Consolidated comprehensive income statement

(EUR thousand)	1 Jan. - 30 June 2023 FAS 1 Jan. -30 June 2023	The effects of IFRS	IFRS 1 Jan. -30 June 2023	1 Jan. - 31 Dec. 2022 FAS 1 Jan. - 31 Dec. 2022	The effects of IFRS	IFRS 1 Jan. - 31 Dec. 2022	1. July - 31 Dec. 2022 FAS 1. July - 31 Dec. 2022	The effects of IFRS	IFRS 1. July - 31 Dec. 2022	1 Jan. - 30 June 2022 FAS 1 Jan. - 30 June 2022	The effects of IFRS	IFRS 1 Jan. - 30 June 2022
Revenue	920	41	961	1,868	-263	1,606	1,135	-103	1,032	733	-160	574
Other operating income	42	12	54	138	85	223	37	31	68	101	54	155
Materials and services	-249	–	-249	-570	–	-570	-298	–	-298	-271	–	-271
Employee benefit expenses	-3,471	-434	-3,905	-5,674	-1,296	-6,970	-3,495	-951	-4,445	-2,179	-345	-2,525
Depreciation, amortization and impairment losses	-1,433	-0	-1,433	-2,095	-131	-2,226	-1,217	-120	-1,337	-878	-11	-889
Other operating expenses	-1,990	159	-1,831	-3,871	54	-3,817	-1,977	36	-1,941	-1,894	18	-1,877
Operating loss	**-6,182**	**-222**	**-6,404**	**-10,203**	**-1,551**	**-11,754**	**-5,814**	**-1,107**	**-6,921**	**-4,389**	**-444**	**-4,833**
Financial income	124	92	217	99	-3	96	-95	33	-63	194	-36	158
Financial expenses	-196	-129	-325	-503	-28	-531	-317	-63	-381	-186	36	-150
Total financial income and expenses	-72	-37	-109	-404	-31	-435	-413	-31	-443	8	–	8
Result before taxes	**-6,254**	**-259**	**-6,512**	**-10,607**	**-1,582**	**-12,188**	**-6,227**	**-1,137**	**-7,364**	**-4,380**	**-444**	**-4,825**
Income taxes	–	-20	-20	–	33	33	–	16	16	–	16	16
Result for the financial period	**-6,254**	**-279**	**-6,532**	**-10,607**	**-1,549**	**-12,156**	**-6,227**	**-1,121**	**-7,348**	**-4,380**	**-428**	**-4,808**
Other comprehensive income												
Items that may be reclassified subsequently to profit or loss												
Translation differences	–	83	83	–	-86	-86	–	110	110	–	-196	-196
Total other comprehensive income for the financial period	–	83	83	–	-86	-86	–	110	110	–	-196	-196
Comprehensive income for the financial period	**-6,254**	**-196**	**-6,449**	**-10,607**	**-1,635**	**-12,242**	**-6,227**	**-1,011**	**-7,238**	**-4,380**	**-624**	**-5,004**
Result for the financial period attributable to												
Owners of the parent company	-6,254	-279	-6,532	-10,607	-1,549	-12,156	-6,227	-1,121	-7,348	-4,380	-428	-4,808
Comprehensive income for the financial period attributable to												
Owners of the parent company	-6,254	-196	-6,449	-10,607	-1,635	-12,242	-6,227	-1,011	-7,238	-4,380	-624	-5,004

Consolidated balance sheet

	30 June 2023			31 Dec. 2022			30 June 2022			1 Jan. 2022		
(EUR thousand)	**FAS 30 June 2023**	**The effects of IFRS**	**IFRS 30 June 2023**	**FAS 31 Dec. 2022**	**The effects of IFRS**	**IFRS 31 Dec. 2022**	**FAS 30 June 2022**	**The effects of IFRS**	**IFRS 30 June 2022**	**FAS 1 Jan. 2022**	**The effects of IFRS**	**IFRS 1 Jan. 2022**
ASSETS												
Non-current assets												
Intangible assets	10,040	394	10,434	8,437	218	8,655	6,765	128	6,892	4,723	55	4,778
Tangible assets	579	9	588	531	10	542	239	–	239	50	-43	8
Right-of-use assets	–	831	831	–	913	913	–	–	–	–	–	–
Deferred tax assets	–	-0	-0	–	0	0	–	-0	-0	–	–	–
Other assets	88	15	103	88	16	104	88	42	130	–	40	40
Total non-current assets	**10,707**	**1,250**	**11,957**	**9,056**	**1,157**	**10,213**	**7,092**	**170**	**7,262**	**4,773**	**52**	**4,825**
Current assets												
Trade- and other receivables	1,243	-15	1,228	1,582	-16	1,566	1,242	-42	1,200	1,003	3	1,006
Other financial assets	–	5,000	5,000	–	–		–	–		–	–	
Cash and cash equivalents	19,045	-5,000	14,045	24,698	–	24,698	32,398	–	32,398	38,092	–	38,092
Total current assets	**20,288**	**-15**	**20,273**	**26,280**	**-16**	**26,264**	**33,640**	**-42**	**33,597**	**39,095**	**3**	**39,097**
Total assets	**30,995**	**1,235**	**32,230**	**35,336**	**1,141**	**36,478**	**40,731**	**128**	**40,859**	**43,868**	**55**	**43,923**
EQUITY												
Share capital	103	–	103	103	–	103	103	–	103	103	–	103
Reserve for invested unrestricted equity	57,745	-1,757	55,988	57,582	-1,757	55,825	57,524	-1,757	55,766	55,451	-1,757	53,693
Translation differences	–	-31	-31	–	-114	-114	–	-224	-224	–	-28	-28
Accumulated losses	-34,569	1,993	-32,576	-28,399	1,882	-26,516	-22,282	2,058	-20,224	-17,706	1,879	-15,827
Total equity	**23,278**	**205**	**23,483**	**29,286**	**11**	**29,297**	**35,344**	**77**	**35,421**	**37,848**	**94**	**37,941**
LIABILITIES												
Non-current liabilities												
Loans from financial institutions	4,201	-693	3,508	2,185	–	2,185	2,516	–	2,516	2,690	–	2,690
Lease liabilities	–	740	740	–	829	829	–	–	–	–	–	–
Deferred tax liabilities	–	20	20	–	0	0	–	16	16	–	33	33
Other liabilities	–	606	606	–	–	–	–	–	–	–	–	–
Total non-current liabilities	**4,201**	**673**	**4,874**	**2,185**	**829**	**3,014**	**2,516**	**16**	**2,532**	**2,690**	**33**	**2,722**
Current liabilities												
Loans from financial institutions	505	–	505	505	–	505	379	–	379	205	–	205
Lease liabilities	–	209	209	–	196	196	–	–	–	–	–	–
Contract liabilities	–	1,178	1,178	–	1,147	1,147	–	666	666	–	488	488
Advances received	1,123	-1,055	68	1,041	-932	109	631	-607	24	513	-440	73
Trade payables and other liabilities	1,888	26	1,914	2,319	-109	2,211	1,861	-24	1,836	2,613	-119	2,494
Total current liabilities	**3,515**	**357**	**3,873**	**3,865**	**302**	**4,167**	**2,871**	**34**	**2,905**	**3,331**	**-72**	**3,259**
Total liabilities	**7,717**	**1,030**	**8,747**	**6,050**	**1,130**	**7,181**	**5,387**	**51**	**5,438**	**6,020**	**-39**	**5,981**
Total equity and liabilities	**30,995**	**1,235**	**32,230**	**35,336**	**1,141**	**36,478**	**40,731**	**128**	**40,859**	**43,868**	**55**	**43,923**

The effects of the IFRS transition

The effects of adopting the IFRS accounting principles with the most significant impact on Aiforia's income statement and balance sheet are described below.

Aiforia has applied the IFRS 1 standard *First-time Adoption of International Financial Reporting Standards* in the transition. In the transition to IFRS reporting standards, Aiforia used the FAS carrying amount of the loan in the opening IFRS balance sheet as required by IFRS 1 — First-time Adoption of International Financial Reporting Standards and did not adjust the benefit of receiving the loan from a public authority at below market rate to a government grant.

Adjustments related to deferred taxes were recognized from IFRS adjustments. Deferred tax assets are recognized from temporary differences only to the extent that it is probable that future taxable income will be available. Aiforia deducts deferred tax assets and liabilities from each other when they relate to the same tax recipient and Aiforia has the right to set them off.

Recognition of revenue (IFRS 15 Revenue from Contracts with Customers)

In FAS financial statements, license sales were evenly recognized as revenue over the contract period. In the IFRS transition, Aiforia's revenue was adjusted for licensing contracts that are installed in the customer's software environment. For these contracts, the sales income from licenses was adjusted and recognized in full at the beginning of the license contract period.

In FAS financial statements, the credits that enable the customer to use the computing capacity of the cloud service, i.e. time units of computing capacity, were recorded evenly during the contract period In IFRS financial statements, credit income was recognized based on use. Tailored service revenues were recognized in FAS financial statements based on invoices sent to the customer. In IFRS financial statements tailored service revenues were recognized after the work was completed.

Share-based payments (IFRS 2 Share-based Payments)

In FAS financial statements, option schemes are not recognized in the income statement. Under IFRS standards, options are measured at the fair value at the date of granting and recognized as an expense during the earnings period. Offsetting entries were recognized in equity, so the entries do not affect the total amount of equity.

Leases, Aiforia as a lessee (IFRS 16 Leases)

Aiforia's leases are mainly related to business premises. In FAS financial statements, Aiforia recognized rent payments as an expense for the financial year to which they relate.

In the IFRS transition, Aiforia has elected to use the exemption for leases that ended within 12 months of the date of transition to IFRS standards and treated those leases as if they were short-term leases. Aiforia also used the exemption for leases where the underlying asset has a low value and recognized the related rents as an expense evenly over the lease period.

In accordance with IFRS, a right-of-use asset and a lease liability will be recorded. Lease payments previously presented in other operating expenses are divided into amortization of lease liabilities and interest expense arising from lease liabilities. In addition, depreciation of right-of-use assets is recognized in profit or loss.

Development costs (IAS 38 Intangible Assets)

In FAS financial statements, the Group capitalized development costs such as external services and wages and salaries including social security costs. In FAS financial statements, the Group recognized employee benefits arising from development projects as an expense concerning holiday bonuses and bonuses. In the IFRS transition, these were adjusted as growth in development costs and a decrease in employee benefits. Share-based payments that were not recorded in the FAS financial statements were capitalized into development costs. In addition, holiday bonuses, bonuses and share-based payments that were capitalized in development costs were depreciated through profit or loss.

Listing costs (IFRS 9 Financial Instruments, IAS 32 Financial Instruments: Presentation)

In FAS financial statements, Aiforia recognized the listing costs related to the issuance of new shares as financial expenses. In the opening balance sheet of the IFRS transition on 1 January 2022, Aiforia transferred the listing expenses of new shares from accrued losses to a deduction in the reserve for invested unrestricted equity.

Translation differences (IAS 21 The Effects of Changes in Foreign Exchange Rates)

In FAS financial statements, the Group recognized exchange rate differences arising from the consolidation of a foreign subsidiary in the consolidated financial statements in retained earnings. In the IFRS transition, exchange rate differences were separated into an own item in the Group's equity increasing accumulated losses.

R&D loan (IFRS 9 Financial Instruments, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance)

In the financial year 2023, Aiforia has raised an R&D loan granted by the State Treasury. The interest rate on the loan is below the market rate. Under IFRS standards, the benefit of receiving a loan from a public authority at below 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 at the time of initial recognition as the difference between the amount drawn and the fair value of the loan.

Reclassifications

Changes in reclassifications do not affect the figures but are changes in presentation to align with IFRS financial statements. Reclassified items such as:

- Transfer of renovation expenditure of rented premises from intangible assets to tangible assets
- Transfer of grants received in advance from accrued expenses and deferred income to advances received
- Transfer of revenue recognized after invoicing from advances received to liabilities arising from customer contracts
- Transfer of exchange rate differences on sales from revenue to other operating income or other expenses
- Transfer of voluntary personnel costs from other operating expenses to employee benefits costs
- Transfer of a short-term bank deposit of less than 12 months from cash and cash equivalents to other financial assets

Summary of the impact of IFRS adoption on profit or loss

(EUR thousand)	1 Jan. - 30 June 2023	1 Jan. - 31 Dec. 2022	1. July - 31 Dec. 2022	1 Jan. - 30 June 2022
Profit for the period FAS	**-6,254**	**-10,607**	**-6,227**	-4,380
IFRS adjustments:				
Recognition of revenue	51	-156	-72	-84
Share-based payments	-473	-1,466	-1,055	-411
Leases	18	-112	-112	–
Development costs	130	185	117	68
Translation differences	83	-86	110	-196
R&D loan	-5	–	–	–
Total adjustments	**-196**	**-1,635**	**-1,011**	**-624**
Comprehensive income for the financial year IFRS	**-6,449**	**-12,242**	**-7,238**	**-5,004**

Summary of the impact of the introduction of IFRS on equity

(EUR thousand)	30 June 2023	31 Dec. 2022	30 June 2022	1 Jan. 2022
Equity FAS	**23,278**	**29,286**	**35,344**	37,848
IFRS adjustments:				
Recognition of revenue	-55	-106	-34	50
Share-based payments	–	–	–	–
Leases	-94	-112	–	–
Development costs	359	229	111	44
Translation differences	–	–	–	–
R&D loan	-5	–	–	–
Total adjustments	**205**	**11**	**77**	**94**
Equity IFRS	**23,483**	**29,297**	**35,421**	**37,941**