

# Aiforia Technologies Plc

## Half-Year Report

January–June 2024

Aiforia Technologies Plc, Half-Year Financial Report 2024 (unaudited)

August 29, 2024 at 9:00 a.m. EEST

## Aiforia's Half-Year Financial Report January–June 2024: Progress in the clinical diagnostics market

*Aiforia Group has transferred from the Finnish Accounting Standards (FAS) to International Financial Reporting Standards (IFRS). The date of transition to IFRS was January 1, 2022.*

*Unless otherwise indicated, figures in brackets refer to the corresponding period in 2023.*

### January–June 2024

- Group revenue increased by 43% to EUR 1,372 (961) thousand.
- EBITDA was EUR -4,198 (-4,971) thousand.
- Operating loss (EBIT) was EUR -6,073 (-6,404) thousand.
- Profit for the review period was EUR -5,966 (-6,532) thousand.
- The Group's net debt at the end of the period was EUR -11,089 (-14,084) thousand.
- Cash and cash equivalents and other financial assets at the end of the period amounted to EUR 17 923 (19,045) thousand.
- Unadjusted earnings per share (EPS) were EUR -0.22 (-0.25).
- In May 2024, Aiforia carried out a directed share issue of 2,843,851 new shares to domestic and international institutional and other qualified investors, raising EUR 9.95 million.

## Key figures

1,000 euros Group	1-6/2024	1-6/2023	Change, %	2023
Revenue	1,372	961	+43%	2,398
EBITDA	-4,198	-4,971	+16%	-9,699
Operating loss	-6,073	-6,404	+5%	-12,879
Result for the financial period	-5,966	-6,532	+9%	-12,925
Equity ratio, %	67%	76%	-11%	66%
Net debt	-11,089	-14,084	-21%	-8,126
Cash and cash equivalents and other financial assets at the end of the financial period	17,923	19,045	-6%	13,974
Order book	3,235	2,412	+34%	2,373
Balance sheet total	33,651	32,230	+4%	28,191
Number of employees on average	76	69	+10%	73
Personnel expenses *	4,387	4,307	+2%	9,154
Investment in tangible and intangible assets	2,686	3,154	-15%	6,071
Earnings per share, undiluted and diluted, EUR **	-0.22	-0.25	-11%	-0.50

\*Personnel expenses include capitalization of development expenses and non-monetary costs arising from share-based incentive schemes.

\*\*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.

## Jukka Tapaninen, CEO:

The first half of the year was busy and eventful for Aiforia. We published a revised growth strategy and updated business targets in early 2024. We consistently and ambitiously implemented our strategy throughout the review period. Our short-term goal is to expand Aiforia's product offering, find new strategic partnerships, and achieve positive operating cash flow. The revenue for the first half of 2024 was EUR 1,372 million, which grew by 43%. The order book increased from EUR 2,412 to EUR 3,235 million.

During the review period, we further strengthened our cooperation with the Mayo Clinic in the United States, by signing an exclusive licensing agreement to globally commercialize an AI model that improves prediction of colorectal cancer recurrence. The AI model developed in collaboration with the Mayo Clinic identifies the tissue characteristics of colorectal cancer and provides a prognosis of the course of the disease. The collaboration is part of our customer-oriented R&D and diverse collaboration with Mayo.

In May, we signed a multi-year framework agreement to provide AI solutions for Fimlab laboratories in Finland to support diagnostics in pathology. For us, the framework agreement is yet another proof of the quality of our solutions and that they serve the needs of diagnostic laboratories in AI-assisted pathology workflow. It is also great to see how Aiforia's technology can strengthen the efficacy of patient care. After the review period in August, we also announced that Fimlab selected Aiforia as the provider for breast and prostate cancer diagnostics solutions.

Aiforia's AI-assisted image analysis solutions are suitable for a wide range of applications and uses in the medical field. In May, we announced that one of the world's leading veterinary health operators and innovative diagnostic device manufacturers based in the United States selected Aiforia as its partner for AI-assisted image analysis in animal samples.

In line with our strategy, we aim to expand Aiforia's preclinical offering with new AI models and a user interface designed for the GLP workflow. A concrete example of this is the Aiforia® Studies software module published during the six-month period, which enables GLP (Good Laboratory Practices) compliant AI-assisted image analysis in non-clinical histology studies.

To ensure a growth rate in line with our targets, we carried out a directed share issue of 2,843,851 new shares toward the end of the review period, raising EUR 9.95 million. The proceeds from the share issue are intended to be used to support Aiforia's growth strategy, including investments in R&D, sales and marketing. In addition, the financing round will help us achieve positive operating cash flow by the end of 2025, in line with our business objectives.

During the review period, we promoted measures to achieve regulatory approval for Aiforia's first product in the United States.

The field of pathology is facing change as a result of digitalization and the development of AI models, and Aiforia intends to be at the forefront of this development. In addition, the growing use of digital pathological solutions to improve laboratory efficiency opens the market for AI-supported solutions. We are committed to our vision of becoming a global market leader in AI-assisted image analysis in pathology.

## Business targets (updated January 19, 2024)

Aiforia does not publish short-term outlooks or financial targets. However, the company has set short- and medium-term business targets:

Aiforia's short-term business targets 2024–2025 are:

- Expand pre-clinical offering with new AI models and study-centric GLP workflow
- Expand clinical offering with 10 new regulatory-approved AI models
- Form at least three new strategic partnerships
- Achieve 15 key accounts (potential for over 500 EUR thousand in annual recurring revenue)
- Achieve a positive cash flow from operating activities.

Aiforia's updated mid-term business targets by the end of 2030 are:

- Create a product offering that covers 80% of the pathologist's diagnostic workflow
- Achieve profitable business by the end of 2027
- Achieve revenue of over EUR 100 million
- Leverage technology beyond diagnostic support for pathologists
- Achieve 50 key accounts (potential for over 500 EUR thousand in annual recurring revenue).

## Operating environment

An aging population and an increase in serious diseases, such as cancer, strain healthcare systems worldwide (WHO Report on Cancer, 2020). Laboratories and hospitals are reforming diagnostic workflows to improve efficiency and support the work of pathologists. Accurate diagnoses enable personalized patient care and improve the effectiveness of treatments.

Pathologists examine and diagnose patient specimens, thereby guiding medical treatment. With the digitalization of pathology, samples traditionally examined under the microscope are increasingly being analyzed by computers. Laboratories and hospitals can now access more and more sophisticated technologies such as artificial intelligence.

During the review period, significant public sector investment decisions and competitive tendering in utilizing AI in healthcare were made in Europe and in the Americas. Aiforia estimates that this reflects the fact that the digitalization rate of pathology has increased, and AI-based image analysis solutions are becoming more common as a result.

There has been a growing interest in the market to standardize the image formats of digitized samples. The open DICOM format (Digital Imaging and Communications in Medicine), known from radiology, enables better compatibility of the solutions of technology companies operating in the digital pathology market and unifies data processing practices. Aiforia estimates that the implementation of standards will support the spread of new technologies in the field of pathology.

New reimbursement practices for digital pathology in the US came into force in January 2023, which supports the growth of the US market. According to Aiforia's estimate, this development is expected to encourage clinics to adopt the new technology at a faster pace.

## Significant events in the reporting period

### Update on short and mid-term business targets

On 19 January 2024 Aiforia's Board of Directors approved the company's revised growth strategy and updated business targets. The revised strategic focus areas and the updated short- and medium-term business targets can be found on page 4 of this Half-Year Financial Report.

## **Licensing agreement with Mayo Clinic for an AI model that improves prediction of colorectal cancer recurrence**

In January 2024 Aiforia entered into an exclusive licensing agreement with the Mayo Clinic in the United States to globally commercialize an AI model that improves prediction of colorectal cancer recurrence. The AI model, which was developed in collaboration with the Mayo Clinic, identifies features of colorectal cancer and provides a recurrence prediction estimate. The licensing agreement with the Mayo Clinic enables us to market and sell this AI model for colorectal cancer recurrence risk evaluation globally.

## **Path initiated to secure first regulatory FDA approval in the US**

In October 2023 Aiforia initiated the path to secure regulatory approval for its first product in the United States. Together with a local consulting company, Aiforia has been implementing the necessary steps to submit an application to the FDA during 2024.

## **Framework agreement to provide AI solutions for Fimlab laboratories in Finland**

In May 2024 Aiforia signed a 72-month framework agreement to provide AI solutions to Fimlab laboratories in Finland to support diagnostics in pathology. Fimlab's call for tenders sought suppliers of AI models for nine applications and a development platform for AI models. The value of the procurement depends on the number of orders made under the framework agreement. After the review period in August, Aiforia also announced that Fimlab selected Aiforia as the provider for breast and prostate cancer diagnostics solutions.

## **Contract with a veterinary health company in the US**

In May 2024 Aiforia announced that a global leader in veterinary health and innovative diagnostic devices, based in the United States, selected Aiforia Technologies Plc as its partner for AI-assisted image analysis in animal samples. The total value of the contract is approximately USD 200 thousand.

## **Directed share issue for institutional and other qualified investors**

In May 2024, Aiforia carried out a directed share issue of 2,843,851 new shares, raising EUR 9.95 million. The net proceeds from the share issue are intended to be used to support Aiforia's growth strategy by enhancing its research & development function and accelerate the regulatory approval process in the US for its AI-assisted software solutions. These proceeds will also be used to strengthen the company's sales and marketing activities and serve other operational purposes.

## Revenue and profitability

### January–June 2024

#### Revenue

In January–June, the Group's revenue was EUR 1,372 (961) thousand. The biggest increase in revenue took place in Europe, as Aiforia was able to generate income from some of the earlier signed larger deals.

Revenue consisted of sales of Aiforia's software solutions and services to customers in the clinical sector and preclinical research. Of the revenue, 10% (12%) came from Finland, 34% (70%) from North America, and the remaining 56% (18%) from Europe and other regions across the globe.

Other operating income amounted to EUR 142 (54) thousand. The company recognized EUR 141 (41) thousand as product development and other grants. All grants were related to the EU-funded Decider project, coordinated by the University of Helsinki, as well as the funding grant from Business Finland. The share of exchange rate gains from sales was EUR 1 (12) thousand and other income amounted to EUR 0 (0) thousand.

#### Profitability

The cost of materials and services directly related to revenue amounted to EUR 225 (249) thousand, mainly consisting of purchased cloud services associated with Aiforia's services and products.

The Group's EBITDA for the January–June period was EUR -4,198 (-4,971) thousand, while the operating loss (EBIT) was EUR -6,073 (-6,404) thousand. The result for January–June was EUR -5,966 (-6,532) thousand. The Group's result aligns with the company's strategy and reflects the stage in Aiforia's development where the company invests heavily in product development to enable future growth.

Depreciation of tangible and intangible assets amounted to EUR 1,874 (1,433) thousand.

Personnel expenses before capitalization for January–June amounted to EUR 4,387 (4,307) thousand and other operating expenses to EUR 3,732 (4,466) thousand. The company capitalized EUR 1,163 (402) thousand in personnel expenses and EUR 1,468 (2,635) thousand in other operating expenses in January–June. Personnel costs include EUR 319 (418) thousand of non-monetary costs arising from share-based incentive schemes.

Financial income and expenses amounted to EUR +107 (-109).

## Balance sheet, cash flow, and financing

The Group's balance sheet total at the end of June 2024 was EUR 33,651 (32,230) thousand. The equity ratio was 67% (76%).

At the end of the review period, the Group's net debt was EUR -11,089 (-9,084) thousand. Non-current liabilities amounted to EUR 6,068 (4,248) thousand.

Net cash flow from operating activities totaled EUR -4,681 (-4,590) thousand. The company continued to invest heavily in product development, as planned.

Cash flow from investing activities totaled EUR -2,657 (-3,100) thousand, consisting of investments in intangible and tangible assets.

Cash flow from financing activities in January–June amounted to EUR 11,258 (2,081) thousand. Cash and cash equivalents at the end of June 2024 amounted to EUR 17,923 (19,045) thousand. The company's financial and cash position is stable. In May Aiforia carried out a directed share issue of 2,843,851 new shares raising EUR 9.95 million. The net proceeds from the placing are intended to be used to support Aiforia's growth strategy by enhancing its research & development function and accelerate the regulatory approval process in the US for its AI-assisted software solutions. The proceeds will also be used to secure resources to capture momentum in the market and maintain flexibility to act quickly. In addition, the net proceeds of the placing aim to strengthen the company's sales and marketing activities, as well as serve other operational purposes.

In March 2024, a total of 50,000 Aiforia shares were subscribed for through employee stock options. The company received EUR 68.6 thousand from the share subscriptions recorded in the unrestricted equity reserve.

In January–June 2024, long-term interest-bearing debt was repaid by EUR 174 (174) thousand, and new debt of EUR 1,800 (2,190) thousand was raised.

## Investments, research, and development

Gross investments in January–June amounted to EUR 2,686 (3,154) thousand. The most significant part of Aiforia's investments comprises of investments in product development and the commercialization of new software solutions.

The company's investment in product development is essential for implementing its strategy without compromise. Product development investments are expected to deliver commercial benefits over the next few years. The amortization period for product development investments is five years from the date of capitalization.

## Personnel

The average number of Aiforia's employees in the review period was 76 (69) full-time equivalents. At the end of the review period, Aiforia employed 78 (74) people. Of them, 58 (52) worked in Finland, 11 (7) in the rest of Europe, and 9 (15) in the United States. The Group has offices in Helsinki and Cambridge, MA, USA, where the wholly owned subsidiary Aiforia Inc. is located.

## Share, share capital, and shareholders

### Share capital and shares issued

Aiforia has a share capital of EUR 102,600, consisting of one series of shares. The company had 28,844,467 shares at the end of the review period on June 30, 2024. The average number of issued shares during the review period was 26,586,386 (25,888,652). The shares have no nominal value. At the end of the review period, the company did not hold any of its shares.



## Share issues and registration of new shares

In May 2024, Aiforia carried out a directed share issue of 2,843,851 new shares to domestic and international institutional and other qualified investors, raising EUR 9.95 million. The issued shares represented approximately 10.9 per cent of the issued shares in Aiforia prior to the placing and approximately 9.9 per cent of the issued shares in Aiforia following the placing. The new shares were registered with the Trade Register on May 23, 2024. As a result of the placing, the total number of issued shares in the company was 28,844,467. The placing was carried out based on offers received in an accelerated bookbuilding process and based on the authorization to issue up to 3,500,000 new shares given to the Board of Directors by the Company's annual general meeting held on April 4, 2024. After the share issue, 656,149 shares remain from the authorization.

The net proceeds from the placing are intended to be used to support Aiforia's growth strategy by enhancing its research & development function and accelerate the regulatory approval process in the US for its AI-assisted software solutions. Proceeds will also be used to secure resources to capture momentum in the market and maintain flexibility to act quickly. In addition, the net proceeds of the placing aim to strengthen the company's sales and marketing activities, as well as serve other operational purposes. The funding round will further assist Aiforia in reaching a state of positive operating cash flow by the end of 2025.

## Stock trading

On the last trading day of the review period, June 28, 2024 the closing price of Aiforia's share was EUR 4.75 (3.80). The highest quoted price of the share for the review period was EUR 4.90 (4.90), and the lowest EUR 3.29 (3.15). The volume-weighted average price (VWAP) of the share for the review period was EUR 3.94 (3.84), and the average daily turnover was 15,031 (8,467) shares.

Aiforia's market capitalization on June 30, 2024 was EUR 137,011,218 (98,593,340).

## Shareholders

At the end of the review period, Aiforia had 3,550 (2,228) shareholders, including nominee-registered shareholders and joint account holders. The 100 largest registered shareholders of Aiforia are presented on the company's website at <https://investors.aiforia.com/>.

## Option rights

The table below shows the shareholding and voting rights that may be exercised under the issued stock options and the effect of the options on the number of shares.

	June 30, 2024
Maximum number of shares to be issued on the basis of stock option rights, which are still unsubscribed and can be subscribed	3,901,300
Number of shares on June 30, 2024	28,844,467
Number of shares if all options are converted into new shares	32,745,767
Proportion of holdings and votes if all options are converted into new shares	11.91%

## Options of Board members, CEO, and Management Team on June 30, 2024

Shareholder	Maximum number of shares to be issued on the basis of stock option rights, which are still unsubscribed and can be subscribed	Proportion of holdings and votes if all options are converted into new shares
Board of Directors	225,000	0.69%
CEO	1,241,500	3.79%
Other Management team	1,411,950	4.31%
<b>Total</b>	<b>2,878,450</b>	<b>8.79%</b>

## Governance

### Management Team

Aiforia's Management Team at the end of the financial year consisted of Jukka Tapaninen (CEO), Kaisa Helminen (COO), Veli-Matti Parkkonen (CFO), Tuomas Ropponen (CTO), Thomas Westerling-Bui (CCO, Americas) and Panu Kauppila (CPO).

### Annual General Meeting

The Annual General Meeting held on April 4, 2024 approved the financial statements for the financial year 2023 and discharged the members of the Board of Directors as well as the CEO from liability for the financial year 2023.

The Annual General Meeting resolved that no dividend will be paid for the financial year 2023 and that the loss for the financial year be retained in the retained earnings account.

The Annual General Meeting resolved that the number of members of the Board of Directors shall be six. The following persons were re-elected as members of the Board of Directors: Pekka Mattila, Maria Fe Paz de Paz, Jerry Jian Hong, Johan Lundin and Steven Lynum. Tuomas Tenkanen was elected as a new member of the Board of Directors. The term of office for all members of the Board of Directors will expire at the end of the Annual General Meeting 2025.

In its constitutive meeting held after the Annual General Meeting, the Board of Directors elected Pekka Mattila from among its members to serve as the Chairman. In addition, the Board of Directors elected from among its members the following members to the Audit Committee: Pekka Mattila Chair, Jerry Jian Hong and Maria Fe Paz de Paz; and to the Remuneration Committee: Pekka Mattila Chair, Johan Lundin, Steven Lynum and Tuomas Tenkanen.

The Annual General Meeting resolved that the remuneration of the Board of Directors shall be as follows: The remuneration payable to the members of the Board of Directors shall be EUR 20,000 annually for each member of the Board except for the Chairman of the Board who shall be paid EUR 40,000 annually. In addition, if the Board of Directors chooses to elect a Vice Chairman of the Board from among its members, he or she shall be paid EUR 25,000 annually. The Chairman of

the Audit Committee shall be paid a fixed annual remuneration of EUR 4,000 and each member of the Audit Committee a fixed annual remuneration of EUR 2,000.

The Annual General Meeting reappointed the firm of authorized public accountants PricewaterhouseCoopers Oy, which has appointed APA Martin Grandell as the principal responsible auditor, as the auditor of the company for a term ending at the end of the next Annual General Meeting.

## **Authorization of the Board of Directors**

The Annual General Meeting authorized the Board of Directors to decide on the issuance of shares. Under the authorization, a maximum of 3,500,000 shares may be issued. The shares issued under the authorization shall be new shares or shares held by the company. The authorization invalidates all previous share issue authorizations. The authorization is valid until the close of the next Annual General Meeting, however no longer than until June 30, 2025.

The Annual General Meeting authorized the Board of Directors to decide on the issuance of option rights and other special rights entitling to shares, pursuant to Chapter 10 of the Companies Act. Under the authorization, option rights and other special rights entitling to a maximum of 500,000 shares can be issued. The authorization invalidates any earlier authorizations entitling the Board of Directors to decide on issues of special rights entitling to shares. However, the authorization does not invalidate any earlier authorizations entitling the Board of Directors to decide on share issues. The authorization is valid until the close of the next Annual General Meeting, however no longer than until June 30, 2025.

## **Risks and risk management**

Aiforia is exposed to risks arising from the operating environment, business operations, information systems and intellectual property rights, regulation, and financial position. Aiforia's risk management is based on a risk management policy approved by the Board of Directors. Risk management includes all activities related to setting objectives as well as identifying, measuring, reviewing, addressing, reporting, monitoring, and preventing risks.

The following paragraphs describe the risks that Aiforia considers the most significant ones that may harm the company's business, prospects, and value. There have been no significant changes in risks during the reporting period.

### **Risks related to Aiforia's operating environment**

Ongoing conflicts bring instability to global geopolitics and energy and financial markets. According to Aiforia's estimate, the situation has no direct impact on the company's business at present. However, Aiforia is constantly monitoring the situation and is ready to take action if necessary.

## Risks related to Aiforia's business

The company's prospects and profitability remain dependent on how quickly the market for clinical diagnostics opens up. In addition, the business is subject to risks related to the success of product development and the retention of key personnel.

## Risks related to Aiforia's information systems

The company estimates that the risk of power outages and attacks on information systems remains elevated due to, among other things, the geopolitical situation. In addition to the information systems used internally by Aiforia in its operations, Aiforia's software solutions for its customers are also based on cloud computing. The company purchases the cloud service required to provide its software solutions from external suppliers. Thus, the availability and smooth operation of the cloud service are beyond Aiforia's control. In the event of any disruption to the cloud service, the availability of the software solutions provided by Aiforia to its customers will also be affected. As its cloud service providers, Aiforia selects prominent international players, which have the resources to ensure the quality and availability of the service.

## Legal and regulatory risks

The 2022 changes to the regulation of in vitro diagnostic (IVD) medical devices in Europe will affect the registration timeline for Aiforia's new in vitro diagnostic products, as the role of Notified Bodies changed and stricter requirements for clinical trial and conformity assessment and quality control came into force.

In addition, as the company offers clinical software solutions in new geographic regions, it is possible that the medical device regulations or personal data processing regulations applicable in such regions may differ significantly from those applicable, for example, in the European Union.

Aiforia monitors regulatory developments and has already implemented several required and recommended practices in its operations. Examples include systems, practices, and certifications according to the ISO13485 and ISO27001 standards and the SOC 2 Type II report. Aiforia also seeks to protect innovations important to its operations, for example, through patents and patent applications.

## Risks related to Aiforia's financial position

At the end of the review period, Aiforia was in a good financial position. As the business is loss-making and it is not entirely certain when it will turn profitable, the need for and availability of financing may pose a risk to Aiforia in the future.

The company's financial and cash position is stable but to ensure a sufficient balance sheet position to finance growth long into the future the company is also exploring different options to strengthen its capital structure, including equity and debt instruments, as well as subsidies and grants.

Exchange rate fluctuations, particularly the US dollar exchange rate, play a role, as an increasing proportion of Aiforia's revenue is made up of dollars coming from the US market. However, it

should be noted that Aiforia also has dollar-based costs, which offset the currency risks. Aiforia constantly monitors its financial position and takes measures to reduce its level of risk where necessary.

Risk management and business risks are described in more detail in the company's IPO prospectus and on its website at <https://investors.aiforia.com/>.

## Flagging notifications

On April 12, 2024, the Parliament approved a government proposal to amend the Securities Markets Act (HE 3/2024 vp), which extends the reporting requirements for significant ownership and voting rights, as well as the application of provisions related to public tender offers and obligation to make a tender offer, to include multilateral trading facilities alongside regulated markets. Following the change, Aiforia received five notifications of changes in holdings in accordance with Chapter 9, Section 5 of the Securities Markets Act.

According to a notification received on May 28, 2024, the total number of Aiforia shares owned directly or through financial instruments by Jukka Tapaninen exceeds the threshold of five (5) percent. According to the announcement, the holding exceeded the threshold on April 19, 2024.

According to a notification received on May 31, 2024, the total number of Aiforia shares owned by Sto-Rahoitus Oy exceeds the threshold of five (5) percent. According to the announcement, the holding exceeded the threshold on April 19, 2024.

According to a notification received on June 5, 2024, the total number of Aiforia shares owned by Ascend Tapio S.a.r.l. exceeds the threshold of fifteen (15) percent. According to the announcement, the holding exceeded the threshold on April 19, 2024.

According to a notification received on June 14, 2024, the total number of Aiforia shares owned by Shandon Diagnostics Limited exceeds the threshold of five (5) percent. According to the announcement, the holding had exceeded the threshold on April 19, 2024.

According to a notification received on June 17, 2024, the total number of Aiforia shares owned by Acme Investments Spf Sarl exceeds the threshold of five (5) percent. According to the announcement, the holding had exceeded the threshold on April 19, 2024.

## Significant events after the reporting period

### **Aiforia selected to provide AI-assisted diagnostics in the Castile and León region in Spain**

In July Aiforia announced that the regional health management of Castile and León in Spain selected Aiforia Technologies Plc as a partner for AI-assisted diagnostics. The collaboration involves the use of selected Aiforia Clinical AI solutions for the analysis of tissue samples, e.g., from breast, prostate, and lung cancer patients. The total value of the contract for Aiforia is approximately EUR 500 thousand for three years.

## **Aiforia to provide AI solutions for breast and prostate cancer diagnostics for Fimlab Laboratories**

In July Aiforia announced that Fimlab Laboratories Ltd selected Aiforia Technologies Plc as the provider for breast and prostate cancer diagnostics solutions. Earlier in May, Aiforia [announced](#) a framework agreement in which it was selected as a supplier of AI solutions for Fimlab to support pathology diagnostics. The AI solutions for breast and prostate cancer, representing three applications, are the first order for Aiforia within the multi-year framework agreement. The value of the first order for Aiforia is approximately EUR 300 thousand for the first year.

### **Webcast**

Aiforia arranges a live webcast for investors, analysts, and media on August 29, 2024 at 10.00 a.m. Finnish time. The event will be held in English. The financial results will be presented by Jukka Tapaninen, CEO and Veli-Matti Parkkonen, CFO.

The webcast can be followed at <https://aiforia.videosync.fi/q2-2024>.

A recording of the event and the presentation materials will be available at <https://investors.aiforia.com/> later in the day.

*Aiforia Technologies Plc*

*Board of Directors*

## Consolidated income statement

(EUR thousand)	1-6/2024	1-6/2023	1-12/2023
Revenue	1,372	961	2,398
Other operating income	142	54	93
Materials and services	-225	-249	-466
Employee benefit expenses	-3,224	-3,905	-7,794
Depreciation, amortization and impairment losses	-1,874	-1,433	-3,180
Other operating expenses	-2,264	-1,831	-3,929
<b>Operating loss</b>	<b>-6,073</b>	<b>-6,404</b>	<b>-12,879</b>
Financial income	331	217	448
Financial expenses	-225	-325	-494
Net financial items	107	-109	-46
<b>Result before taxes</b>	<b>-5,966</b>	<b>-6,512</b>	<b>-12,925</b>
Income taxes	-	-20	-
<b>Result for the financial period</b>	<b>-5,966</b>	<b>-6,532</b>	<b>-12,925</b>
Net income attributable to Owners of the parent company	-5,966	-6,532	-12,925
Earnings per share, undiluted and diluted (euro/share)	-0,22	-0,25	-0,50

## Consolidated comprehensive income statement

<b>Result for the financial period</b>	-5,966	-6,532	-12,925
<b>Other items of the comprehensive income statement</b>			
Items, that may be reclassified subsequently to profit or loss			
Foreign currency translation differences	-203	83	190
<b>Other comprehensive income for the period, net of tax</b>	-203	83	190
<b>Comprehensive income for the financial period</b>	<b>-6,169</b>	<b>-6,449</b>	<b>-12,735</b>
Net comprehensive income attributable to Owners of the parent company	-6,169	-6,449	-12,735

## Consolidated balance sheet

(EUR thousand)	June 30, 2024	June 30, 2023	Dec. 31, 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	12,734	10,434	11,775
Tangible assets	507	588	534
Right-of-use assets	670	831	766
Contract assets	275	–	–
Other assets	116	103	111
<b>Total non-current assets</b>	<b>14,302</b>	<b>11,957</b>	<b>13,187</b>
<b>Current assets</b>			
Trade- and other receivables	1,258	1,228	1,031
Contract assets	169	–	–
Other financial assets	–	5,000	–
Cash and cash equivalents	17,923	14,045	13,974
<b>Total current assets</b>	<b>19,349</b>	<b>20,273</b>	<b>15,004</b>
<b>Total assets</b>	<b>33,651</b>	<b>32,230</b>	<b>28,191</b>
<b>EQUITY</b>			
Share capital	103	103	103
Reserve for invested unrestricted equity	65,742	55,988	55,988
Conversion differences	-127	-31	76
Retained earnings	-43,879	-32,576	-38,260
<b>Total equity</b>	<b>21,839</b>	<b>23,483</b>	<b>17,906</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans from financial institutions	5,541	3,508	4,456
Lease liabilities	527	740	643
Deferred tax liabilities	–	20	–
Other liabilities	1,520	606	1,070
<b>Total non-current liabilities</b>	<b>7,589</b>	<b>4,874</b>	<b>6,169</b>
<b>Current liabilities</b>			
Loans from financial institutions	505	505	505
Lease liabilities	261	209	243
Contract liabilities	1,177	1,178	1,130
Advances received	26	68	54
Trade- and other payables	2,254	1,914	2,184
<b>Total current liabilities</b>	<b>4,223</b>	<b>3,873</b>	<b>4,115</b>
<b>Total liabilities</b>	<b>11,812</b>	<b>8,747</b>	<b>10,285</b>
<b>Total equity and liabilities</b>	<b>33,651</b>	<b>32,230</b>	<b>28,191</b>



## Consolidated cash flow statement

(EUR thousand)	1-6/2024	1-6/2023	1-12/2023
<b>Cash flow from operating activities</b>			
Result before appropriations and taxes	-5,966	-6,512	-12,925
Adjustments for:			
Depreciation, amortisation and impairment losses	1,874	1,433	3,180
Share-based payments	319	418	1,096
Financial income and expenses	-107	109	46
Unrealized exchange profit and loss	214	-79	-191
Other adjustments	-114	-	-23
Changes in working capital:			
Change in trade receivables and other receivables	-662	322	504
Change in accounts payable and other liabilities	-263	-299	-140
Interest paid and payments from other operating financial expenses	-75	-157	-94
Interests received from business operations	99	176	387
<b>Cash flow from operating activities</b>	<b>-4,681</b>	<b>-4,590</b>	<b>-8,160</b>
<b>Cash flow from investing activities</b>			
Investments in intangible assets	-2,602	-2,982	-5,843
Investments in tangible assets	-55	-118	-143
<b>Cash flow from investing activities</b>	<b>-2,657</b>	<b>-3,100</b>	<b>-5,986</b>
<b>Cash flow from financing activities</b>			
Proceeds from share issue	10,022	163	163
Share issue expenses	-267	-	-
Proceeds from loans	1,800	2,190	4,040
Repayment of loans	-174	-174	-505
Repayment of lease liabilities	-123	-98	-212
<b>Cash flow from financing activities</b>	<b>11,258</b>	<b>2,081</b>	<b>3,486</b>
Net change in cash and cash equivalents	3,920	-5,610	-10,659
Effects of changes in foreign exchange rates	29	-43	-65
Cash and cash equivalents at the beginning of the period	13,974	24,698	24,698
<b>Cash and cash equivalents at the end of the period</b>	<b>17,923</b>	<b>19,045</b>	<b>13,974</b>

## Consolidated statement of changes in equity

(EUR thousand)	Attributable equity to owners of parent company				
	Share capital	Reserve for invested unrestricted equity	Cumulative conversion difference	Retained earnings	Total equity
<b>Equity at January 1, 2024</b>	<b>103</b>	<b>55,988</b>	<b>76</b>	<b>-38,260</b>	<b>17,906</b>
<b>Net comprehensive income</b>					
Net income				-5,966	-5,966
Other comprehensive income			-203		-203
<b>Total net comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-203</b>	<b>-5,966</b>	<b>-6,169</b>
<b>Transactions with owners</b>					
Share issue		9,755			9,755
Share-based payments				347	347
<b>Transactions with owners total</b>	<b>-</b>	<b>9,755</b>	<b>-</b>	<b>347</b>	<b>10,102</b>
<b>Equity at June 30, 2024</b>	<b>103</b>	<b>65,742</b>	<b>-127</b>	<b>-43,879</b>	<b>21,839</b>

(EUR thousand)	Attributable equity to owners of parent company				
	Share capital	Reserve for invested unrestricted equity	Cumulative conversion difference	Retained earnings	Total equity
<b>Equity at January 1, 2023</b>	<b>103</b>	<b>55,825</b>	<b>-114</b>	<b>-26,516</b>	<b>29,297</b>
<b>Net comprehensive income</b>					
Net income				-6,532	-6,532
Other comprehensive income			83		83
<b>Total net comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>83</b>	<b>-6,532</b>	<b>-6,449</b>
<b>Transactions with owners</b>					
Share issue		163			163
Share-based payments				473	473
<b>Transactions with owners total</b>	<b>-</b>	<b>163</b>	<b>-</b>	<b>473</b>	<b>636</b>
<b>Equity at June 30, 2023</b>	<b>103</b>	<b>55,988</b>	<b>-31</b>	<b>-32,576</b>	<b>23,483</b>

(EUR thousand)	Attributable equity to owners of parent company				
	Share capital	Reserve for invested unrestricted equity	Cumulative conversion difference	Retained earnings	Total equity
<b>Equity at January 1, 2023</b>	<b>103</b>	<b>55,825</b>	<b>-114</b>	<b>-26,516</b>	<b>29,297</b>
<b>Net comprehensive income</b>					
Net income				-12,925	-12,925
Other comprehensive income			190		190
<b>Total net comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>190</b>	<b>-12,925</b>	<b>-12,735</b>
<b>Transactions with owners</b>					
Share issue		163			163
Dividends					-
Share-based payments				1,181	1,181
<b>Transactions with owners total</b>	<b>-</b>	<b>163</b>	<b>-</b>	<b>1,181</b>	<b>1,345</b>
<b>Equity at December 31, 2023</b>	<b>103</b>	<b>55,988</b>	<b>76</b>	<b>-38,260</b>	<b>17,906</b>

## Principles for the preparation

This half-year financial report has been prepared in accordance with IAS 34, Interim Financial Reporting.

The half-year financial report has been prepared in accordance with IFRS accounting standards. In the preparation of the half-year financial report, the same preparation principles, calculation methods and judgment have been used in the same way as in the consolidated financial statements for the financial year 2023.

The figures presented in the bulletin are unaudited. The amounts presented in the release have been rounded to the nearest thousand, unless otherwise stated. For this reason, the total sum of the individual numbers may differ from the sum figure presented.

## Revenue distribution by country

(EUR thousand)	1-6/2024	1-6/2023	1-12/2023
Finland	131	115	214
Other Europe	747	140	692
North-America	471	670	1,429
Others	24	35	63
<b>Total</b>	<b>1,372</b>	<b>961</b>	<b>2,398</b>

## Changes in intangible and tangible assets

(EUR thousand)	Intangible assets			Tangible assets						Total		
	Development costs			Machinery and equipment			Leasehold improvements					
	June 30, 2024	June 30, 2023	Dec. 31, 2023	June 30, 2024	June 30, 2023	Dec. 31, 2023	June 30, 2024	June 30, 2023	Dec. 31, 2023	June 30, 2024	June 30, 2023	Dec. 31, 2023
Book value on January 1	11,775	8,655	8,655	526	531	531	8	10	10	12,309	9,197	9,197
Additions	2,631	3,036	5,927	55	119	146	–	–	–	2,686	3,156	6,073
Exchange differences	–	–	–	–	-1	-2	–	–	–	–	-1	-2
Amortisation and impairment losses	-1,672	-1,257	-2,808	-80	-71	-148	-1	-1	-2	-1,754	-1,329	-2,958
Book value on June 30	12,734	10,434	11,775	501	579	526	7	9	8	13,241	11,023	12,309

## Guarantees, commitments and off-balance sheet arrangements

(EUR thousand)	June 30, 2024	June 30, 2023	Dec.31, 2023
<b>Lease commitments</b>			
Lease liability related to short-term and low-value rental agreements	12	9	2
<b>Other commitments</b>			
Decider grant, unaudited	232	190	204

Grant accounts, which are not audited at the end of the review period, relate to a potential return liability equivalent to the grant amount.

## Calculation of key figures

Key figure	Formula
EBITDA	Operating profit (loss) before depreciation and amortization
Operating profit (loss)	Result before income taxes and financial income and expenses
Equity ratio	Total equity/ (Balance sheet total - advances received and contract liabilities)
Net debt	Loans from financial institutions and lease liabilities - cash and cash equivalents and other financial assets
Earnings per share, undiluted	Result for the financial period / weighted average amount of shares outstanding during the financial period
Earnings per share diluted	Result for the financial period / weighted average amount of shares outstanding during the financial period + potential dilutive shares
Equity per share	Equity / number of shares (issue adjusted) - own shares
Market value of the shares at the end of the financial period	Market value of the shares at the end of the financial period * amount of outstanding shares