007</b>	<b>886</b>
Translation difference and average exchange rate difference			-41	-41
Loss for the financial period			-2,343	-2,343
Share issue		12,599		12,599
<b>Equity at 30 June 2021</b>	<b>103</b>	<b>23,389</b>	<b>-12,391</b>	<b>11,101</b>

<b>(EUR thousand)</b>	Share capital	Reserve for invested unrestricted equity	Retained earnings	<b>Total equity</b>
<b>Equity at 1 January 2020</b>	<b>103</b>	<b>7,788</b>	<b>-7,349</b>	<b>541</b>
Translation difference and average exchange rate difference			4	4
Loss for the financial period			-1,219	-1,219
Share issue		1,000		1,000
<b>Equity at 30 June 2020</b>	<b>103</b>	<b>8,788</b>	<b>-8,564</b>	<b>326</b>

<b>(EUR thousand)</b>	Share capital	Reserve for invested unrestricted equity	Retained earnings	<b>Total equity</b>
<b>Equity at 1 January 2020</b>	<b>103</b>	<b>7,788</b>	<b>-7,349</b>	<b>541</b>
Translation difference and average exchange rate difference			99	99
Loss for the financial period			-2,756	-2,756
Share issue		3,003		3,003
<b>Equity at 31 December 2020</b>	<b>103</b>	<b>10,790</b>	<b>-10,007</b>	<b>886</b>

## Notes to the half-yearly financial information

### Basis of preparation of the half-yearly financial information

This consolidated half-yearly financial information of Aiforia Technologies Plc (“the Company”) and its subsidiary (together “the Group” or “Aiforia”) as at and for the period ended 30 June 2021 has been prepared solely for the purpose of inclusion in the Offering Circular in connection with the offering of Aiforia Technologies Plc’s shares to the public and to apply to list the shares on the First North Growth Market Finland multilateral marketplace maintained by Nasdaq Helsinki. The half-yearly financial information has been prepared in accordance with the Finnish accounting legislation and the information is presented to the extent required by the Section 4.4 (e) (i)-(iv) of the First North Rules. This half-yearly financial information has not been audited.

### Going concern

Aiforia Technologies Plc was incorporated in 2013 and the Company is still in a growth phase. The Group’s business is not yet profitable. The Group’s loss for the period and accumulated losses from previous financial periods are totalling EUR - 12 million. The Company has financed its activities through equity financing such as equity issues and research and product development loans and grants.

Aiforia’s development and commercialisation of software solutions and services has incurred and will continue to incur significant expenses to the Group. Aiforia’s outlook on the future and profit-generating capacity are essentially dependent on whether Aiforia succeeds in obtaining customers for its software solutions and services for clinical diagnostics in Europe and the United States and the timetable on obtaining the customers.

In August 2021, the Company directed in accordance with the agreement of the share issue for investors in the B funding round held in May 2021 and raised EUR 4.9 million in new equity financing from investors. In the share issue, there were 25,640 new D-series shares issued.

Based on Aiforia’s financial forecasts and considering the impacts of the funding rounds to Aiforia’s cash balance on the date of approving the consolidated financial statements the Company’s management view is that Aiforia has adequate working capital for the 12 months period after the end of the reporting period i.e. until 30 June 2022.

In March 2021, the Company has launched the preparation of the First North Listing. The offering is expected to take place in November-December 2021. The Company aims to raise additional equity financing in connection with the offering.

The annual general meeting decided on 29 June 2021 to authorise the Board of Directors to decide on the combination of the share series and the removal of the consent and redemption clauses. If the listing will occur the Board of Directors will implement the combination of the share series and the removal of the consent and redemption clauses.

## Significant events during the period

- On 4 February 2021 the Company announced that it is involved in a project funded by the EU H2020 program coordinated by the University of Helsinki, which aims to develop new, artificial intelligence-assisted solutions for the diagnosis of ovarian cancer. The Company has been granted a total of EUR 400 thousand in grant funding for this five-year project, of which EUR 140 thousand has been paid at the beginning of 2021.
- On 26 February 2021 the Company's shares were decided to be included in the book entry-system.
- The Company announced on 15 March 2021 that Swedbank AB has been appointed the Company's lead financial advisor to explore different financing options, including the possibility for an Initial Public Offering (IPO) by listing the Company's shares on Nasdaq Helsinki First North.
- On 31 March 2021 the Company received the second tranche of the EU H2020 grant funding granted in 2019, of EUR 820 thousand.
- The shareholders decided unanimously to amend the articles of associations such that the Company's shares are divided into series A, series B, series C and series D shares. One share carries one vote regardless of its series.
- In May 2021, the Company completed a B financing round and raised EUR 12.6 million in new equity financing from investors. In the share issue, there were 65,824 new D-series shares issued. The Company gained four new shareholders through the financing round.
- In May 2021, Aiforia entered into a global distribution agreement with the EpreDia Group for Aiforia's artificial intelligence-based image analysis software. EpreDia is a forerunner provider of pathology solutions with global operations in the United States, United Kingdom, Germany, Switzerland and China.
- The shareholders decided unanimously on 14 May 2021 to authorise the Board of Directors to decide on the share issue. Up to 65,824 new series A shares can be issued based on this authorisation. This authorisation does not repeal previous authorisations. The authorisation has been amended in connection with the Company's shareholders' resolution of 20 September 2021 on the share split so that based on the authorisation, a maximum of 2,009,200 series D shares can be issued at a subscription price of EUR 3.83 per share.
- The Annual General Meeting decided on 29 June 2021 to authorise the Board of Directors to decide on issuing other special rights entitling to subscribe for the shares. A maximum of 15,000 new series A shares can be issued based on this authorisation. The authorisation does not repeal previous authorisations.

## Significant events after the period

- In August 2021, the Company directed in accordance with the agreement of the share issue for investors in the B funding round held in May 2021, and raised EUR 4.9 million in new equity financing from investors. In the share issue, there were 25,640 new D-series shares issued by the Company.
- In September 2021, the Company raised an additional loan tranche of EUR 189 thousand in connection with Business Finland's Young Innovative Company programme.



- On 20 September 2021, shareholders of Aiforia decided unanimously on a share issue without consideration in which new shares were issued to shareholders in proportion to their holding, so that 49 new series A shares were issued for each existing share of series A, 49 new series B shares were issued for each existing series B share, 49 new series C shares were issued for each existing series C share and 49 new series D shares were issued for each existing series D share.
- The shareholders resolved unanimously on 20 September 2021 to authorise the Board of Directors of Aiforia to resolve on an issuance of up to 10,000,000 new shares in order to carry out the offering in connection with the listing to the First North Growth Market Finland marketplace. Shares to be issued may be of the sole series of shares of the Company after the Company's share series have been combined in accordance with the decision of the Annual General Meeting held on 29 June 2021, conditional on the Board's decision to implement the combination of the share series. The authorisation is valid until 31 December 2021. The authorisation does not invalidate any earlier authorisations entitling the Board of Directors to decide on issues of special rights related to the shares.
- The shareholders resolved unanimously on 20 September 2021 to amend the authorisations of the Board of Directors to decide on issuing other special rights related to the shares granted by the annual general meeting of the Company held on June 2021. A maximum of 750,000 series A shares of the Company can be issued under the authorisation.
- The Board of Directors resolved on 29 January 2021, 2 June 2021 and 21 September 2021 to arrange the option programs 2021I-IV authorised by the General Meeting. After the share split in 2021 the maximum amount of shares to be issued is 1,186,500 based on the issued option rights.
- In October 2021, Aiforia's Board of Directors noted that share subscriptions have been made based on option rights and resolved on the registration of a total of 249,150 new series A shares of the Company. Total subscription price of the new A shares was EUR 159 thousand.
- On 5 November 2021 the Company issued the ITF-release. Gross proceeds from the contemplated IPO are expected to be at least approximately EUR 30 million. Swedbank AB and UB Securities Ltd are acting as the joint global coordinators and joint bookrunners in connection with the contemplated IPO.
- Aiforia has signed a master agreement with the US based Mayo Clinic in November 2021. The master agreement encompasses the sale of software solutions intended for both preclinical research and clinical diagnostics to Mayo Clinic.

## Measurement and accrual principles

### Revenue recognition principles

Aiforia's revenue is derived from the sales of SaaS licenses and additional services related to them, as well as from the sales of On-Demand based services. The sales of licences and maintenance are recognised as revenue monthly over the contract period. Since the beginning of 2021, the sales of credits related to the cloud computing capacity are recognised monthly over the contract period, while previously the sales were recognised as revenue at the time of invoicing. On-Demand based services are recognised as revenue when invoices are sent to the customer, unless otherwise agreed in the customer agreement.

## Capitalisation of development expenses

Personnel expenses and other operating expenses are capitalised to development expenses as follows:

(EUR thousand)	1 Jan. 2021 - 30 June 2021	1 Jan. 2020 - 30 June 2020	1 Jan. 2020 - 31 Dec. 2020
<b><u>Personnel expenses</u></b>			
Wages and salaries	-1,006	-833	-1,603
Pension expenses	-58	-80	-193
Other social security expenses	-55	-48	-88
<b>Capitalisation of development expenses</b>	<b>238</b>	<b>121</b>	<b>205</b>
Total personnel expenses	-881	-841	-1,680
<b><u>Other operating expenses</u></b>			
<b>Capitalisation of development expenses</b>	<b>1,134</b>	<b>231</b>	<b>607</b>
Total other operating expenses	-787	-1,109	-2,041
<b>Total capitalisation of development expenses</b>	<b>1,372</b>	<b>352</b>	<b>812</b>

## Changes in intangible and tangible assets

(EUR thousand)	1 Jan. 2021 - 30 June 2021	1 Jan. 2020 - 30 June 2020	1 Jan. 2020 - 31 Dec. 2020
<b><u>Development expenses</u></b>			
Book value at the beginning of the period	2,216	2,399	2,399
Additions	1,372	352	812
Amortisation and impairment losses	-571	-452	-995
<b>Book value at the end of the period</b>	<b>3,017</b>	<b>2,300</b>	<b>2,216</b>
<b><u>Machinery and equipment</u></b>			
Book value at the beginning of the period	6	7	7
Additions	3	2	4
Depreciation and impairment losses	-2	-4	-5
<b>Book value at the end of the period</b>	<b>8</b>	<b>5</b>	<b>6</b>
<b><u>Other tangible assets</u></b>			
Book value at the beginning of the period		22	22
Depreciation and impairment losses		-22	-22
<b>Book value at the end of the period</b>			

## Maturity of the loans

The table below illustrates the maturities of the Group's loans as at 30 June 2021:

<b>Loan maturity</b>	<b>&lt;1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>&gt;5 years</b>
<b>(EUR thousand)</b>				
Loans from financial institutions		379	1,589	738

## Off-balance sheet commitments

<b>(EUR thousand)</b>	<b>30 June 2021</b>	<b>30 June 2020</b>	<b>31 Dec. 2020</b>
<b>Lease commitments</b>			
Payable during the next 12 months	29	21	29
<b>Other commitments</b>			
EU H2020 grant, unaudited	1,768	923	923

Grant accounts, which are unaudited at the end of the financial periods, relate to a potential return liability equivalent to the grant amount.

## Related party transactions

The Group's related parties include the CEO, the Board of Directors and the Management Team as well as their family members and companies within their control. In addition, related parties include the Company's shareholders, which are deemed to have significant influence over the Company. There have been no related party transactions for the period from 1 January 2021 to 30 June 2021 nor in the comparative period.

Stock options have been granted to the management. In the section management remuneration, there are additional details on these items.

## Management remuneration

(EUR thousand)	1 Jan. 2021 - 30 June 2021	1 Jan. 2020 - 30 June 2020	1 Jan. 2020 - 31 Dec. 2020
<b>CEO</b>			
Wages and salaries	132	61	149*
Pension expenses	23	10	24
Social security expenses	4	2	4
<b>Total</b>	<b>159</b>	<b>73</b>	<b>177</b>
<b>Other members of the Management Team</b>			
Wages and salaries	228	91	239
Pension expenses	40	15	39
Social security expenses	6	2	6
<b>Total</b>	<b>274</b>	<b>109</b>	<b>284</b>

\*The Company's CEO has changed on July 1, 2020.

No remuneration has been paid to the members of the Board of Directors. The board members, who are not acting as a professional investor, have been granted options.

During the period 1.1.2020-30.6.2021 stock options have been granted to the management as follows\*:

Stock option program		1 Jan. 2021 - 30 June 2021	1 Jan. 2020 - 30 June 2020	1 Jan. 2020 - 31 Dec. 2020
CEO	2020 I		1,500	1,500
CEO	2020 II			3,016
Management Team	2020 I		1,000	1,000
Management Team	2021 III	3,016		
Management Team	2021 IV	2,300		
<b>Total</b>		<b>5,316</b>	<b>2,500</b>	<b>5,516</b>

\* Changes to option programs as a result of the share split, which resolved on 20 September 2021 have not been reflected in the option amounts.

On the basis of the stock option program 2020 II there has been subscribed a total of 2 000 A-shares, which have been registered during 2020.