aiforia
AI for image analysis

Aiforia Technologies Plc

Board of Directors' Report and Financial Statements

2024

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Board of Directors' Report 2024

General information about Aiforia

Aiforia is a Finnish company developing artificial intelligence-based image analysis software for medical research and diagnostics and aiming for international growth. The company's mission is to enable accurate diagnoses and personalized patient care, thereby improving healthcare outcomes.

An aging population and the rise of diseases such as cancer strain healthcare systems worldwide. The pathology sector is digitizing at an accelerating pace, and the demand for solutions that improve work efficiency is growing. Aiforia's products and services accelerate, refine, and standardize medical image analysis in various fields, from oncology to neuroscience.

Aiforia's business is based on providing AI-based Software as a Service (SaaS) solutions and tailored expert services to researchers and pathologists. Deep learning software solutions automate the routine tasks of pathologists and streamline the diagnostic workflow. They can speed up the discovery of new biomarkers or the introduction of new medicines to the market, for example. Pathologists and researchers can also build their own AI models using the Aiforia platform. Solutions designed for clinical use help hospitals improve their workflow efficiency and accuracy of diagnostics.

In the financial year 2024, Aiforia made important openings in the clinical market and took significant strides towards becoming the market leader in AI-assisted image analytics for pathology. During 2024, Aiforia gained new customers in the preclinical sector, and the company has continued to develop its product offering to better serve the needs of drug development. The first implementations of Aiforia's clinical AI solutions were started in key markets and the company-initiated measures to achieve regulatory approval for the first product in the United States. During the year, the company also strengthened its international team and expanded its clinical diagnostics offering with four new CE-IVD marked products.

Business targets

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 EUR 500 thousand in annual recurring revenue)
- Achieve a positive cash flow from operating activities.

Aiforia's 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 EUR 500 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 has continued to see significant public sector investment decisions and tendering processes for the utilization of AI in healthcare, especially in Europe. 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.

Significant events in the financial year 2024

Update on short and mid-term business targets

On January 19, 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 three and four of this Financial Statement Bulletin.

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

In January 2024 Aiforia signed 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 licensing agreement with the Mayo Clinic enables Aiforia 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. During the review period, Aiforia left the so-called pre-application to the Food and

Drug Administration (FDA), which is responsible for market surveillance of medical devices, and will continue to promote the actual application.

Contract with a veterinary health company in the US

In April 2024, 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.

Framework agreement to provide AI solutions for Fimlab laboratories in Finland

In May 2024 Aiforia signed a multi-year 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.

Directed share issue for institutional and other qualified investors

In April 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 product 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.

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

In July 2024, Aiforia announced that the regional health management of Castile and León in Spain selected Aiforia Technologies Plc as a partner for AI-assisted diagnostics.

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

In August 2024, 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 one of the suppliers 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.

Aiforia signs agreement with a large public hospital cluster in France

In September 2024, Assistance Publique–Hôpitaux de Paris (AP-HP) has selected Aiforia as a partner for AI-assisted pathology image analysis in clinical diagnostics. The AP-HP is a world-renowned university hospital center consisting of 38 hospitals in Paris and its surroundings and receives 8 million annual patient visits.

Aiforia signs a partnership agreement with Urban Datalab to advance AI-based digital pathology in South Korea

In October 2024, Aiforia announced a partnership with Urban Datalab, a leader in digital healthcare AI in South Korea. This collaboration seeks to accelerate the adoption of Aiforia's AI solutions in digital pathology across South Korean hospitals.

Aiforia and Paige form strategic partnership to advance AI integration in pathology laboratories

On November 2024, Aiforia and Paige, a leader in next-generation AI technology have formed a non-exclusive partnership aimed at integrating Paige's Diagnostic AI* applications in the Aiforia® Platform to provide customers with outstanding functionality and performance. The partnership enables both companies to provide their customers with top-tier AI-powered workflows aimed at enhancing laboratory efficiency and diagnostic confidence.

Memorial Hospitals Group in Turkey selects Aiforia as the partner for AI-assisted clinical diagnostics in pathology

In December 2024, Memorial Hospitals Group in Turkey selected Aiforia as a partner for AI-assisted pathology image analysis in clinical diagnostics. Memorial Hospital Group is the largest private hospital group in Turkey, serving 75 thousand patients from more than 167 countries annually with 11 hospitals, two medical centers, and one wellness center in five Turkish cities.

Aiforia selected to provide AI-assisted diagnostic solutions to regional health authorities in Italy

In December 2024, the Lombardy region health authorities in Italy selected Aiforia as their partner for AI-assisted image analysis for clinical diagnostics in pathology. The three-year contract is part of an initiative to digitize the anatomical pathology laboratories of 31 health authorities in the Lombardy region, including AI solutions for image analysis. The provider in the won tender is a GPI S.p.A. lead consortium, and Aiforia is one of their subcontractors. The agreement was announced. after the end of the appealing period in January 2025.

Presentation of financial information

Unless otherwise indicated, figures in brackets refer to the corresponding period in 2023. Percentages and figures presented herein may include rounding differences and therefore may not add up precisely to the totals presented.

Revenue and profitability

Revenue

In January–December, the Group's revenue was EUR 2,852 (2,398) thousand. Revenue consisted of sales of Aiforia's software solutions and services to both clinical sector and preclinical research customers. Of the revenue, 25 percent (9%) came from Finland, 40 percent (60%) from North America, and the remaining 35 percent (31%) from Europe and other regions across the globe.

Other operating income amounted to EUR 368 (93) thousand. The company recognized EUR 365 (78) thousand as product development and other grants in January–December. 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 2 (13) thousand and the other income amounted to EUR 1 (1) thousand.

Profitability

The cost of materials and services directly related to revenue amounted to EUR 602 (466) thousand, mainly consisting of purchased cloud services associated with Aiforia's services and products.

The Group's EBITDA for January–December 2024 was EUR -8,220 (- 9,699) thousand, while the operating loss (EBIT) was EUR -12,195 (-12,879) thousand. The result for the year 2024 was EUR -11,947 (-12,925) 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 3,975 (3,180) thousand.

Personnel expenses before capitalization for January–December 2024 amounted to EUR 9,303 (9,154) thousand and other operating expenses before capitalization to EUR 7,115 (8,496) thousand. The company capitalized EUR 2,369 (1,360) thousand in personnel expenses and EUR 3,212 (4,567) thousand in other operating expenses in January–December 2024. Personnel expenses include EUR 1,190 (1,181) thousand non-monetary expenses arising from share-based incentive schemes.

Financial income and expenses amounted to EUR 248 (-46) thousand.

Balance sheet, cash flow, and financing

The Group's balance sheet total at the end of the financial year 2024 was EUR 28,376 (28,191) thousand. The equity ratio was 61% (66%).

At the end of the financial year the Group's net debt was EUR -4,935 (-8,126) thousand. Non-current liabilities amounted to EUR 7,078 (6,169) thousand.

Net cash flow from operating activities in the financial year 2024 totaled EUR -7,803 (-8,160) thousand. The company continued to invest heavily in product development, as planned.

Cash flow from investing activities totaled EUR –5,593 (-5,986) thousand, consisting of investments in intangible and tangible assets.

Cash flow from financing activities in the financial year 2024 amounted to EUR 10,883 (3,486) thousand. Cash and cash equivalents at the end of the year 2024 amounted to EUR 11,496 (13,974) thousand. The company's financial and cash position is stable, however, to ensure a sufficient balance sheet position to finance growth long into the future the company is also exploring in the next twelve months different options to strengthen its capital structure, including equity and debt instruments, as well as subsidies and grants.

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 product development function and accelerating the regulatory approval process in the US for its AI-assisted software solutions. 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 October 2024, a total of 70,000 Aiforia shares were subscribed for through employee stock options. The company received EUR 82.5 thousand from the share subscriptions recorded in the unrestricted equity reserve.

During 2024, long-term interest-bearing debt was repaid by EUR 505 (505) thousand, and new debt was drawn by EUR 1,800 (4,040) thousand.

Investments, research, and development

Gross investments in the financial year 2024 amounted to EUR 5,652 (6,071) 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 financial year 2024 was 75 (73) full-time equivalents. At the end of the financial year, Aiforia employed 77 (79) people. Of them, 60 (56) worked in Finland, 9 (10) in the rest of Europe, and 8 (13) in the United States. The Group has offices in Helsinki, Cambridge, MA, USA and in Rochester (MN), where the wholly owned subsidiary Aiforia Inc. is located.

Share, share capital, and shareholders

Aiforia Technologies Plc share is traded on the Nasdaq Helsinki Stock Exchange, the First North GM Finland marketplace for growth companies. The trading of the share started in December 2021. The trading code of Aiforia shares is AIFORIA and the sector is Health Care.

Share capital and shares issued

Aiforia has a share capital of EUR 102,600, consisting of one series of shares. At the end of the financial year on December 31, 2024 the company had 28,914,467 shares, which are all paid for. The shares have no nominal value. The average number of shared issues during the review period was 27,734,602 (25,917,505). At the end of the year, the company did not hold any treasury 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 percent of the issued shares in Aiforia prior to the placing and approximately 9.9 percent 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 shares issued 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.

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.

Share trading

On the last trading day of the financial year, December 31, 2024, the closing price of Aiforia's share was EUR 3.51 (3.49). The highest quoted price of the share for the review period was EUR 4.90 (5.20), and the lowest EUR 3.29 (3.09). The volume-weighted average price (VWAP) of the share for the review period was EUR 4.00 (3.92), and the average daily turnover was 14,904 (9,229) shares.

Aiforia's market capitalization on December 31, 2024 was EUR 101,489,779 (90,567,650).

Shareholders

At the end of the year 2024, Aiforia had 3,973 (2,588) 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/.

Shareholders by sector, Dec 31, 2024

Sector	Shareholders		Shares	
	no.	%	no.	%
Households	3,772	94.94	8,734,427	30.21
Companies	167	4.20	5,512,094	19.06
Fund companies	4	0.10	1,340,002	4.63
Pension and insurance institutions	4	0.10	1,575,285	5.45
Non-profit organizations	4	0.10	41,100	0.14
Others	13	0.33	701,910	2.43
Total	**3,964**	**99.77**	**17,904,818**	**61.92**
In joint account	1	0.03	1,959,200	6.78
Nominee-registered	**8**	**0.20**	**9,050,449**	**31.30**
Total	**3,973**	**100.00**	**28,914,467**	**100.00**

Distribution of holdings on Dec. 31, 2024

Shares	Shareholders		Shares	
	no.	%	no.	%
1–100	1,351	34.00	79,391	0.27
101–500	1,688	42.49	420,421	1.45
501–1,000	410	10.32	311,998	1.08
1,001–5,000	393	9.89	826,011	2.86
5,001–10,000	49	1.23	358,774	1.24
10,001–50,000	33	0.83	743,268	2.57
50,001–100,000	15	0.38	1,131,102	3.91
Over 100,000	26	0.65	15,993,053	55.31
Nominee-registered	8	0.20	9,050,449	31.30
Total	**3,973**	**100.00**	**28,914,467**	**100.00**

Largest shareholders on Dec. 31, 2024

Shareholder	Shares, no	Shares, %
Sto-Rahoitus Oy	1,514,810	5.24
Sijoitusrahasto Aktia Nordic Micro Cap	1,321,252	4.57
Keskinäinen Työeläkevakuutusyhtiö Varma	1,269,000	4.39
Mikael Lundin	1,089,619	3.77
Kari Pitkänen	1,035,500	3.58
Markku Kaloniemi	987,000	3.41
Johan Lundin	964,300	3.34
Mikko Laakkonen	871,587	3.01
Musta Aukko Oy	824,766	2.85
Jukka Tapaninen	618,500	2.14
Ten largest, total	**10,496,334**	**36.30**
In joint account*	**1,959,200**	**6.78**
Nominee-registered	**9,050,449**	**31.30**
Others	**7,408,484**	**25.62**
Total	**28,914,467**	**100**

* Includes 1,959,200 shares owned by Shandon Diagnostics Limited.

Shareholdings of Board members, CEO and Management team on Dec.31, 2024

Shareholder	Shares, no	Shares, %
Board of Directors	2,076,187	7.18
CEO	618,500	2.14
Other Management Team	174,410	0.60
Total	**2,869,097**	**9.92**

Option plans

The Annual General Meeting on April 3, 2024 authorized the board to decide on the granting of option rights and other special rights entitled to shares referred to in Chapter 10 of the Limited Liability Companies Act. Under authorization, option rights and other special rights entitled to a maximum of 500,000 shares can be issued. The authorization invalidates all previous share issue authorizations. However, the authorization does not revoke 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 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.

	Dec. 31, 2024
Maximum number of shares to be issued on the basis of stock option rights, which are still unsubscribed and can be subscribed	4,191,300
Number of shares on Dec. 31, 2024	28,914,467
Number of shares if all options are converted into new shares	33,105,767
Proportion of holdings and votes if all options are converted into new shares	12.66%

Options of Board members, CEO, and Management Team on December 31, 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	215,000	0.65%
CEO	1,381,500	4.17%
Other Management team	1,661,950	5.02%
Total	**3,258,450**	**9.84%**

Corporate Governance in 2024

Management Team

Aiforia's Management Team at the end of the financial year 2024 consisted of Jukka Tapaninen (CEO), Kaisa Helminen (COO), Veli-Matti Parkkonen (CFO), Tuomas Ropponen (CTO), Thomas Westerling-Bui (President, Americas) and Panu Kauppila (Chief Product Officer), Tamas Regenyi (Chief Commercial Officer).

Board of Directors

The members of Aiforia's Board of Directors during the financial period 2024 were Pekka Mattila (Chairman), Johan Lundin, Maria Fe Paz de Paz, Jerry Jian Hong, Steven Lynum and Tuomas Tenkanen (from April 4, 2024). The term of office of all board members ends at the end of the 2025 Annual General Meeting.

Group structure

Aiforia Technologies Plc is registered in the Trade Register under the business ID 2534910-2. Aiforia Technologies Plc has one wholly owned subsidiary, Aiforia Inc., incorporated under the laws of the State of Delaware in the United States in 2018. Aiforia Inc. is located in Cambridge, MA, USA. Aiforia Technologies Plc and Aiforia Inc. together form the Aiforia Group.

Annual General Meeting 2024

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 Chairman of the Remuneration Committee shall be paid a fixed annual remuneration of EUR 4,000 and each member of the Remuneration Committee EUR 2,000. Moreover, Board members are also reimbursed reasonable travel expenses related to the duties of the Board of Directors.

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 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 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 act 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. In addition, the business is subject to risks related to the success of product development and the retention of key personnel. Product development related risks can be divided into balance sheet risks (write-down) and risks directly affecting profit (product competitiveness). Key personnel play a central role in e.g. sales development, product development and operational efficiency.

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 2024, Aiforia's financial position was satisfactory. 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.

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/.

Estimate of likely future developments

New short- and medium-term business targets were set for the company in January 2024, including profitable business by the end of 2027 and net sales of EUR 100 million by the end of 2030. Aiforia is well positioned to continue towards achieving its long-term goals.

Proposal by the Board of Directors on the treatment of the result for the financial year

The parent company's loss for the financial year 2024 is EUR -10,423 thousand and the distributable free equity is EUR 10,078 thousand. The Board of Directors proposes to the General Meeting that the loss for the financial year be retained in the retained earnings account and that no dividend be paid.

Significant events after the reporting period

Aiforia announced on February 18, 2025, the share subscriptions based on stock options. A total of 20,000 Aiforia Technologies Plc's new shares was subscribed for with the Stock Options 2016A by January 13, 2025. For subscriptions made with the stock options 2016A the entire subscription price of EUR 400.00 will be entered in the reserve for invested unrestricted equity. New shares were registered in the Trade Register on February 18, 2025, and will be traded in the Nasdaq Helsinki Plc's First North Growth Market Finland -marketplace as of February 19, 2025. After the trade registration the total amount of shares is 28,934,467.

In February 20, 2025, Aiforia announced that it has successfully obtained the *In Vitro* Diagnostic Regulation (IVDR) certification. At the same time, the company launched three new CE-IVD marked AI models for breast and prostate cancer diagnostics. The certification was granted by a notified body, BSI Group. The certificate confirms that Aiforia complies with the requirements of the IVD Regulation 2017/746, and enables Aiforia to bring an expanded portfolio of AI models to the European market.

In March 5, 2025 Aiforia and Orion, a Finnish pharmaceutical company, announced the extension of their collaboration to include the use of Aiforia's software solution for preclinical study evaluations. This collaboration involves implementing the Aiforia®Studies module within Orion's preclinical histology processes, as well as joint development to further automate and improve the study evaluation workflow of preclinical pathologists.

In March 6, 2025, Aiforia announced that it had closed a deal with a regional health authority of Sardinia in Italy for AI-assisted diagnostics. This two-year collaboration contract with seven hospitals in the region involves utilizing Aiforia's clinical AI solutions to analyze biopsies from breast and prostate cancer patients. The provider in the deal is a GPI S.p.A. lead consortium, and Aiforia is one of their subcontractors.

Financial reporting and the Annual General Meeting in 2025

The calendar for Aiforia Technologies Plc's financial reporting concerning the financial year 2025 is as follows:

- March 7, 2025: Financial Statements Bulletin for financial year 2024
- March 14, 2025: The Financial Statements and the Board of Directors' Report for financial year 2025
- August 28, 2025: Half-Year Financial Report for January 1 to June 30, 2025

Aiforia Technologies' Annual General Meeting is planned to be held on April 4, 2025.

Financial reports are available after publication on Aiforia's website at https://investors.aiforia.com/en/.

Key Figures and Share Performance Indicators

EUR 1,000	2024	2023	2022
Revenue	2,852	2,398	1,606
EBITDA	-8,220	-9,699	-9,652
Operating loss	-12,195	-12,879	-11,878
Result for the financial period	-11,947	-12,925	-12,156
Equity ratio, %	61%	66%	83%
Net debt	-4,935	-8,126	-20,984
Cash and cash equivalents at the end of the financial year	11,496	13,974	24,698
Order book	5,165	2,373	1,147
Balance sheet total	28,376	28,191	36,478
Number of employees on average	75	73	65
Personnel expenses *	9,303	9,154	8,092
Investment in tangible and intangible assets	5,652	6,071	6,536

*Personnel expenses include capitalization of development expenses

	2024	2023	2022
Earnings per share, undiluted and diluted, EUR **	-0.43	-0.50	-0.47

Equity per share, EUR	0.57	0.69	1.13
Lowest share price, EUR	3.29	3.09	2.96
Highest share price, EUR	4.90	5.20	5.84
Closing price at the end of the financial period, EUR	3.51	3.49	3.23
Average daily trading volume of the shares	14,904	9,229	4,895
Market value of the shares at the end of the financial period, EUR	101,489,779	90,567,650	83,420,616

** 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.

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
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 * number of outstanding shares

Consolidated Financial Statements

Consolidated income statement

(EUR thousand)	Note	1–12/2024	1–12/2023
Revenue	4	2,852	2,398
Other operating income	5	368	93
Materials and services	6	-602	-466
Employee benefit expenses	7	-6,934	-7,794
Depreciation, amortization and impairment losses	8	-3,975	-3,180
Other operating expenses	9	-3,903	-3,929
Operating loss		**-12,195**	**-12,879**
Financial income	10	1,195	1,048*
Financial expenses	10	-947	-1,094*
Net financial items		248	-46
Result before taxes		**-11,947**	**-12,925**
Income taxes	11		
Result for the financial period		**-11,947**	**-12,925**
Net income attributable to			
Owners of the parent company		-11,947	-12,925
Earnings per share, undiluted and diluted (euro/share)	12	-0,43	-0,50

* The breakdown of the comparison year into foreign exchange gains and losses has been changed.

Consolidated comprehensive income statement

Result for the financial period	**-11,947**	**-12,925**
Other items of the comprehensive income statement		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences	-414	190
Other comprehensive income for the period, net of tax	**-414**	**190**
Comprehensive income for the financial period	**-12,360**	**-12,735**
Net comprehensive income attributable to		
Owners of the parent company	-12,360	-12,735

Consolidated balance sheet

(EUR thousand)	Note	31 Dec. 2024	31 Dec. 2023
ASSETS			
Non-current assets			
Intangible assets	13	13,790	11,775
Tangible assets	14	437	534
Right-of-use assets	15	550	766
Assets based on customer contracts	16	242	–
Other assets	17	117	111
Total non-current assets		**15,135**	**13,187**
Current assets			
Assets based on customer contracts	16	582	–
Trade- and other receivables	16	1,163	1,031
Cash and cash equivalents	17	11,496	13,974
Total current assets		**13,240**	**15,004**
Total assets		**28,376**	**28,191**

		31 Dec. 2024	31 Dec. 2023
EQUITY	18		
Share capital		103	103
Reserve for invested unrestricted equity		65,825	55,988
Conversion differences		-338	76
Retained earnings		-49,017	-38,260
Total equity		**16,573**	**17,906**
LIABILITIES			
Non-current liabilities			
Loans from financial institutions	19	5,245	4,456
Lease liabilities	15	404	643
Contract liabilities	20	113	–
Other liabilities	20	1,316	1,070
Total non-current liabilities		**7,078**	**6,169**
Current liabilities			
Loans from financial institutions	19	655	505
Lease liabilities	15	258	243
Contract liabilities	20	976	1,130
Advances received	20	171	54
Trade- and other payables	20	2,666	2,184
Total current liabilities		**4,725**	**4,115**
Total liabilities		**11,803**	**10,285**
Total equity and liabilities		**28,376**	**28,191**

Consolidated cash flow statement

(EUR thousand)	Note	1–12/2024	1–12/2023
Cash flow from operating activities			
Net income before taxes		-11 947	-12 925
Adjustments for:			
Depreciation, amortization and impairment losses	8	3 975	3 180
Share-based payments	7	1 131	1 096
Financial income and expenses	10	-248	46
Unrealized exchange rate profits and -losses		471	-191
Other adjustments		-295	-23
Changes in working capital:			
Change in non-current trade receivables and other receivables		-5	-8
Change in current trade receivables and other receivables		-942	511
Change in accounts payable and other liabilities		-54	-140
Interests received		280	387
Interests paid and payments for other business financing costs		-170	-94
Net operating cash flow		**-7 803**	**-8 160**
Cash flow from investing activities			
Acquisition of intangible assets	13-14	-5 522	-5 843
Acquisition of tangible assets	13-14	-70	-143
Cash flow from investing activities		**-5 593**	**-5 986**
Cash flow from financing activities			
Proceeds from directed share issue	18	10 105	163
Directed share issue expenses	18	-267	–
Proceeds from loans	19	1 800	4 040
Repayment of loans	19	-505	-505
Repayment of lease liabilities	15, 19	-250	-212
Cash flow from financing activities		**10 883**	**3 486**
Net change in cash and cash equivalents		-2 513	-10 659
Cash and cash equivalents at the beginning of the financial year	17	13 974	24 698
Effects of changes in foreign exchange rates		36	-65
Cash and cash equivalents at the end of the financial year		**11 496**	**13 974**

Consolidated statement of changes in equity

(EUR thousand)	Note	Share capital	Reserve for invested unrestricted equity	Conversion difference	Retained earnings	Total equity
Equity on 1 January 2024		**103**	**55,988**	**76**	**-38,260**	**17,906**
Net comprehensive income						
Net income					-11,947	-11,947
Other comprehensive income				-414		-414
Total net comprehensive income for the period		**–**	**–**	**-414**	**-11,947**	**-12,360**
Transactions with owners						
Directed share issue / stock options	18		9,837			9,837
Share-based payments	7				1,190	1,190
Transactions with owners total		**–**	**9,837**	**–**	**1,190**	**11,027**
Equity on 31 December 2024		**103**	**65,825**	**-338**	**-49,017**	**16,573**

Attributable equity to owners of parent company

(EUR thousand)	Note	Share capital	Reserve for invested unrestricted equity	Conversion difference	Retained earnings	Total equity
Equity on 1 January 2023		**103**	**55,825**	**-114**	**-26,516**	**29,297**
Net comprehensive income						
Net income					-12,925	-12,925
Other comprehensive income				190		190
Total net comprehensive income for the period		**–**	**–**	**190**	**-12,925**	**-12,735**
Transactions with owners						
Directed share issue / stock options	18		163			163
Share-based payments	7				1,181	1,181
Transactions with owners total		**–**	**163**	**–**	**1,181**	**1,345**
Equity on 31 December 2023		**103**	**55,988**	**76**	**-38,260**	**17,906**

Notes to the Consolidated Financial Statements

1. General accounting policies

Basic information

Aiforia Technologies Plc ("the Company") and its subsidiary (hereinafter "the Group" or "Aiforia") develop AI-based image analysis software for medical research and diagnostics. Aiforia's mission is to enable accurate diagnoses and personalized patient care, thereby improving healthcare outcomes. Aiforia's business is based on providing AI-based Software as a Service (SaaS) solutions and tailored expert services to researchers and pathologists. Deep learning software solutions automate the routine tasks of pathologists and streamline the diagnostic workflow. Aiforia invests heavily in product development. However, the company has reached a stage where the level of product development expenditure is no longer substantially increasing.

The Group operates in Finland and the US. The company employed an average of 75 employees during the financial year.

The Group's parent company, Aiforia Technologies Plc, is a Finnish public limited company incorporated under Finnish law, whose business is ID FI25349102. The company is domiciled in Helsinki and its registered address is Pursimiehenkatu 29-31 D 610, FI-00150 Helsinki. The shares are listed on the Nasdaq First North Growth Market Finland marketplace maintained by Nasdaq Helsinki Ltd. Trading in the shares started in December 2021.

Aiforia Technologies Plc's Board of Directors approved these consolidated financial statements to be published on March 7, 2025. A copy of the consolidated financial statements is available at (https://investors.aiforia.com/fi/raportit-esitykset) from week 11/2025.

Preparation basis

Aiforia's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted in the European Union and following IAS and IFRS accounting standards, as well as SIC and IFRIC interpretations in force on 31 December 2024. The notes to the consolidated financial statements are also in accordance with Finnish accounting and corporate legislation.

The consolidated financial statements have been prepared based on original acquisition costs, apart from share-based payments. For more information on the assumptions used in fair value measurement, see Note 7. *Employee benefit expenses.*

The consolidated financial statements are presented in euros, the parent company's functional and reporting currency. Financial statements data are presented in thousands of euros unless otherwise stated. All amounts shown in the financial statements and notes are rounded to the nearest 1,000 unless otherwise stated. As a result, the sums of the individual figures may differ from the total sum presented.

Principles of consolidation

Consolidated financial statements include the financial statements of the parent company and the financial statements of the subsidiary in which it has a controlling interest. The Group has a controlling interest when it is exposed or has rights to variable returns in the company and can affect those returns through its control over the company. A subsidiary is consolidated in the consolidated financial statements from the date the company reaches controlling interest. The consolidation ends when control of the company ceases.

Intragroup transactions, internal receivables and internal liabilities have been eliminated when preparing the consolidated financial statements. The financial statements of the subsidiaries have been amended to conform with the accounting principles used in the Group.

Foreign currency transactions

Functional and reporting currency

Items included in the financial statements of a subsidiary are measured in the currency of the economic environment in which the subsidiary operates (functional currency). The Consolidated Financial Statements are presented in euros, the parent company's functional and reporting currency.

Foreign currency transactions

Transactions in foreign currencies are recognized at the exchange rate of the transaction date. Balance sheet assets and liabilities denominated in foreign currencies are valued at the exchange rates at the end of the reporting period.

Foreign exchange gains and losses are recognized through profit or loss. Realized and unrealized exchange rate differences related to sales are recognized as other operating income or expenses, realized and unrealized exchange rate differences related to purchase costs are recognized as adjustments to those items, and exchange rate differences related to financing are recognized as financial income or expenses.

Foreign subsidiary

When preparing the consolidated financial statements, the assets and liabilities of a foreign subsidiary whose functional currency is other than the euro are converted into euro at the exchange rate at the end of the reporting period and the income and expenses and items of the cash flow statement are converted into euro at the average rate of the financial year. Exchange rate differences arising from the consolidation of a foreign subsidiary into the consolidated financial statements are recognized as translation differences in other comprehensive income items. When abandoning a foreign unit, the accumulated translation differences attributable to that unit are reclassified to profit or loss.

Key assessments and management discretion

The preparation of financial statements under IFRS requires the management of the Group to make certain assessments and assumptions, as well as solutions based on discretion concerning the application of accounting policies that affect the assets and liabilities of the balance sheet and the amounts of income and expenses.

The assessments and assumptions are based on past experience and the management's best assessment of future events and other assumptions that are believed to be justified under the circumstances. Assessment and assumptions are regularly assessed. Although the assessments are based on the management's best view and knowledge of events and measures taken at the time the financial statements are prepared, the results may differ from these assessments.

The management considers that the following solutions based on assessments, assumptions and discretion involve the most uncertainties and material discretion that may have an impact on the financial statements.

Subject of judgement	Note	Nature
Development costs	13	Fulfillment of the capitalization criteria of the development costs

Subject of assumption	Note	Nature
Share-based payments	7	Key assumptions in determining the fair values
Leases	15	Assumptions of lease term and incremental borrowing rate
Development costs	13	Recoverable cash flow estimation

New and amended standards and applications

New and revised standards and interpretations adopted during the financial year

Aiforia estimates that the IFRS standard amendments and interpretation changes that entered into force on 1 January 2024 will not have a significant impact on financial statements.

New and revised standards and interpretations to be applied in future financial years

Aiforia has not prematurely applied new or changed standards or interpretations that have been published but have not entered into force. Aiforia has started analyzing the impact of the IFRS 18 accounting standard, which will enter into force at the beginning of 2027, on future financial statements.

2. Group structure

Group Companies

Subsidiary	Domicile	Dec. 31, 2024 share of ownership %	Dec. 31, 2023 share of ownership %
Aiforia, Inc.	Cambridge, MA, USA	100	100

3. Segment data

An operating segment is a part of the Group that carries out business activities from which separate financial information is available and the performance of which is reviewed by the entity's chief operational decision maker.

The Group's chief operational decision maker is the CEO. Due to Aiforia's business model, nature of operations and governance structure, the reported operating segment is the whole group.

4. Revenue

Accounting principles

Aiforia is a medical software company that provides pathologists and researchers with AI-based image analysis software used in clinical, preclinical and academic laboratories to analyze pathological images. Aiforia's revenue includes income from a cloud-based software solution (Software as a Service or SaaS), software licenses installed in the customer's environment and additional services, such as the use of cloud storage and computing capacity. Cloud storage is used to store customers' tissue cell or other images. In cloud-based software solutions, the customer can purchase pre-paid credits to analyze their images, which enable the customer to use the computing capacity of the cloud service, i.e. time units of computing capacity.

Sales income is recognized as revenue when control of a performance obligation, i.e. a good or service, is transferred to a customer. Revenue is recognized either over time or at a single point in time. Revenue is recognized by performance obligation, so performance obligations that are separable are identified from customer contracts. Aiforia's performance obligations typically include cloud-based software solutions (SaaS), licenses, maintenance, storage and computing capacity services (use of credits) and analysis.

When revenue is recognized, the amount to be recognized as revenue, i.e. the transaction price, is adjusted with variable considerations, such as estimated discounts and sanctions related to the service level, and indirect taxes on sales. Variable considerations are included in the transaction price so that it is highly unlikely that a significant reversal of the recognized revenue will be required at a later date.

Aiforia uses the exemption permitted by the standard and does not adjust the consideration received with the time value of money when no more than one year elapses between receiving payment and delivery of the goods or service.

Sales income recognized over time

Income from Aiforia's cloud-based solutions (SaaS) as well as license maintenance, application support and cloud storage is recognized evenly during the contract period, because Aiforia produces its obligation in these services evenly throughout the fixed-term contract. In addition, the customer simultaneously receives and consumes the benefits of the obligation as Aiforia produces it.

Sales income recognized at a single point in time

The licenses installed in the customer's software environment and the income from their installation are recognized at a single point in time at the beginning of the contract period when the license has been delivered to the customer as installed.

Tailored software service income, such as the creation of models, are recognized after the work is completed.

Credit income is recognized based on agreed unit rates when the customer uses credits, i.e. pre-paid computing capacity. At the end of the contract, any unused credits will be recognized at once.

Timing of receiving payment and assets and liabilities based on customer contracts

Revenue recognition and invoicing times may differ. Assets based on customer contracts are generated if the revenue is recognized before invoicing. Correspondingly, liabilities based on customer contracts are incurred if the customer pays in advance and the revenue is recognized later than the customer has paid the advance. In Aiforia's customer contracts, the payment term is mainly an advance payment, and received advance payments are presented as liabilities based on customer contracts. Depending on the performance obligation, revenue is recognized either soon after receipt of the advance payment at one point in time or evenly over time. Assets based on customer contracts are specified in Note 16 and liabilities based on customer contracts in Note 20.

Sales income recognized during the reporting period that were included in liabilities based on customer contracts at the beginning of the period

(EUR thousand)	1–12/2024	1–12/2023
Customer contracts	996	1,042
Total	**996**	**1,042**

Order book

The table below shows the total amount allocated to partially or completely unfulfilled performance obligations based on binding orders.

(EUR thousand)	Dec. 31, 2024	Dec. 31, 2023
Recognized as revenue within 1 year	2,379	1,343
Recognized as revenue later	2,787	1,029
Total	**5,165**	**2,373**

Revenue distribution by country

(EUR thousand)	1–12/2024	1–12/2023
Finland	719	214
Other Europe	952	692
North America	1,137	1,429
Others	44	63
Total	**2,852**	**2,398**

The geographical distribution of revenue has been presented based on the location of the customers.

The Group had three customers in the financial year 2024 whose revenue exceeds 10% of the Group's total revenue. In the financial year 2024, the largest customer's share of revenue was EUR 512,000, the second largest share of revenue was EUR 452,000 and the third largest share of revenue was EUR 440,000.

5. Other operating income

Accounting principles

Other operating income includes income other than income related to Aiforia's actual business, such as grants from Business Finland and the EU for project costs.

The Group only recognizes grants when it is reasonably certain that the conditions underlying the grants have been met and that the grant will be received. Awarded grants are recognized in other operating income to the extent that the aided project generates eligible costs according to the grant decision and terms. Grants are recognized in profit or loss for the period in which the related costs are recognized in profit or loss. Grants received in advance are recorded as advances received in the balance sheet until the grant meets the criteria for recognition. The refund liability related to grants is presented in *Note 23 Provisions, contingent liabilities and commitments*.

Other operating income also includes indirect government grants in the form of public loans below market rates. The grant is recorded for the same period for which Aiforia has recorded the costs that are supported with the grant. The grant component is calculated as the difference between the withdrawn loan amount and the fair value of the loan.

Breakdown of other operating income

(EUR thousand)	1–12/2024	1–12/2023
Grants	70	55
Grant portion of public loans	295	23
Exchange rate profits from sales	2	13
Other income	1	1
Total	**368**	**93**

6. Materials and services

Accounting principles

Materials and services consist of services purchased during the financial year, which are mainly purchased cloud services related to sold services and products or other services or payments associated with the sale.

Breakdown of material and service costs

(EUR thousand)	1–12/2024	1–12/2023
Purchase expenses	-16	-0
External services	-586	-466
Total	**-602**	**-466**

7. Employee benefit expenses

Accounting principles

Employee benefit expenses include short-term employee benefits, post-employment benefits and share-based payments.

The portion capitalized into development costs has been deducted from employee benefit expenses.

Short-term employee benefits

Short-term employee benefits include salaries, remuneration, fringe benefits, annual leave and bonuses, as well as other indirect personnel costs, and non-monetary benefits such as health care. They are recorded for the period during which the employees perform the work in question. Liabilities are presented in the balance sheet as obligations arising from short-term employee benefits.

Post-employment benefits

Post-employment benefits are paid to recipients after employment is terminated. In the Group, these benefits consist of pensions. The pension arrangements are managed by external pension insurance companies. Pension plans are classified as either defined contribution plans or defined benefit plans. Defined contribution plans refer to a pension plan in which Aiforia pays fixed contributions to a pension insurance company and it no longer has legal or de facto obligations to pay additional contributions if the contributor does not have sufficient resources to pay all pension benefits. All other pension plans are defined benefit plans. The Group only has defined contribution plans. The contributions of the Group's defined contribution plan are recognized as an expense for the period in which the service is provided.

Share-based payments

The company has several option-based incentive and commitment systems authorized by the Annual General Meeting to the Board of Directors, aimed at Aiforia's employees and key personnel. The option rights encourage key personnel to work long-term in order to increase shareholder value and seek to commit key employees to the employer.

Option schemes

All option schemes are conditional on the person remaining in the company's service for a certain period of time. The right to options arises gradually every year, usually over a period of 1-4 years. Usually, the option remains valid for a sufficient period after the last release tranche before maturity. Option rights are measured at fair value at the date of issue and recognized separately for each vesting tranche as accumulated losses and correspondingly as an expense in employee benefits evenly over the vesting period. The fair value of the option right at the date of issue is determined using the Monte Carlo simulation.

On each reporting date, the company reviews its estimate of the number of options to which the right is expected to arise under the terms of service. Any change is recognized in profit or loss and correspondingly in equity. When the option rights are exercised, the assets from share subscriptions are recognized in the reserve for invested unrestricted equity under the terms of the scheme.

Management's assessment

Share options have been measured at fair value on the day they were issued. Fair value is determined using the Monte Carlo simulation. The key assumptions used by management in the fair value calculation are presented in the table below: "Key assumptions used in the fair value calculation".

Employee benefits recognized through profit or loss

The table below presents employee benefits and separately presents the share of employee benefits capitalized in development costs.

(EUR thousand)	1–12/2024	1–12/2023
Wages and salaries	-6,688	-6,603
Pension expenses	-757	-710
Social security expenses	-668	-660
Share-based payments	-1,190	-1,181
Capitalization for development costs	2,369	1,360
Total	**-6,934**	**-7,794**

Average number of personnel during the financial year	75	73

Share-based payments

Main terms and conditions of existing fully released option schemes

Plan	2016A	2016B	2018 I	2019 I	2020 I	2020 II	2021 I	2021 II	2021 III	2021 IV	2021 V	2022 I	Total
Outstanding in the beginning of the period, pcs	11,900	2,000	8,000	1,500	7,052	3,016	3,850	2,500	3,016	2,300	603,200	124,500	772,834
Current exercise price, €	0,02	0,02	1,3724	1,3724	1,3724	1,3724	1,3724	1,3724	1,3724	1,3724	1,3724	1,3724	
Maturity date	Dec. 31, 2028*	Dec. 31, 2028*	Dec. 31, 2028*	Dec. 31, 2028*	Dec. 31, 2028*	Dec. 31, 2028*	Dec. 31, 2028*	Dec. 31, 2028*	Dec. 31, 2028*	Dec. 31, 2028*	Dec. 31, 2028*	Dec. 31, 2028	

* The BoD decided on Sep. 24, 2024 to extend the subscription period of the old option rights plans 2016–2021 by three years until the end of 2028.

Main terms of the current option schemes

Plan	2022 II	2022 II	2022 II	2022 II	2022 II	2022 II	2022 II	Stock Options 2024	Total
Annual general shareholders' meeting date	Sep. 20, 2021	Sep. 20, 2021	Sep. 20, 2021	Sep. 20, 2021	Sep. 20, 2021	Sep. 20, 2021	Sep. 20, 2021	Apr. 4, 2024	
Initial amount, pcs	1,887,850*							500,000	2,387,850
Subscription ratio for underlying shares, pcs	1	1	1	1	1	1	1	1	
Initial exercise price, €	5,01	3,75	3,5	3,31	3,83	4	3,79	3,94	
Dividend adjustment	No	No	No	No	No	No	No	No	
Current exercise price, €	5,01	3,75	3,5	3,31	3,83	4	3,79	3,97	
Initial allocation date	Apr. 21, 2022	Sep. 22, 2022	Dec. 1, 2022	Jan. 26, 2023	Mar. 30, 2023	May 25, 2023	Dec. 4, 2023	Sep. 24, 2024	
1st vesting date	Dec. 31, 2022	Dec. 31, 2022	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2023	Dec. 31, 2023	Dec. 31, 2023	Dec. 31, 2026	
Vesting conditions	Employment precondition, Dec. 31, 2022 for the first 1/4; on Dec. 31, 2023 for 1/4; on Dec. 31, 2024 for 1/4; on Dec. 31, 2025 for 1/4 part of the Options.	Employment precondition, Dec. 31, 2022 for the first 1/4; on Dec. 31, 2023 for 1/4; on Dec. 31, 2024 for 1/4; on Dec. 31, 2025 for 1/4 part of the Options.	Employment precondition, Dec. 31, 2022 for the first 1/4; on Dec. 31, 2023 for 1/4; on Dec. 31, 2024 for 1/4; on Dec. 31, 2025 for 1/4 part of the Options.	Employment precondition, Dec. 31, 2023 for the first 1/3; on Dec. 31, 2024 for 1/3; on Dec. 31, 2025 for 1/3 part of the Options.	Employment precondition, Dec. 31, 2023 for the first 1/3; on Dec. 31, 2024 for 1/3; on Dec. 31, 2025 for 1/3 part of the Options.	Employment precondition, Dec. 31, 2023 for the first 1/3; on Dec. 31, 2024 for 1/3; on Dec. 31, 2025 for 1/3 part of the Options.	Employment precondition, Dec. 31, 2023 for the first 1/3; on Dec. 31, 2024 for 1/3; on Dec. 31, 2025 for 1/3 part of the Options.	Employment precondition	
Maturity date	Dec. 31, 2028	Dec. 31, 2028	Dec. 31, 2028	Dec. 31, 2028	Dec. 31, 2028	Dec. 31, 2028	Dec. 31, 2028	Dec. 31, 2030	
Maximum contractual life, yrs	6,7	6,3	6,1	5,9	5,8	5,6	5,1	6,3	
Remaining contractual life, yrs	4	4	4	4	4	4	4	6	
Number of persons at the end of reporting year	14	2	13	1	1	0	6	7	
Payment method	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	
Fair Value at Dec 31	1,741,988,39	169,820,86	613,321,53	17,412,00	45,815,99	5,999,40	514,546,55	661,296,00	3,770,200,73

* Of which 267,850 reserved.

Key assumptions used in the fair value calculation

2024	2024
Share price at grant, €	3.79
Exercise price, €	3.94
Expected volatility	47.50%
Maturity, years	6.27
Risk-free rate	2.27%
Expected dividends, €	0.00
Valuation model	Monte Carlo simulation
Fair Value/option Dec. 31,, €	**661,296,00**

Changes in the number of outstanding options

(pcs)	1–12/2024	1–12/2023
Outstanding in the beginning of period	2,379,505	2,062,548
Granted	400,000	420,000
Forfeited	-30,000	-100,000
Exercised	-1,733	-3,043
Outstanding at the end of period	**2,747,772**	**2,379,505**

No outstanding options expired in the financial years 2024 and 2023.

Number of options at the end of the period

(pcs)	Dec. 31, 2024	Dec. 31, 2023
Outstanding	2,747,772	2,379,505
Vested and outstanding	1,841,102	1,432,662
Exercised	13,079	12,479

The average subscription price and share price of the options subscribed during the period

(EUR)	1–12/2024	1–12/2023
Weighted average subscription price	0.99	1.37
Weighted average price of shares	4.00	3.74

The effect of share-based payments on the result of the financial period and the financial position

(EUR thousand)	1–12/2024	1–12/2023
Expenses for the financial year		
Share-based payments	-1,190	-1,181
Capitalization for development costs	59	85
Total	**-1,131**	**-1,096**

Aiforia's Board of Directors decided in its meeting on September 24, 2024 to extend the maturity of the following option series until December 31, 2028: 2016A, 2016B, 2018 I, 2019 I, 2020 I, 2020 II, 2021 I, 2021 II, 2021 III, 2021 IV and 2021 V.

The cost impact due to the change was EUR 420 thousand, which was recognized as income in the bookkeeping on September 24, 2024. The cost impact of the options has been calculated using a Monte Carlo simulation and applying to the maturity of the option series the median volatility of 12 peer companies and the corresponding interest rate on the Finnish government bond before and after the change in maturity.

8. Depreciation and impairment

Accounting principles

The depreciation of tangible and intangible assets is calculated using a straight-line depreciation method that allocates the acquisition cost of the assets less their residual values over their estimated useful life. The expected useful lives are adjusted and revised, if necessary, at the end of each reporting period. Useful lives are presented in Notes 13. Intangible assets and 14. Tangible assets.

Renovation expenditure of rented premises is depreciated during the useful life or the lease term, whichever is shorter.

Tangible and intangible assets are depreciated on a straight-line basis over the following estimated useful lives:

- Development expenditure 5 years
- Machinery and equipment 5 years
- Renovation costs of rented premises 4–5 years.

Right-of-use assets are amortized on a straight-line basis over the lease term

- Buildings 2-5 years.

Impairment is the amount by which the book value of an asset exceeds the recoverable amount of the asset. For more information on impairment, see notes 13 *Intangible assets* and 14 *Tangible assets*.

Depreciation and impairment by asset category

(EUR thousand)	1–12/2024	1–12/2023
Intangible assets		
Amortization of development costs	-3,566	-2,808
Total	**-3,566**	**-2,808**
Tangible assets		
Depreciation of tangible assets	-168	-151
Total	**-168**	**-151**
Right-of-use assets		
Depreciation of right-of-use assets	-241	-221
Total	**-241**	**-221**
Depreciations and amortizations total	**-3,975**	**-3,180**

9. Other operating expenses

Accounting principles

Other operating expenses include non-employment benefits and acquisition costs of sold goods and produced services.

Other operating expenses include, for example, administrative services, information systems, sales, marketing, and R&D expenses, as well as other personnel-related expenses such as training and recruitment expenses. Research costs include, for example, costs related to the acquisition of new information and the search for product and process alternatives, as well as various certifications, e.g. costs related to ISO, FDA, security certificates. The share capitalized to development costs has been deducted from other operating expenses.

Breakdown of other operating expenses

(EUR thousand)	1–12/2024	1–12/2023*
Administrative expenses	-1,450	-1,292
Other personnel expenses	-168	-184
IT expenses	-602	-552
Sales- and marketing expenses	-1,061	-1,234
Other expenses	-79	-85
Research and development expenses	-3,755	-5,149
Capitalization to development assets	3,212	4,567
Total	**-3,903**	**-3,929**

* The breakdown of IT expenses and research and development expenses has been changed in the financial year 2024, and the comparison period has been adjusted to correspond to the classification of the financial year 2024.

Auditor's fees

(EUR thousand)	1–12/2024	1–12/2023
Statutory audit	-87	-70
Other assignments related to audit	-5	-3
Other services	-1	-65
Total	**-93**	**-138**

10. Financial income and expenses

Accounting principles

Financial income and expenses consist of exchange rate differences, interest expenses and interest income, and other financial income and expenses.

Realized and unrealized exchange rate differences related to financing are recorded in financial income and expenses. Foreign exchange gains and losses are reported on a gross basis. Interest income and expense are recognized based on the passage of time using the effective interest method.

Breakdown of financial income and expenses

(EUR thousand)	1–12/2024	1–12/2023*
Financial income		
Exchange rate profits	915	660
Other financial income	280	387
Total financial income	**1,195**	**1,048**
Financial expenses		
Exchange rate losses	-475	-898
Interest expenses measured at amortized cost	-466	-188
Other financial expenses	-5	-8
Total financial expenses	**-947**	**-1,094**
Total financial income and expenses	**248**	**-46**

* The breakdown of the comparison financial year into foreign exchange gains and losses has been changed. The subsidiary's net foreign exchange gains (EUR 600 thousand) and losses (EUR 776 thousand) for 2023 have been adjusted to their separate lines.

Interest expenses on financial liabilities measured at amortized cost also include interest on lease liabilities.

11. Income taxes

Accounting principles

Income taxes consist of current income taxes and deferred taxes. Income taxes are recognized in the consolidated income statement unless the income tax relates to other comprehensive income items or to items recognized directly in equity. In this case, the tax is recognized in other comprehensive income items or directly in equity.

The current taxable income tax is calculated based on the taxable income determined by the tax legislation of each country and the current tax rate or the tax rate adopted at the balance sheet date in the countries where the company and its subsidiary operate and generate taxable income.

Deferred taxes are calculated on the temporary differences between the book value and the taxable value of the assets and liabilities presented in the consolidated financial statements. Deferred tax assets and liabilities are determined based on the tax rates prescribed or approved in practice by the date the reporting period ended and that are expected to be applied when the receivable is realized, or liability is paid.

The deferred tax asset is recognized up to the amount corresponding to the likely taxable income arising in the future against which the temporary differences can be offset in the countries in question. Deferred tax assets and liabilities are offset in accounting only if a legally enforceable right to offset tax assets and liabilities from each other based on the taxable income for the period exists and the deferred tax assets and liabilities are related to income taxes levied by the same tax authority, either from the same taxpayer or different taxpayers who intend to offset tax assets and liabilities from each other based on the taxable income for the period.

Tax based on the taxable income for the financial period

(EUR thousand)	1–12/2024	1–12/2023
Change in deferred taxes	–	–
Total	**–**	**–**

Reconciliation between the tax expense in the income statement and income taxes calculated using the tax rate applied in Finland

(EUR thousand)	1–12/2024	1–12/2023
Result before taxes	**-11,947**	**-12,925**
Income taxes calculated at the Finnish tax rate (20 %)	2,389	2,585
Unrecognised deferred tax assets on tax losses for the period	-1,685	-1,979
Unrecognised deferred taxes	68	17
Share-based payments	-236	-227
Tax-free income	9	–
Non-deductible expenses	-4	-110
Deductible expenses and taxable income not included in the income statement (unused tax depreciation)	-598	-423
Effect of different tax rates of foreign subsidiaries	64	143
Other items	-8	-7
Taxes in the income statement	**0**	**0**

Deferred tax assets and liabilities

(EUR thousand)	Dec. 31, 2024		Dec. 31, 2023	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	–	-39	–	-25
Right-of-use assets	–	-111	–	-157
Lease liabilities	130	–	162	–
Loans from financial institutions	–	-324	–	-253
Contract liabilities	–	–	7	–
Other liabilities	345	–	266	–
Total before netting	**474**	**-474**	**435**	**-435**
Netting of deferred tax assets and liabilities	-474	474	-435	435
Total deferred tax assets and liabilities, net	**–**	**–**	**–**	**–**

Due to netting, Aiforia does not present deferred tax assets and liabilities in the consolidated balance sheet for December 31, 2024 or December 31, 2023.

Change in deferred taxes

(EUR thousand)	1–12/2024	1–12/2023
January 1	**–**	**–**
Recognized in the income statement	–	–
December 31	**–**	**–**

Unrecognized deferred tax assets

Deferred tax assets are not recognized on the following items, because there is no assurance that the company will generate sufficient taxable income in the future to benefit from the deferred tax assets.

Tax losses on which no deferred tax asset has been recognized

(EUR thousand)	Dec. 31, 2024	Dec. 31, 2023
Tax losses		
Expires within 5 years	6,396	4,206
Expires in 5-10 years	30,682	25,790
No expiry	4,940	4,113
Total tax losses	**42,017**	**34,108**

Other items on which no deferred tax asset has been recognized

(EUR thousand)	Dec. 31, 2023	Dec. 31, 2023
Intangible assets	6,905	3,917
Leases	21	84
Total	**6,926**	**4,002**

12. Earnings per share

Accounting principles

Undiluted earnings per share are calculated by dividing the profit attributable to shareholders of the parent company by the weighted average number of shares outstanding during the financial year. The company's treasury shares are deducted from the total number of outstanding shares when calculating the average number of outstanding shares.

In calculating the diluted earnings per share, the dilutive effect of all potentially dilutive shares is considered in the weighted average number of shares. Options have a dilutive effect only when the market price of the share exceeds the subscription price of the options and the result for the financial year is profitable.

Earnings per share

	1–12/2024	1–12/2023
Result for the financial period attributable to owners of the company (EUR thousand)	-11,947	-12,925
Weighted average number of shares outstanding during the financial period (pcs)	27,734,602	25,917,505
Earnings per share, undiluted and diluted (euro/share)	**-0,43**	**-0,50**

The company's potential dilutive instruments are issued options. More information on options can be found in the Annual Report and Note 7 *Employee benefit expenses*.

As the Group's result is loss-making, share options have no dilutive effect and are, therefore, not included in the calculation of diluted earnings per share. Thus, the undiluted and diluted earnings per share are the same.

13. Intangible assets

Accounting principles

Intangible assets are only recognized in the balance sheet if their acquisition cost can be measured reliably and it is probable that the expected future economic benefits attributable to the asset will benefit the Group. Investment properties are measured at original acquisition cost less accumulated depreciation and impairment losses. Acquisition cost includes the costs incurred directly from acquiring the intangible asset. Depreciation is calculated using the straight-line method over the useful life of the assets. Depreciation starts when the asset is ready for use.

The estimated useful lives of intangible assets are as follows:

- Development costs 5 years

Development costs are recognized as intangible assets in the balance sheet if the following conditions are met:

- The completion of an intangible asset is technically feasible in such a way that the asset is available for use or sale.
- Aiforia has the intention of completing the intangible asset and using it or selling it.
- Aiforia is able to use or sell intangible assets.
- Aiforia is able to demonstrate how intangible assets will generate probable future economic benefits.
- Adequate technical, financial and other resources are available to complete the development of the intangible asset and to use or sell the intangible asset.
- The costs of developing the intangible asset can be measured reliably.

The depreciation times and methods of intangible assets are reviewed at least at the end of each financial period. If the expected useful life of the asset differs from previous estimates, the depreciation time is adjusted accordingly.

On each reporting date, Aiforia assesses whether there are any indications that the value of development costs or other assets has been impaired. In addition, an impairment test is performed annually for intangible assets in progress. The value of development costs capitalized in the balance sheet may decrease if the expected economic benefits change. If there are indications of impairment, an impairment test is carried out on development costs. The recoverable amount of impairment testing is based on value-in-use calculations using discounted net cash flow forecasts. If the expected return on an asset recognized in the balance sheet is less than the sum of development costs recognized in the balance sheet, the value of the capitalized development cost is adjusted with an impairment to correspond with the expected return.

Based on the impairment testing performed on December 31, 2024, there was no need to record any impairment on intangible assets in progress.

Capitalized development costs include employee benefit expenses, share-based payments and other operating expenses.

Management discretion and assessment

Aiforia recognizes development costs as an intangible asset in the balance sheet when the recognition criteria are met. Meeting the recognition criteria requires management discretion on an asset in the development stage meeting the capitalization criteria.

The management assesses the future economic benefits of the development costs. Aiforia measures recoverable amount using cash-flow-based profit calculations. Cash flows are subject to assumptions about future sales and its development and costs, etc. There are uncertainties associated with the assessments related to development costs capitalized in the balance sheet and it is possible that, as circumstances change, the expected return from the development projects changes. In addition, management assesses the depreciation time of the asset.

Breakdown of balance sheet values

(EUR thousand)	Development expenses	
	Dec. 31, 2024	Dec. 31, 2023
Acquisition cost		
Balance at January 1	18,315	13,284
Additions	4,191	5,031
Balance on December 31	**22,506**	**18,315**
Accumulated amortizations and impairment losses		
Balance on January 1	-7,436	-4,629
Amortization for the period	-3,566	-2,808
Balance on December 31	**-11,003**	**-7,436**
Unfinished		
Balance on January 1	896	–
Additions	2,287	896
Transfers to finished	-896	–
Balance on December 31	**2,287**	**896**
Carrying amount on January 1	**11,775**	**8,655**
Carrying amount on December 31	**13,790**	**11,775**

Aiforia's intangible assets in the balance sheet are the development work for the Create and clinical software platform. Versions are released for both platforms three times per year. After the release, the development work of the version is eliminated over its useful life.

14. Tangible assets

Accounting principles

Tangible assets are measured at acquisition cost less accumulated depreciation and impairment losses. The acquisition cost includes the costs incurred directly from acquiring the tangible asset.

Tangible assets are recognized as an expense as straight-line depreciation over the following estimated useful lives:

- Machinery and equipment 5 years
- Renovation expenditure of rented premises 4-5 years

The residual values and useful lives of the assets are reviewed and, if necessary, adjusted at the end of each financial year.

On each reporting date, Aiforia assesses whether there are any indications that a tangible asset has been impaired. If there are indications of impairment, the asset is subject to impairment testing. If the book value of an asset is greater than its estimated recoverable amount, the book value of the asset is immediately reduced to correspond to the recoverable amount.

Capital gains and losses arising from the decommissioning and disposal of tangible assets are recognized through profit or loss and presented in other operating income or expenses.

Breakdown of balance sheet values

(EUR thousand)	Machinery and equipment		Leasehold improvements		Total	
	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023
Acquisition cost						
Balance on January 1	755	611	11	11	766	622
Additions	68	146	–	–	68	146
Exchange differences	3	-2	–	–	3	-2
Balance on December 31	**826**	**755**	**11**	**11**	**837**	**766**
Accumulated depreciation and impairment losses						
Balance on January 1	-228	-80	-3	-0	-231	-80
Depreciation for the period	-166	-149	-2	-2	-168	-151
Exchange differences	-1	1	–	–	-1	1
Balance on December 31	**-395**	**-228**	**-5**	**-3**	**-400**	**-231**
Carrying amount on January 1	**526**	**531**	**8**	**10**	**534**	**542**
Carrying amount on December 31	**431**	**526**	**6**	**8**	**437**	**534**

15. Lease agreements

Accounting principles

When a contract is concluded, Aiforia assesses whether the contract is a lease or whether it includes a lease. The contract is a lease or includes a lease if the contract gives the right to control the use of an identified asset for a specified period in exchange for consideration.

The Group's lease agreements mainly relate to the offices used to run the business. Aiforia recognizes right-of-use assets and lease liabilities related to leases in accordance with the IFRS 16 accounting standard Leases at the start of the lease agreement. Aiforia applies an optional exemption to exclude leases with a lease term of 12 months or less at the start date (short-term lease) or of negligible value (the value of the underlying asset is approximately EUR 5,000 or less) from the balance sheet. Such agreements are recognized as an expense evenly over the lease period.

A lease liability is measured at the present value of the lease payments payable during the lease period. Lease payments include:

- fixed lease payments less any incentives available in the annual contract
- variable rents that depend on an index or price levels
- amounts expected to be paid by the lessee under residual value guarantees
- the exercise price of the call option if it is reasonably certain that the lessee will exercise the option.

After the contract starts, lease liabilities are measured at amortized acquisition cost using the effective interest method. The lease payments are discounted using the interest on the additional credit because the internal interest rate of the lease is not easily quantifiable. The interest in the additional credit is the rate that the lessee would pay on a loan at the start of the lease to acquire a corresponding asset.

Right-of-use assets are measured at acquisition cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liability.

The acquisition cost of a right-of-use asset includes the following items:

- the amount of the lease liability at initial measurement
- rents paid up to start date, less any incentives received (e.g. months for which the landlord does not charge rent)
- any direct costs incurred in the initial phase of the contract
- the estimated costs of terminating the lease or restoring the leased space to the original state.

Right-of-use assets are amortized on a straight-line basis over the contract's lease term.

The depreciation periods for right-of-use assets are:

- Buildings 2-5 years

The lease term is the period during which the contract cannot be terminated, including any periods covered by the option to extend the lease if the exercise of that option is reasonably certain and the periods covered by the option to terminate the lease if it is reasonably certain that Aiforia will not exercise that option.

The book value of the right-of-use asset and the lease liability is remeasured when future lease payments change due to changes in the index or price level, or if Aiforia changes its assessment of whether or not to use the extension or termination option. The right-of-use asset is tested for impairment, if necessary, and any impairment loss is recognized through profit or loss.

In the cash flow statement, the payments of lease liabilities are presented in the financial cash flow. Interest payments related to lease liabilities are shown in paid interests under cash flow from operating activities. The maturity analysis of financial liabilities is presented in Note 22 *Financial risk management*.

Management's assessment

Aiforia sets the interest for the additional credit considering the length of the lease. The interest rate used affects the lease liabilities, the value of the right-of-use assets, as well as the distribution of depreciation and interest expenses. The interest in the additional credit is the rate that the lessee would pay on a loan at the start of the lease to acquire a corresponding asset. Management uses this estimate to determine the interest rate on additional credit.

Items presented in the income and cash flow statement

(EUR thousand)	1–12/2024	1–12/2023
Income statement		
Expense relating to short-term leases	-31	-34
Amortization of right-of-use assets: premises	-241	-221
Interest expense of lease liabilities	-49	-59
Total	**-320**	**-314**
Cash flow statement		
Repayment of lease liabilities	-250	-212
Interest expense of lease liabilities	-49	-59
Total	**-298**	**-271**

Right-of-use assets

(EUR thousand)	Premises	
	1–12/2024	1–12/2023
Balance on January 1	766	913
Additions	25	74
Amortizations for the financial year	-241	-221
Balance on December 31	**550**	**766**

Lease liabilities

(EUR thousand)	Dec. 31, 2024	Dec. 31, 2023
Non-current	404	643
Current	258	243
Total	**662**	**887**

The maturity analysis of lease liabilities is presented in Note 22 ***Financial risk management***.

16. Assets based on customer contracts, trade and other receivables

Accounting principles

Assets based on customer contracts are generated if the revenue is recognized before invoicing. Trade receivables are receivables from customers for services provided in the ordinary course of business. The payment period for trade receivables is typically 14-30 days. Other receivables include current receivables that are not trade receivables. Other receivables include, for example, grant receivables, prepaid expenditure and VAT receivables. Trade receivables are initially measured at transaction price because they do not contain a significant financing component.

Subsequently, trade receivables are measured at the expected realizable value with expected credit losses, reducing the value of the trade receivable. The book values of trade receivables and other receivables correspond to their fair values.

Breakdown of balance sheet values

(EUR thousand)	Dec. 31, 2024	Dec. 31, 2023
Non-current		
Assets based on customer contracts	242	–
Total non-current	**242**	**–**
Current		
Assets based on customer contracts	582	–
Trade- and other receivables		
Trade receivables	671	627
VAT receivables	200	110
Prepaid items	292	294
Other receivables	–	0
Total current	1,163	1,031
Total current	**1,744**	**1,031**
Total	**1,987**	**1,031**

Age distribution of trade receivables is presented in note 22 *Financial risk management*.

17. Other assets, other financial assets and cash equivalents

Accounting principles

Other assets in the balance sheet are security deposits on business premises. Other financial assets in the balance sheet consist of current bank deposits with a maturity of less than 12 months. Cash and cash equivalents in the balance sheet consist of current bank deposits with a maturity of less than three months.

Breakdown of balance sheet values

(EUR thousand)	Dec. 31, 2024	Dec. 31, 2023
Non-current		
Other fixed assets	117	111
Current		
Cash and cash equivalents	11,496	13,974
Total	**11,612**	**14,085**

18. Equity

Accounting principles

The parent company has one share series, and each share entitles to one vote at the shareholder's meeting. The shares are not subject to voting restrictions or vote cutting. The company shares do not have any nominal value. All shares provide equal rights to dividends and other profit distribution by the company.

The Group's equity includes the following items:

- Share capital: The share subscription price received in connection with share issues is entered in the share capital to the extent that the share subscription price has not been decided to be recorded in the reserve for invested unrestricted equity.
- Reserve for invested unrestricted equity: The reserve includes other equity-type investments and share subscription prices to the extent that the subscription price is decided to be included in the reserve for invested unrestricted equity.
- Translation differences: The reserve includes accumulated translation differences arising from the conversion of the financial statements of foreign units into the euro.
- Accumulated losses: Accumulated losses include cumulative losses from previous years.

Direct transaction costs from the issue of new shares are recognized as a deduction of payments received in equity and adjusted for tax effect. In the financial year 2024, the transaction costs were EUR 267,000.

Changes in shares

The table below shows the changes in the number of shares and the corresponding changes in share capital and the reserve for invested unrestricted equity. Notes concerning options are presented in Note 7 *Employee benefit expenses*.

(EUR thousand)	Number of shares (pcs)	Share capital	Reserve for invested unrestricted equity
1 Jan. 2024	**25,950,616**	**103**	**55,988**
Directed share issue / stock options	2,963,851		9,837
31 Dec. 2024	**28,914,467**	**103**	**65,825**

(EUR thousand)	Number of shares (pcs)	Share capital	Reserve for invested unrestricted equity
1 Jan. 2023	**25,826,816**	**103**	**55,825**
Directed share issue / stock options	123,800		163
31 Dec. 2023	**25,950,616**	**103**	**55,988**

19. Loans

Accounting principles

Loans are initially recognized at fair value and less transaction costs. The loans are measured at amortized cost using the effective interest rate method. Loans are derecognized from the balance sheet when the related obligations have been met, canceled or expired. Loans are classified as short-term unless the Group has an unconditional right to defer the payment of the liability at least 12 months from the end of the reporting period.

Aiforia has product development loans from the State with interest rates below the market rate. The benefit of a loan granted at a rate below the market rate is treated as a government grant. The benefit of a loan granted at a rate below the market rate, i.e. the government grant, is determined as the difference between the amount drawn and the fair value of the loan. More information on determining the fair value can be found in Note 21 *Classification of financial assets and liabilities*.

Principal terms of the loans

			Asset value	
	Interest% minimum	To be repaid during years	Dec. 31, 2024	Dec. 31, 2023
Loans from financial institutions (development funding)	1	2022-2025	205	411
Loans from financial institutions (development funding)	1	2023-2026	348	521
Loans from financial institutions (development funding)	1	2024-2027	377	503
Loans from financial institutions (Young Innovative Company -funding)	1	2025-2029	750	750
Loans from financial institutions (development funding)	1	2026-2029	4,219	2,776
Total			**5,899**	**4,961**

Loans from financial institutions for the financial year December 31, 2024 include five loans from the State Treasury. The interest rate on loans granted by the State Treasury is set three percentage points below the base rate fixed by the Ministry of Finance, provided that the interest rate is always at least 1%. The interest rate has been 1.25% between January 1 and June 30, 2024, 1% between July 1 and December 31, 2024, and 1% between January 1 and December 31, 2023.

During the loan period, the treasury center may, under the recovery provisions, order repayment of part or all of the loan if the conditions of the loan are not respected or, for example, in the event of bankruptcy.

Changes in loans

(EUR thousand)	31 Dec. 2024		31 Dec. 2023	
	Loans from financial institutions	Lease liabilities	Loans from financial institutions	Lease liabilities
Balance at 1 January	4,961	887	2,690	1,024
Changes due to cash flow from financing activities:				
Proceeds from loans	1,800	–	4,040	–
Repayment of loans	-505	–	-505	–
Repayment of lease liabilities		-250	–	-212
Changes due to cash flow from financing activities total	1,295	-250	3,535	-212
New leases	–	24	–	74
Other changes	-357	1	-1,264	0
Balance at 31 December	**5,899**	**662**	**4,961**	**887**

20. Liabilities based on customer contracts, advances received, trade payables and other liabilities

Accounting principles

Liabilities based on customer contracts are incurred if revenue is recognized after invoicing. Trade payables and other liabilities are liabilities relating to unpaid goods and services transferred to the

Group before the end of the financial year. Liabilities based on customer contracts, advances received, i.e. grants received in advance, trade payables, and other liabilities are presented as current liabilities if they fall due within less than 12 months of the reporting period. The book value of these items is considered to be their fair values due to their short maturity.

Breakdown of balance sheet values

(EUR thousand)	Dec. 31, 2024	Dec. 31, 2023
Non-current		
Contract liabilities	113	–
Other liabilities	1,316	1,070
Total non-current	**1,429**	**1,070**
Current		
Contract liabilities	976	1,130
Advances received	171	54
Trade payables and other liabilities		
Trade payables	1,030	816
Accruals and deferred income	1,080	987
Other liabilities	556	381
Total	**2,666**	**2,184**
Total current	**3,812**	**3,367**
Total	**5,242**	**4,437**

The sales revenue recognized during the reporting period, which was included in liabilities based on customer agreements at the beginning of the period, is presented in Note 4 *Revenue*.

21. Classification of financial assets and liabilities

Accounting principles

Classification is based on their intended use at initial recognition. The classification is based on the objectives of the business model and the contractual cash flows of financial assets.

Financial assets are derecognized from the balance sheet when the rights to cash flows have ceased or have been transferred to another party, and the material risks and benefits associated with the ownership have been transferred to another party. Financial liability is derecognized when the related obligations have been met, canceled or expired.

Financial assets and liabilities are classified as either current or non-current financial assets and liabilities based on their maturity. Financial assets and liabilities maturing in more than 12 months are classified as non-current.

Measured at amortized cost

Assets held to collect contractual cash flows, and those cash flows are solely payments of principal and interest are measured at amortized cost. Related interest income is determined using the effective interest method and is included in financial income. Financial assets measured at amortized cost consist of trade receivables (see Note 16) and cash and cash equivalents (see Note 17).

Financial liabilities are initially recognized at fair value less transaction costs of the item in question. Subsequently, financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities measured at amortized cost consist mainly of loans from financial institutions, lease liabilities and trade payables.

Determination of fair values

Application of some accounting policies and preparing the information presented in the financial statements requires determining the fair values of financial assets and liabilities. The fair value is the price that would be obtained from the sale of an asset or paid for the transfer of liability between market participants in an ordinary transaction on the measurement date. Financial assets and liabilities measured at fair value are classified based on the amount of inputs used in the valuation methods. The classification uses three hierarchical levels based on the extent to which the inputs used have to be estimated when determining the fair value of the financial assets and liabilities. Fair values are classified at different hierarchy levels as follows:

Level 1: Fair values of financial instruments subject to trading on an active market are based on quoted market prices at the end of the reporting period.

Level 2: For financial instruments not subject to trading on an active market, fair value is determined using a valuation method. These methods use as much observable market data as possible and as little company-specific estimates as possible. If all significant inputs necessary to measure the fair value of the instrument are observable, the instrument is classified as level 2.

Level 3: If one or more significant inputs are not based on observable market data, the instrument is classified as level 3.

The fair values of loans from financial institutions are based on cash flows discounted at the lending rate at the time of the reporting. The fair value of other assets and liabilities is estimated to substantially correspond to their fair values.

Book values, fair values and level of loans from financial institutions in the fair value hierarchy

(EUR thousand)		Dec. 31, 2024		Dec. 31, 2023		
	Note	Asset values	Fair values	Asset values	Fair values	Fair value hierarchy
Non-current						
Loans from financial institutions	19	5,245	4,965	4,456	4,042	3
Total		**5,245**	**4,965**	**4,456**	**4,042**	
Current						
Loans from financial institutions	19	655	644	505	485	3
Total		**655**	**644**	**505**	**485**	

Loans from financial institutions consist of product development loans from the State. Aiforia has applied the requirements of IFRS 9 Financial Instruments and IAS 20 Accounting for Government Grants and Disclosure of Government Assistance and recognized the benefit of a loan below market rate. The grant component is calculated as the difference between the withdrawn loan amount and the fair value of the loan. The fair value has been calculated using an 11% discount rate, which the management believes depicts the interest rate level at which a company like Aiforia with its current credit rating could find financing on the market. More information is presented in Note 5 *Other operating income*.

22. Financial risk management

The Group is exposed to the following financial risks in its business operations: currency risk, interest rate risk, credit risk and liquidity risk.

The objective of Aiforia's financial risk management is to minimize the adverse effects of changes in the financial markets on the Group's result, balance sheet and cash flows. Aiforia's CEO and CFO are responsible for the management of financial risks.

Currency risk

Existing currency risk arises from foreign currency-denominated commercial transactions, monetary items in the balance sheet and net investments in foreign subsidiaries. EUR and USD constitute the largest currency positions in the Group's cash flows. The Group has both revenues and costs in both main currencies, which significantly limits the currency risk. The company monitors the development of foreign exchange positions as operations expand and non-USD currency items grow, which may result in adopting an active hedging policy in the company. During the reporting periods, the company does not have any hedging instruments in place and the Group does not apply hedge accounting.

Foreign exchange risk exposure

(EUR thousand)	USD	GBP
	(1,000 EUR)	(1,000 EUR)
Dec. 31, 2024		
Trade receivables	–	12
Trade payables	-25	-2
Net position	**-25**	**11**
Dec. 31, 2023		
Trade payables	-12	-5
Net position	**-12**	**-5**

Sensitivity analysis of changes in exchange rates

(EUR thousand)	Effect on the result before taxes	
	Dec. 31, 2024	Dec. 31, 2023
EUR/USD-exchange rate - EUR strengthens by 10%	2	1
EUR/USD-exchange rate - EUR weakens by 10%	-3	-1
EUR/GBP-exchange rate - EUR strengthens by 10%	-1	0
EUR/GBP-exchange rate - EUR weakens by 10%	1	-1

Interest rate risk

Interest rate risk refers to the uncertainty in the cash flow, result and balance sheet resulting from a change in interest rates.

Group loans and receivables are measured at amortized cost. Loans are regularly repriced under contract, and, in this respect, they are also exposed to the risk of future changes in market rates.

The company is exposed to potential interest rate risks through its floating rate loans from financial institutions. The interest rate of product development loan agreements granted by the

State Treasury and Young Innovation Companies loan agreements have been set three percentage points below the base rate set by the Ministry of Finance, provided that the interest rate is always at least 1%. The basic interest rate set by the Ministry of Finance was 4.25% between Jan. 1 and Jun. 30, 2024, 3.75% between Jul. 1 and Dec. 31, 2024, 2.5% between Jan. 1 and Jun 20, 2023, and 3.75% between Jul. 1 and Dec. 31, 2023.

The company continuously monitors the development of currencies and interest rates and reacts to the situation as necessary.

Sensitivity analysis of interest rate changes

(EUR thousand)	Effect on the result before taxes	
	Dec. 31, 2024	Dec. 31, 2023
Increase 1%	56	30
Decrease 1%	–	–

Credit risk

Credit risk relates to cash and trade receivables.

The Group has significant cash assets deposited with banks with at least investment grade credit risk. The Group considers its credit risk level for cash assets to be low.

These risks are managed by regularly monitoring counterparty risks and credit ratings of customers, banks and potential deposit facilities, and by appropriately diversifying cash resources between banks and potential deposit facilities.

The Group's business is based on license sales and closely related service sales. Typical of this type of business is that invoicing and payments take place at the beginning of the contract period. This will substantially reduce credit losses. A significant part of the customer base consists of universities, hospitals and other large companies operating in the health care sector with low credit risks related to their trade receivables. Aiforia has not had any credit losses in the past five years and believes that the likelihood of credit losses will continue to be low.

Age distribution of trade receivables and assets based on customer contracts

(EUR thousand)	Dec. 31, 2024	Dec. 31, 2023
Current	1,057	433
1 - 30 days past due	263	131
31 - 90 days past due	3	23
91 - 180 days past due	167	–
180 or more days past due	5	41
Total	**1,495**	**627**

For the financial year 2024, balances of over 90 days in the age distribution consist of three invoices, of which two have been paid at the time of publication of this report and the third has a payment plan.

Liquidity risk

Liquidity risk is related to maintaining sufficient and continuous financing required for the Group's working capital, loan repayments, investment expenditure and growth.

Acting management continuously monitors the amount of funding required for the business and analyzes the cash flow projections of the business and the payback times of trade receivables to provide Aiforia with sufficient liquid assets to meet its business needs and repay outstanding loans.

Contractual maturities and cash flows of financial liabilities

Financial debt maturity analysis 2024

(EUR thousand)	Carrying amount	Cash flow	2025	2026	2027	2028	2029	Later
Financing liabilities								
Loans from financial institutions	5,899	-7,799	-731	-518	-2,165	-2,018	-1,998	-369
Trade payables	1,030	-1,030	-1,030	–	–	–	–	–
Lease liabilities	662	-714	-291	-280	-143	–	–	–
Total	**7,591**							

Capital management

In line with Aiforia's capital management, capital includes share capital and all other equity funds directed at holders of the parent company's capital. The objective of Aiforia's capital management is to maximize the value of the shareholder's investment. Aiforia manages the capital structure and makes changes to it following economic cycles and any covenants related to financing. Aiforia can modify the distribution of dividends, capital repayments and the issuance of new shares to its shareholders to maintain and modify the capital structure. Aiforia monitors the capital structure through cash assets and equity ratios. Interest-bearing net liabilities are presented in the table below.

No changes have been made to the objectives, policies or processes of capital management during the financial year that ended on December 31, 2024.

Equity ratio, %

(EUR thousand)	Dec. 31, 2024	Dec. 31, 2023
Total assets	28 376	28,191
Advances received and contract liabilities	-1,260	-1,183
Total equity	16 573	17,906
Equity ratio	**61 %**	**66 %**

Net debt

(EUR thousand)	Dec. 31, 2024	Dec. 31, 2023
Loans from financial institutions	5,899	4,961
Lease liabilities	662	887
Cash and cash equivalents	-11,496	-13,974
Net debt	**-4,935**	**-8,126**

23. Provisions, contingent liabilities and commitments

Accounting principles

A provision is recognized when the Group incurs a legal or actual obligation as a consequence of a prior event, when fulfilling the obligation is likely to require a transfer of resources out of the Group and the amount can be reliably estimated.

The amount recognized as a provision is the best estimate at the end of the reporting period of the unavoidable costs required to fulfill the obligation. That is, the present value of the estimated expenditure concerned, considering the risks and uncertainties associated with the obligation.

Contingent liabilities relate to potential obligations, the existence of which is only confirmed when one or more uncertain events that are not entirely controlled by the company occur or do not occur in the future. Contingent liabilities are not recognized in the balance sheet but are disclosed in the notes.

Provisions and contingent liabilities

The Group had no provisions or contingent liabilities at the end of the financial years 2024 and 2023.

Collateral, liabilities and off-balance sheet commitments

(EUR thousand)	Dec. 31, 2024	Dec. 31, 2023
Lease liabilities		
Lease liability related to short-term and low-value rental agreements	11	2
Total	**11**	**2**
Other commitments		
Decider grant, unaudited	274	204
Total	**274**	**204**

At the end of the financial year, unaudited grant accounts are subject to a potential refund liability equal to the amount of the grant, which materializes if the grant has been paid in excess of eligible costs or if the required reports have not been submitted by the due date.

24. Related party transactions

Accounting principles

The parent company's related parties include its subsidiary, the CEO, the members of the Board of Directors and the management team, as well as their close family members and companies under their control.

Related party transactions include transactions with related parties that are not eliminated in the consolidated financial statements.

Transactions with related party companies and outstanding balances

In the financial years 2024 and 2023, Aiforia has not had related party transactions with the CEO, the Board of Directors, the management team, or other related parties.

Aiforia had no outstanding claims or liabilities related to related party transactions on December 31, 2024, nor December 31, 2023.

Benefits for managers

	CEO		Other members of the management team		Board		Total	
(EUR thousand)	1–12/2024	1–12/2023	1–12/2024	1–12/2023	1–12/2024	1–12/2023	1–12/2024	1–12/2023
Wages and salaries	-543	-420	-1,087	-659	-169	-149	-1,799	-1,229
Pension expenses (defined contribution plans)	–	-2	-152	-79	–	–	-152	-81
Social security expenses	-273–	-370	-360	-441	–	–	-632	-812
Total	**-815**	**-793**	**-1,598**	**-1,179**	**-169**	**-149**	**-2,583**	**-2,121**

Management shareholdings and options

(pcs)	Shares		Maximum number of shares to be issued on the basis of option rights, which have not yet been subscribed and are subscribable	
	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023
Board	2,076,187	2,078,457	215,000	190,000
CEO	618,500	607,940	1,381,500	1,241,500
Management Team	174,410	170,700	1,661,950	1,411,950
Total	**2,869,097**	**2,857,097**	**3,258,450**	**2,843,450**

In the financial year 2024, a total of 400,000 options were granted to related parties and in the financial year 2023 a total of 350,000 options were granted.

25. Events after the end of the financial year

Aiforia announced on February 18, 2025, the share subscriptions based on stock options. A total of 20,000 Aiforia Technologies Plc's new shares was subscribed for with the Stock Options 2016A by January 13, 2025. For subscriptions made with the stock options 2016A the entire subscription price of EUR 400.00 will be entered in the reserve for invested unrestricted equity.

New shares were registered in the Trade Register on February 18, 2025, and will be traded in the Nasdaq Helsinki Plc's First North Growth Market Finland -marketplace as of February 19, 2025. After the trade registration the total amount of shares is 28,934,467.

On February 20, 2025, Aiforia announced that it has successfully obtained the *In Vitro* Diagnostic Regulation (IVDR) certification. At the same time, the company launched three new CE-IVD marked AI models for breast and prostate cancer diagnostics. The certification was granted by a notified body, BSI Group. The certificate confirms that Aiforia complies with the requirements of the IVD Regulation 2017/746 and enables Aiforia to bring an expanded portfolio of AI models to the European market.

In March 5, 2025 Aiforia and Orion, a Finnish pharmaceutical company, announced the extension of their collaboration to include the use of Aiforia's software solution for preclinical study evaluations. This collaboration involves implementing the Aiforia®Studies module within Orion's preclinical histology processes, as well as joint development to further automate and improve the study evaluation workflow of preclinical pathologists.

In March 6, 2025, Aiforia announced that it had closed a deal with a regional health authority of Sardinia in Italy for AI-assisted diagnostics. This two-year collaboration contract with seven hospitals in the region involves utilizing Aiforia's clinical AI solutions to analyze biopsies from breast and prostate cancer patients. The provider in the deal is a GPI S.p.A. lead consortium, and Aiforia is one of their subcontractors.

Parent Company's Financial Statements

Parent company's income statement

(EUR thousand)	1–12/2024	1–12/2023
Revenue	**1,745**	**1,266**
Other operating income	70	55
Materials and services		
Materials and consumables		
Purchases during the financial year	-16	-0
External services	-586	-466
Total materials and services	-602	-466
Personnel expenses		
Wages and salaries	-3,575	-3,725
Social security expenses		
Pension expenses	-407	-492
Other social security expenses	-330	-238
Total personnel expenses	-4,312	-4,456
Amortization and impairment losses		
Amortization according to plan	-3,613	-2,867
Total amortization and impairment losses	-3,613	-2,867
Other operating expenses	-4,071	-3,920
Operating loss	**-10,783**	**-10,389**
Financial income and expenses		
Other interest income and other financial income	723	812
Interest and other financial expenses	-363	-139
Total financial income and expenses	360	673
Loss before appropriations and taxes	**-10,423**	**-9,716**
Loss for the financial year	**-10,423**	**-9,716**

Parent company's balance sheet

(EUR thousand)	Dec. 31, 2024	Dec. 31, 2023
ASSETS		
Non-current assets		
Intangible assets		
Development expenses	13,395	11,459
Other intangible assets	6	8
Total intangible assets	13,401	11,467
Tangible assets		
Machinery and equipment	394	478
Investments	0	0
Total tangible assets	394	478
Total non-current assets	**13,794**	**11,946**
Current assets		
Long-term receivables		
Other receivables	88	88
Prepaid expenses and accrued income	242	–
Long-term receivables total	330	88
Current receivables		
Trade receivables	200	367
Other receivables	200	110
Receivables from group companies	7,318	6,535
Prepaid expenses and accrued income	854	202
Total current receivables	8,571	7,214
Cash and cash equivalents	11,253	13,411
Total current assets	**20,155**	**20,713**
Total assets	**33,949**	**32,659**

	Dec. 31, 2024	31.12.2023
EQUITY AND LIABILITIES		
EQUITY		
Share capital	103	103
Reserve for invested unrestricted equity	67,850	57,745
Retained earnings (losses)	-33,955	-24,238
Loss for the financial year	-10,423	-9,716
Total equity	**23,575**	**23,893**
Liabilities		
Non-current liabilities		
Loans from financial institutions	6,865	5,720
Total non-current liabilities	**6,865**	**5,720**
Current liabilities		
Loans from financial institutions	655	505
Advances received	457	631
Trade payables	1,026	813
Other current liabilities	147	121
Accruals and deferred income	1,223	976
Total current liabilities	**3,508**	**3,045**
Total liabilities	**10,374**	**8,765**
Total equity and liabilities	**33,949**	**32,659**

Parent company's cash flow statement

(EUR thousand)	1 Jan. 2024 - 31 Dec. 2024	1 Jan. 2023 - 31 Dec. 2023
Cash flow from operating activities		
Loss before appropriations and taxes	-10,423	-9,716
Adjustments for:		
Amortization and impairment losses	3,613	2,867
Other non-cash items	-70	-55
Financial income and expenses	-360	-673
Unrealized exchange rate profits and losses	3	52
Operating profit before working capital changes	-7,237	-7,524
Changes in working capital:		
Increase(-) or decrease(+) of interest-free receivables	-399	443
Increase(-) or decrease(+) of interest-free liabilities	179	141
Cash flow from operating activities before financial items and taxes	-7,458	-6,940
Interest paid and payments from other operating financial expenses	-340	-79
Interest received from business operations	283	652
Cash flow from operating activities (A)	**-7,514**	**-6,368**
Cash flow from investing activities		
Investments in tangible and intangible assets	-5,462	-5,906
Grants received for investments	187	–
Loans granted	-783	-2,208
Cash flow from investing activities (B)	**-6,057**	**-8,114**
Cash flow from financing activities		
Proceeds from share issue	10,105	163
Share issue and IPO expenses		
Loans from financial institutions - proceeds	1,800	4,040
Loans from financial institutions - repayment	-505	-505
Cash flow from financing activities (C)	**11,400**	**3,698**
Net increase (+)/(-) decrease in cash and cash equivalents (A+B+C)	-2,172	-10,783
Effects of changes in foreign exchange rates	14	-47
Cash and cash equivalents at the beginning of the financial year	13,411	24,241
Cash and cash equivalents at the end of the financial year	**11,253**	**13,411**

Notes to the Parent Company's Financial Statements

Information about the Parent Company

Aiforia Technologies Plc is the parent company of the Aiforia Group. The company's domicile is in Helsinki.

Valuation and accrual principles

Valuation and accrual principles and methods

The financial statements have been prepared in accordance with the Finnish Accounting Act and Regulation and other regulations concerning the preparation of financial statements (Finnish Accounting Standards (FAS). The financial statements have been prepared in euros and the items in the financial statements have been measured at the original acquisition cost.

The financial statements have been prepared following the valuation and accrual assumption principles and methods laid down in Chapter 2, Section 2a of the Accounting Ordinance, with the exceptions listed below:

Development expenditure

The company recognizes research costs, such as acquisition of new information and the search for product and process alternatives, as expenses on an accrual basis, i.e. at the time the costs are incurred. The company capitalizes development costs in the balance sheet as intangible assets if they are expected to generate income over several financial years. When the company classifies an intangible asset as development costs, the completion of the asset is technically feasible in such a way that the asset is available for use or sale, the company has the ability, intention and resources to complete and use or sell the asset. The company estimates that the asset has a probable future economic benefit that can be demonstrated and that the company can reliably determine the costs arising from the intangible asset during its development phase.

When distributable resources are presented, the residue of development costs capitalized in the balance sheet is deducted from unrestricted equity.

There are uncertainties associated with the assessments related to development costs capitalized in the balance sheet and it is possible that, as circumstances change, the expected return from the development projects changes. The value of development costs capitalized in the balance sheet may decrease if the expected economic benefits change. If the expected return on an asset recognized in the balance sheet is less than the sum of development costs recognized in the balance sheet, the value of the capitalized development cost is adjusted with an impairment to correspond with the expected return.

Notes to the income statement

Revenue recognition principles

Aiforia's revenue includes revenue from a cloud-based software solution (Software as a Service or SaaS), software licenses installed in the customer's environment and additional services, such as the use of cloud storage and computing capacity. Cloud storage is used to store customers' tissue cell or other images. In cloud-based software solutions, the customer can purchase pre-paid credits to analyze their images, which enables the customer to use the computing capacity of the cloud service, i.e. time units of computing capacity.

Sales income is recognized as revenue when control of a performance obligation, i.e. a good or service, is transferred to a customer. Revenue is recognized either over time or at a single point in time.

Income from Aiforia's cloud-based solutions (SaaS) as well as license maintenance, application support and cloud storage is recognized evenly during the contract period.

The licenses installed in the customer's software environment and the income from their installation are recognized at a single point in time at the beginning of the contract period when the license has been delivered to the customer as installed.

Tailored software service income, such as the creation of models, are recognized after the work is completed.

Credit income is recognized based on agreed unit rates when the customer uses credits, i.e. pre-paid computing capacity. At the end of the contract, any unused credits will be recognized at once.

Revenue distribution by country

(EUR thousand)	1–12/2024	1–12/2023
Finland	719	214
Rest of Europe	954	696
North-America	28	292
Others	44	63
Total	**1,745**	**1,266**

Recognition principles of grants received

Grants are only recorded when it is reasonably certain that the conditions underlying the grants have been met and that the grant will be received. Awarded grants are recognized in other operating income to the extent that the aided project generates eligible costs according to the grant decision and terms. Grants are recognized in profit or loss for the period in which the related costs are recognized in profit or loss. Grants received in advance are presented as accruals in the balance sheet until the grant meets the criteria for recognition. The refund liability related to grants is presented in the notes in connection with the liabilities.

Capitalization of development costs

Development costs have been capitalized from personnel costs and other operating expenses as follows:

(EUR thousand)	1–12/2024	1–12/2023
Personnel expenses		
Wages and salaries	-5,412	-4,733
Pension expenses	-737	-677
Other social security expenses	-362	-255
Capitalization of development expenses	2,199	1,209
Total personnel expenses	**-4,312**	**-4,456**
Other operating expenses	-7,283	-8,487
Capitalization of development expenses	3,212	4,567
Total other operating expenses	**-4,071**	**-3,920**
Total capitalization of development expenses	**5,411**	**5,775**

Notes on assets in the balance sheet

Basis for and changes in depreciation according to plan

Tangible assets are recognized in the balance sheet at direct acquisition cost less depreciation according to plan.

The depreciation periods are:

• Development costs	Straight-line depreciation	5 years
• Machinery and equipment	Straight-line depreciation	5 years
• Renovation expenditure of rented facilities	Straight-line depreciation	4-5 years

Changes in non-current assets

(EUR thousand)	1–12/2024	1–12/2023
Development expenses		
Acquisition cost on January 1	20,502	14,727
Additions	5,411	5,775
Acquisition cost on December 31	**25,913**	**20,502**
Accumulated amortization and impairment losses on January 1	-9,043	-6,300
Amortization and impairment losses	-3,475	-2,743
Accumulated amortization and impairment losses on December 31	**-12,518**	**-9,043**
Acquisition cost on December 31	25,913	20,502
Accumulated amortization and impairment losses on December 31	-12,518	-9,043
Book value on December 31	**13,395**	**11,459**
Other intangible assets		
Acquisition cost on January 1	11	11
Acquisition cost on December 31	**11**	**11**
Accumulated amortization and impairment losses on January 1	-3	-0
amortization and impairment losses	-2	-2
Accumulated amortization and impairment losses on December 31	**-5**	**-3**
Acquisition cost on December 31	11	11
Accumulated amortization and impairment losses on 31 December	-5	-3
Book value on December 31	**6**	**8**
Machinery and equipment		
Acquisition cost on January 1	659	528
Additions	50	131
Acquisition cost on December 31	**709**	**659**
Accumulated amortization and impairment losses on January 1	-180	-59
Amortization and impairment losses	-135	-122
Accumulated amortization and impairment losses on December 31	**-316**	**-180**
Acquisition cost on December 31	709	659
Accumulated amortization and impairment losses on December 31	-316	-180
Book value on December 31	**394**	**478**
Investments		
Acquisition cost on January 1	0	0
Book value on December 31	**0**	**0**

Amortizations of non-current assets

(EUR thousand)	1–12/2024	1–12/2023
Development expenses	-3,475	-2,743
Other intangible assets	-2	-2
Machinery and equipment	-135	-122
Total amortization	**-3,613**	**-2,867**

Holdings in other companies

Aiforia Inc., domiciled in Cambridge, MA, United States, holding 100%.

Receivables from group companies

The table below shows the accrual and loan receivables from the subsidiary. The main terms and conditions of the loan are as follows: The loan is always due one year after the date of the loan, the interest rate is 6% and no collateral has been provided for the loan.

(EUR thousand)	Dec. 31, 2024	Dec. 31, 2023
Prepaid expenses and accrued income	769	349
Loan receivables	6,549	6,186
Total	**7,318**	**6,535**

Accrued income

(EUR thousand)	Dec. 31, 2024	Dec. 31, 2023
Non-current		
Accrued profits based on contracts	242	–
Current		
Salary and staff expenses (accrual)	1	1
Prepaid items	267	201
Accrued profits based on contracts	582	–
Other accrued income	4	–
Total	**1,096**	**202**

Notes on liabilities in the balance sheet

Equity breakdown

(EUR thousand)	Share capital	Reserve for invested unrestricted equity	Retained earnings	Total equity
Equity on January 1, 2024	**103**	**57,745**	**-33,955**	**23,893**
Loss for the financial year			-10,423	-10,423
Share issue		10,105		10,105
Equity on December 31, 2024	**103**	**67,850**	**-44,377**	**23,575**

(EUR thousand)	Share capital	Reserve for invested unrestricted equity	Retained earnings	Total equity
Equity on January 1, 2023	**103**	**57,582**	**-24,238**	**33,446**
Loss for the financial year			-9,716	-9,716
Share issue		163		163
Equity on December 31, 2023	**103**	**57,745**	**-33,955**	**23,893**

Calculation on the parent company's distributable shareholder's equity

(EUR thousand)	Dec. 31, 2024	Dec. 31, 2023
Retained earnings	-33,955	-24,238
Loss for the financial year	-10,423	-9,716
Reserve for invested unrestricted equity	67,850	57,745
Capitalized development expenditure	-13,395	-11,459
Total	**10,078**	**12,332**

Non-current liabilities maturing after five years

(EUR thousand)	Dec. 31, 2024	Dec. 31, 2023
Loans from financial institutions	365	840

Accrued expenses and deferred income

(EUR thousand)	Dec. 31, 2024	Dec. 31, 2023
Staff expenses (accrual)	1,013	900
EU grant	171	54
Interest	40	22
Total	**1,223**	**976**

Notes on income taxes

Deferred tax assets that have not been recognized in the balance sheet

(EUR thousand)	31 Dec. 2024	31 Dec. 2023
Losses,	37,078	32,136
of which deferred tax assets	7,416	6,427

Collateral, liabilities and off-balance sheet arrangements

(EUR thousand)	31 Dec. 2024	31 Dec. 2023
Rental securities	88	88
Lease commitments		
To be paid in the next fiscal year	320	314
To be paid later	476	780
Other commitments		
Decider-grant, unaudited	274	204

Grant accounts that remain unaudited at the end of the financial period are subject to a potential refund liability equal to the amount of the grant.

Auditor's fees

(EUR thousand)	1–12/2024	1–12/2023
Statutory audit	-87	-70
Other actions referred to in section 1, subsection 1, paragraph 2 of Auditing Act	-5	-3
Other services	-1	-65
Total	**-93**	**-138**

Related party transactions

The parent company's related parties include its subsidiary, the CEO, the members of the Board of Directors and the management team, as well as their close family members and companies under their control.

Related party transactions for the subsidiary were as follows:

(EUR thousand)	1–12/2024	1–12/2023
Purchases	-665	-726
Sales	28	188
Total	**-637**	**-538**

The management has been granted options. For more information on these, see *Management salaries and remuneration*.

Notes on personnel and members of governing bodies

Number of personnel

	1–12/2024	1–12/2023
Average number of personnel during the financial year	58	59

Management salaries and fees

(EUR thousand)	1–12/2024	1–12/2023
Board		
Wages and salaries	-169	-149
Total	**-169**	**-149**
CEO		
Wages and salaries	-543	-420
Pension expenses	–	-2
Total	**-543**	**-422**
Other members of Management Team		
Wages and salaries	-819	-444
Pension expenses	-147	-79
Social security expenses	-57	-10
Total	**-1,023**	**-533**

Options

In the financial year 2024, a total of 400,000 options were granted to related parties and in the financial year 2023 a total of 350,000 options were granted. The option schemes and their contents are presented in more detail in Note 7 *Employee benefit expenses*.

Signatures to the Financial Statements and Annual Report

Helsinki, March 10, 2025

Pekka Mattila	Johan Lundin
Chairman of the Board	Member of the Board
Maria Fe Paz de Paz	Jerry Jian Hong
Member of the Board	Member of the Board
Steven Lynum	Tuomas Tenkanen
Member of the Board	Member of the Board

Jukka Tapaninen

CEO

Auditor's note

The auditor's report on the financial statements has been issued today.

Helsinki, March 13 2025

PricewaterhouseCoopers Oy

Auditor

Martin Grandell

APA

Auditors' Report (Translation of the Finnish Original)

To the Annual General Meeting of Aiforia Technologies Oyj

Report on the Audit of the Financial Statements

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

What we have audited

We have audited the financial statements of Aiforia Technologies Oyj (business identity code 2534910-2) for the year ended 31 December, 2024. The financial statements comprise:

- the consolidated balance sheet, income statement,statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, which include material accounting policy information and other explanatory information
- the parent company's balance sheet, income statement, cash flow statement and notes.

Basis for Opinion

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

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

Independence

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

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

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the

Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

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

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

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

Helsinki, March 13, 2025

PricewaterhouseCoopers Oy

Authorised Public Accountants

Martin Grandell

Authorised Public Accountant (KHT)