

Aiforia Technologies Plc

(previously Aiforia Technologies Oy)

Set of Consolidated financial statements as at and for the financial
years ended

31 Dec. 2020, 31 Dec. 2019 and 31 Dec. 2018

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Consolidated income statement

(EUR thousand)	1 Jan. 2020 - 31 Dec. 2020	1 Jan. 2019 - 31 Dec. 2019	1 Jan. 2018 - 31 Dec. 2018
Revenue	849	639	272
Other operating income	1,520	280	267
Materials and services			
Materials and consumables			
Purchases during the financial year			-29
External services	-259	-367	-139
Total materials and services	-259	-367	-168
Personnel expenses			
Wages and salaries	-1,434	-878	-585
Social security expenses			
Pension expenses	-158	-101	-97
Other social security expenses	-88	-62	-21
Total personnel expenses	-1,680	-1,041	-703
Depreciation, amortisation and impairment losses			
Depreciation according to plan	-998	-882	-582
Impairment losses on non-current assets	-24		
Total depreciation, amortisation and impairment losses	-1,022	-882	-582
Other operating expenses	-2,041	-1,651	-1,166
Operating loss	-2,632	-3,022	-2,080
Financial income and expenses			
Other interest income and other financial income	6		3
Interest and other financial expenses	-131	-31	-32
Total financial income and expenses	-124	-30	-29
Loss before appropriations and taxes	-2,756	-3,053	-2,109
Loss for the financial year	-2,756	-3,053	-2,109

Consolidated balance sheet

(EUR thousand)	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018
ASSETS			
Non-current assets			
Intangible assets			
Development expenses	2,216	2,399	1,698
Tangible assets			
Machinery and equipment	6	7	5
Other tangible assets		22	27
Total tangible assets	6	29	32
Total non-current assets	2,222	2,428	1,730
Current assets			
Current receivables			
Trade receivables	263	122	9
Other receivables	114	144	95
Prepaid expenses and accrued income	757	28	19
Total current receivables	1,134	294	124
Cash and cash equivalents	1,912	1,515	3,727
Total current assets	3,046	1,810	3,850
Total assets	5,268	4,238	5,580

	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018
EQUITY AND LIABILITIES			
EQUITY			
Share capital	103	103	103
Reserve for invested unrestricted equity	10,790	7,788	7,788
Retained earnings (losses)	-7,251	-4,297	-2,188
Loss for the financial year	-2,756	-3,053	-2,109
Total equity	886	541	3,593
Liabilities			
Non-current liabilities			
Loans from financial institutions	2,706	2,206	1,119
Total non-current liabilities	2,706	2,206	1,119
Current liabilities			
Loans from financial institutions	500		205
Advances received	298	125	76
Trade payables	395	426	347
Other current liabilities	34	36	22
Accruals and deferred income	448	903	217
Total current liabilities	1,675	1,491	868
Total liabilities	4,382	3,697	1,987
Total equity and liabilities	5,268	4,238	5,580

Consolidated statement of cash flows

(EUR thousand)	1 Jan. 2020 - 31 Dec. 2020	1 Jan. 2019 - 31 Dec. 2019	1 Jan. 2018 - 31 Dec. 2018
Cash flow from operating activities			
Loss before appropriations and taxes	-2,756	-3,053	-2,109
Adjustments for:			
Depreciation, amortisation and impairment losses	1,022	882	582
Other non-cash items	-67	-280	-267
Financial income and expenses	124	30	29
Operating profit before working capital changes	-1,677	-2,421	-1,765
Changes in working capital			
Increase(-) or decrease(+) of current interest-free receivables	-840	-171	6
Increase(-) or decrease(+) of current interest-free liabilities	-324	118	331
Cash flow from operating activities before financial items and taxes	-2,841	-2,474	-1,428
Interest paid and payments from other operating financial expenses	-25	-21	-31
Cash flow from operating activities (A)	-2,866	-2,495	-1,459
Cash flow from investing activities			
Investments in tangible and intangible assets	-816	-1,580	-1,158
Grants received for investments	67	987	267
Cash flow from investing activities (B)	-749	-593	-891
Cash flow from financing activities			
Proceeds from share issue	3,003		
Loans from financial institutions increase (+)/decrease (-)	1,000	882	378
Cash flow from financing activities (C)	4,003	882	378
Net increase (+)/(-) decrease in cash and cash equivalents (A+B+C)	388	-2,205	-1,972
Effects of changes in foreign exchange rates	9	-6	
Cash and cash equivalents at the beginning of the financial year	1,515	3,727	5,699
Cash and cash equivalents at the end of the financial year	1,912	1,515	3,727

Notes to the consolidated financial statements

Accounting policies for the consolidated financial statements

Aiforia Technologies Oyj is a software Company established in 2013, which specializes in the development and sale of AI-powered cloud-based image analysis solutions for medical use, particularly for digital pathology. The Company is registered in the Trade register under business ID 2534910-2. Aiforia Technologies Oyj established its subsidiary Aiforia Inc and it became a Group in 2018. Aiforia Inc is headquartered in Cambridge, MA, US.

Aiforia's business model is based both on the sales of Aiforia Create for preclinical research and the sales of Aiforia Clinical for clinical diagnostics. Aiforia Create is mainly offered to pharmaceutical companies and customers carrying out academic research for supporting their research activities. In turn, the Aiforia Clinical software is offered to players in clinical diagnostics, such as healthcare companies, laboratories and hospitals. Aiforia's image analysis software utilising AI models is designed to assist experts in image analysis tasks and enable the automation of screening studies and certain recurring and time-consuming tasks.

This set of consolidated financial statements comprising the consolidated financial statements for the financial years ending 31 December 2020, 31 December 2019 and 31 December 2018 have been prepared solely for the purpose of inclusion in the Offering Circular in connection with the offering of Aiforia Technologies Plc's shares to the public and to apply to list the shares on the First North Growth Market Finland multilateral marketplace maintained by Nasdaq Helsinki, and these consolidated financial statements cannot be used for any other purpose. This set of consolidated financial statements are not the statutory financial statements of the Company, and they have not been approved by the general meeting of the Company. As the consolidated financial statements are not considered as the statutory financial statements, they do not include the Board of Directors report or the financial statements of the parent Company.

These are the consolidated financial statements of Aiforia Technologies Oyj ("the Company") and its subsidiary (together "the Group" or "Aiforia"). These consolidated financial statements include the consolidated balance sheet, the consolidated income statement and the consolidated statement of cash flows as well as the notes for the reporting years ended on 31 December 2020, 31 December 2019 and 31 December 2018.

The consolidated financial statements have been prepared in accordance with the Finnish accounting legislation. The consolidated financial statements are presented in thousands of euros. Aiforia Technologies Oyj and its wholly owned subsidiary, which is domiciled in Cambridge, MA, USA, have been consolidated in the Group. The consolidated financial statements have been prepared as per the acquisition method. Intragroup transactions, internal receivables and internal liabilities have been eliminated.

The income statements of the foreign legal entity have been converted into euros using the average exchange rate for the financial period. The balance sheet items have been converted into euros using the Bank of Finland's exchange rate as of the balance sheet date. The conversion differences of the equity are presented in the equity item retained earnings (losses).

Going concern

Aiforia Technologies Plc was established in 2013 and the Company is still in a growth phase. The Group's business is not yet profitable. The Group's loss for the period and accumulated losses from previous financial years are totaling EUR - 10 million. The Company has financed its activities through equity financing such as equity issues and research and product development loans and grants.

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

After the latest financial year ending on 31 December 2020, in May 2021, the Company completed a B financing round and raised EUR 12.6 million in new equity financing from investors. In the share issue, there were 65,824 new D-series shares issued. The Company gained four new shareholders through the financing round. In August 2021, the Company directed, in accordance with the agreement of the share issue for investors in the B funding round held in May 2021, and raised EUR 4.9 million in new equity financing from investors. In the share issue, there were 25,640 new D-series shares issued.

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

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

Significant events during the period

Financial Year January 1, 2020 – December 31, 2020

- In the financial year, the Company commenced the development of disease-specific AI models for the diagnosis of the most common cancers.
- A patent relating to interactive machine learning was granted to Aiforia in the United States, and Aiforia entered into a co-operation agreement with the pharmaceutical company Bristol Myers Squibb.
- Two equity financing investments of EUR 3 million were made in the Company, with which 43,717 new series C shares of the Company were subscribed.
- A total of 2,700 new series A shares of the Company were subscribed based on the 2016 A and 2020 II stock option programs.
- A bridge financing loan of EUR 500 thousand was drawn from Finnvera against an EU grant. In addition, a loan related to Business Finland's NIY program was raised in the amount of EUR 321 thousand and a product development loan in the amount of EUR 179 thousand.
- Kaisa Helminen has served as CEO of the Company in the financial year until June 30, 2020 and Jukka Tapaninen starting from 1 July 2020.

Financial Year January 1, 2019 – December 31, 2019

- Aiforia launched its first CE-IVD-marked product Aiforia Clinical, which is meant for visual diagnostics of digitised tissue.
- Aiforia Inc's started its active operations and it also gained significant new customers in the drug development and research sectors.
- The Company secured a EUR 2.1 million grant from EU Horizon 2020 program for a two-year project, of which the Company received EUR 923 thousand during the financial year. This H2020 project aims to develop the Aiforia Clinical platform further, including developing, piloting and validating disease-specific AI models.
- The Company raised a product development loan of EUR 642 thousand. In addition the total grant funding from Business Finland's Young Innovative Enterprises program was EUR 64 thousand and the loan from the same program was EUR 241 thousand.

Financial Year January 1, 2018 – December 31, 2018

- The Company announced Aiforia Create, which allows pathologists, researchers and other experts to create artificial intelligence algorithms based on deep neural networks, especially related to the classification of images from tissue sections, but also for other 2D images.
- The Company established a subsidiary in the US.
- ISO 13485 certificate was awarded to the Company's quality management system.
- The first academic research pertaining to Aiforia's deep-learning-based AI software was published in the European Journal of Neuroscience.
- The Company raised a product development loan of EUR 378 thousand.
- The Company received a EUR 267 thousand grant funding from Business Finland's Young Innovative Enterprises program

Significant events after the balance sheet date

- On 4 February 2021 the Company announced that it is involved in a project funded by the EU H2020 program coordinated by the University of Helsinki, which aims to develop new, artificial intelligence-assisted solutions for the diagnosis of ovarian cancer. The Company has been granted a total of EUR 400 thousand in grant funding for this five-year project, of which EUR 140 thousand has been paid at the beginning of 2021.
- On 26 February 2021 the Company's shares were decided to be included in the book entry-system.
- The Company announced on 15 March 2021 that Swedbank AB has been appointed the Company's lead financial advisor to explore different financing options, including the possibility for an Initial Public Offering (IPO) by listing the Company's shares on Nasdaq Helsinki First North.
- On 31 March 2021 the Company received the second tranche of the EU H2020 grant funding granted in 2019, of EUR 820 thousand.
- The shareholders decided unanimously to amend the articles of associations such that the Company's shares are divided into series A, series B, series C and series D shares. One share carries one vote regardless of its series.
- In May 2021, the Company completed a B financing round and raised EUR 12.6 million in new equity financing from investors. In the share issue, there were 65,824 new D-series shares issued. The Company gained four new shareholders through the financing round.

- In May 2021, Aiforia entered into a global distribution agreement with the EpreDia Group for Aiforia's artificial intelligence-based image analysis software. EpreDia is a forerunner provider of pathology solutions with global operations in the United States, United Kingdom, Germany, Switzerland and China
- The shareholders decided unanimously on 14 May 2021 to authorise the Board of Directors to decide on the share issue. The authorisation has been amended on 20 September 2021 by the shareholders' resolution. For more information, see "Authorisations".
- The annual general meeting decided on 29 June 2021 to authorise the Board of Directors to decide on issuing other special rights entitling to subscribe for the shares. The authorisation has been amended on 20 September 2021 by the shareholders' resolution. For more information, see "Authorisations".
- In August 2021, the Company directed, in accordance with the agreement of the share issue for investors in the B funding round held in May 2021, and raised EUR 4.9 million in new equity financing from investors. In the share issue, there were 25,640 new D-series shares issued by the Company.
- In September 2021, the Company raised an additional loan tranche of EUR 189 thousand in connection with Business Finland's Young Innovative Company programme.
- On 20 September 2021, shareholders of Aiforia decided on a share issue without consideration in which new shares were issued to shareholders in proportion to their holding, so that 49 new series A shares were issued for each existing share of series A, 49 new series B shares were issued for each existing series B share, 49 new series C shares were issued for each existing series C share and 49 new series D shares were issued for each existing series D share.
- The shareholders resolved unanimously on 20 September 2021 to authorise the Board of Directors of Aiforia to decide on the share issue. For more information, see "Authorisations".
- The Board of Directors resolved on 29 January 2021, 2 June 2021 and 21 September 2021 to arrange the option programs 2021I-IV authorised by the general meeting. For more information, see "Shares and voting rights that can be issued based on the stock options".
- In October 2021, Aiforia's Board of Directors noted that share subscriptions have been made based on option rights and resolved on the registration of a total of 249,150 new series A shares of the Company. Total subscription price of the new A shares was EUR 159 thousand.
- On 5 November 2021 the Company issued the ITF-release. Gross proceeds from the contemplated IPO are expected to be at least approximately EUR 30 million. Swedbank AB and UB Securities Ltd are acting as the joint global coordinators and joint bookrunners in connection with the contemplated IPO.
- Aiforia has signed a master agreement with the US based Mayo Clinic in November 2021. The master agreement encompasses the sale of software solutions intended for both preclinical research and clinical diagnostics to Mayo Clinic.

Measurement and accrual principles

Applied measurement and accrual principles and methods

The consolidated financial statements have been prepared in compliance with the measurement and accrual presumption principles and methods set in the Accounting Decree chapter 2, section 2a apart from the exceptions below:

Development expenses

The Company records research costs, such as acquiring new information and searching for product and process alternatives, on an accrual basis, i.e. at the time the costs are incurred. The Company capitalises development expenses in the balance sheet as intangible assets if they are expected to generate income over the next several financial years. The Company classifies development expenses as an intangible asset if the development of an asset is technically feasible in such a way that: when the asset is available for use or sale, the Company has the ability, intention and resources to complete the asset and use it or sell it, the Company estimates the asset is likely to have future economic benefits which can be validated, and the Company is able to reliably determine the expenses of that asset during its development phase.

When presenting distributable funds, the balance of development expenses capitalised in the balance sheet is deducted from unrestricted equity.

Capitalised development expenses in the balance sheet are subject to uncertainties. It is possible that as conditions change, the expected return on development projects will change and the value of capitalised development expenses may decrease if the expected economic benefits change. If the expected return on the intangible asset is less than the sum of the development expenses recognised in the balance sheet, the value of the capitalised development expenses is adjusted for impairment to reflect the expected return on the intangible asset.

Measurement principles for receivables, financial assets and liabilities

Receivables are measured at nominal value or at probable fair value if it is lower than the nominal value. Securities included in the financial assets and other such financial assets are measured at acquisition cost value or the fair value if it is lower than the acquisition cost value. Debts are measured at nominal value.

Rate differences in accounts receivable are treated as adjustment items for revenue, rate differences in trade payables are treated as an adjustment for expenses in the income statement or an adjustment for expenses capitalized on the balance sheet. Rate differences in financial items are treated as financial income or expenses.

Notes to the income statement

Revenue recognition principles

Aiforia's revenue is derived from the sales of SaaS licenses and additional services related to them, as well as from the sales of On-Demand based services. The sales of licences and

maintenance are recognised as revenue monthly over the contract period. The sales of credits related to the cloud computing capacity are recognised as revenue at the time of invoicing. On-Demand based services are recognized at the time the invoice is sent to the customer, unless otherwise agreed in the customer agreement.

Revenue recognition principles for grants received

Grants awarded are recognised as other operating income to the extent that the grant project's eligible costs are incurred in accordance with the grant decision and conditions. In the recognition of grants also any self-financing contribution related to grants is taken into account. The return liability related to the grants is presented in the notes on guarantees, commitments and off-balance-sheet arrangements.

Basis of depreciation and amortisation according to plan and changes

The value of non-current assets is recognised in the balance sheet at their direct acquisition cost deducted with depreciations and amortisations according to plan.

Depreciation and amortisation periods are:

Development expenses	Straight line amortisation	5 years
Machinery and equipment	Straight line depreciation	3 years
Other tangible assets	Straight line depreciation	10 years

Capitalisation of development expenses

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

(EUR thousand)	1 Jan. 2020 - 31 Dec. 2020	1 Jan. 2019 - 31 Dec. 2019	1 Jan. 2018 - 31 Dec. 2018
<u>Personnel expenses</u>			
Wages and salaries	-1,603	-1,245	-778
Pension expenses	-193	-171	-138
Other social security expenses	-88	-62	-21
Capitalisation of development expenses	205	436	233
Total personnel expenses	-1,680	-1,041	-703
<u>Other operating expenses</u>	-2,648	-2,790	-2,089
Capitalisation of development expenses	607	1,139	924
Total other operating expenses	-2,041	-1,651	-1,166
Total capitalisation of development expenses	812	1,575	1,156

Notes to the assets in the balance sheet

Changes in non-current assets

(EUR thousand)	1 Jan. 2020 - 31 Dec. 2020	1 Jan. 2019 - 31 Dec. 2019	1 Jan. 2018 - 31 Dec. 2018
<u>Development expenses</u>			
Cost at 1 January	4,432	2,857	1,701
Additions	812	1,575	1,156
Cost at 31 December	5,244	4,432	2,857
Accumulated amortisation and impairment losses at 1 January	-2,033	-1,159	-584
Amortisation and impairment losses	-995	-874	-575
Accumulated amortisation and impairment losses at 31 December	-3,028	-2,033	-1,159
Cost at 31 December	5,244	4,432	2,857
Accumulated amortisation and impairment losses at 31 December	-3,028	-2,033	-1,159
Book value at 31 December	2,216	2,399	1,698
<u>Machinery and equipment</u>			
Cost at 1 January	20	15	14
Additions	4	5	1
Cost at 31 December	23	20	15
Accumulated depreciation and impairment losses at 1 January	-13	-10	-9
Depreciation and impairment losses	-5	-2	-1
Accumulated depreciation and impairment losses at 31 December	-18	-13	-10
Cost at 31 December	23	20	15
Accumulated depreciation and impairment losses at 31 December	-18	-13	-10
Book value at 31 December	6	7	5
<u>Other tangible assets</u>			
Cost at 1 January	102	102	102
Additions			
Cost at 31 December	102	102	102
Accumulated depreciation and impairment losses at 1 January	-80	-75	-69
Depreciation and impairment losses	-22	-5	-5
Accumulated depreciation and impairment losses at 31 December	-102	-80	-75
Cost at 31 December	102	102	102
Accumulated depreciation and impairment losses at 31 December	-102	-80	-75
Book value at 31 December	-	22	27

Depreciation and amortisation of non-current assets

(EUR thousand)	1 Jan. 2020 - 31 Dec. 2020	1 Jan. 2019 - 31 Dec. 2019	1 Jan. 2018 - 31 Dec. 2018
Development expenses	-995	-874	-575
Machinery and equipment	-3	-2	-1
Other tangible assets		-5	-5
Total depreciation and amortisation	-998	-882	-582

Prepaid expenses and accrued income

(EUR thousand)	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018
EU grant	746		
Prepaid items	11	28	19
Total	757	28	19

Notes to equity and liabilities in the balance sheet

Equity breakdown

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

(EUR thousand)	Share capital	Reserve for invested unrestricted equity	Retained earnings	Total equity
Equity at 1 January 2019	103	7,788	-4,297	3,593
Translation difference and average exchange rate difference				
Loss for the financial year			-3,053	-3,053
Equity at 31 December 2019	103	7,788	-7,349	541

(EUR thousand)	Share capital	Reserve for invested unrestricted equity	Retained earnings	Total equity
Equity at 1 January 2018	103	7,788	-2,185	5,705
Translation difference and average exchange rate difference			-2	-2
Loss for the financial year			-2,109	-2,109
Equity at 31 December 2019	103	7,788	-4,297	3,593

Distributable non-restricted equity statement of the parent Company

(EUR thousand)	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018
Retained earnings	-6,745	-4,221	-2,185
Loss for the financial year	-2,068	-2,524	-2,036
Reserve for invested unrestricted equity	10,790	7,788	7,788
Capitalised development expenditure	-2,216	-2,399	-1,698
Total	-239	-1,357	1,868

Non-current liabilities due after more than five years

(EUR thousand)	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018
Loans from financial institutions	912	682	503

The Company has entered into four loan agreements with the State Treasury, with the outstanding loan amount of the debt as of December 31, 2020 of EUR 2,706 thousand. The last repayment dates of the loans are from 2022 to 2029.

Accruals and deferred income

(EUR thousand)	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018
Staff expenses (accrual)	329	156	212
EU grant		707	
Lease costs	53	17	
Interest	9	3	3
Income taxes			
Other accruals and deferred income	57	21	2
Total	448	903	217

Notes to income taxes

Deferred tax assets not recognised in the balance sheet

(EUR thousand)	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018
Losses,	9,712	7,188	4,289
of which are deferred tax assets	1,953	1,443	858

Guarantees, commitments and off-balance sheet arrangements

(EUR thousand)	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018
Lease commitments			
Payable during the following financial year	29	21	20
Other commitments			
EU H2020 grant, unaudited	923	923	
NIY grant, unaudited			267

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

Auditor's fees

(EUR thousand)	1 Jan. 2020 - 31 Dec. 2020	1 Jan. 2019 - 31 Dec. 2019	1 Jan. 2018 - 31 Dec. 2018
Statutory audit	14	9	5
Other actions referred to in section 1, subsection 1, paragraph 2 of Auditing Act	7	8	
Tax advisory	77		4
Other services	2		
Total	100	17	9

Related party transactions

The Group's related parties include the CEO, the Board of Directors and the Management Team as well as their family members and companies under their control. In addition, related parties include the Company's shareholders, which are deemed to have significant influence over the Company.

During the periods covered by the consolidated financial statements, Aiforia has had only one related party transaction when, during the financial period ended 31 December 2019, services had been sold to a controlling entity of a related party for EUR 3 thousand.

Holdings of shares by related parties at 31 December 2020, at 31 December 2019 and at 31 December 2018 were as follows*:

	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018
CEO	8,966	2,000	2,000
Other Management team	2,214		
Board of Directors	55,783	59,351	59,351
Other related parties	103,166	81,113	81,113
Total	170,129	142,464	142,464

*The share issue without consideration (split) resolved on 20 September 2021 has not been considered in the above share amounts.

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

Notes concerning employees and members of administrative bodies

Number of employees

	1 Jan. 2020 - 31 Dec. 2020	1 Jan. 2019 - 31 Dec. 2019	1 Jan. 2018 - 31 Dec. 2018
Average number of personnel during the financial year	26	22	16

Management remuneration

(EUR thousand)	1 Jan. 2020 - 31 Dec. 2020	1 Jan. 2019 - 31 Dec. 2019	1 Jan. 2018 - 31 Dec. 2018
CEO			
Wages and salaries	149*	101	101
Pension expenses	24	19	19
Social security expenses	4	3	4
Total	177	123	124
Other members of the Management Team			
Wages and salaries	239	175	174
Pension expenses	39	32	33
Social security expenses	6	5	7
Total	284	212	214

*The CEO of the Company has changed on 1 July 2020.

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

Stock options have been granted to the management during the financial years 2018-2020 as follows*:

	Stock option program	1 Jan. 2020 - 31 Dec. 2020	1 Jan. 2019 - 31 Dec. 2019	1 Jan. 2018 - 31 Dec. 2018
CEO	2020 I	1,500		
CEO	2020 II	3,016		
Management Team	2020 I	1,000		
Board of Directors	2018 I			5,000
Total		5,516		5,000

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

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

Notes required by the limited liability companies act

Distribution of funds and processing of the result

The annual general meeting decided that the parent Company's loss for 2020 of EUR -2 068 thousand is recognised in the account for retained earnings (losses). There are no dividend distributions.

Information on shares

In the consolidated financial statements as of and for the year ended 31 December 2020, the Company's share capital is EUR 103 thousand and the capital stock consists of 271 174 registered shares, which have no nominal value. All shares have the same voting rights and rights to dividends. Series B and series C shares are preferred under certain conditions. The holders of series B and series C shares shall have the right at any time to require that these shares can be converted into series A shares in a ratio of 1:1.

The Company's share capital is broken down as follows*:

	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018
A-shares	102,734	102,734	102,734
B-shares	80,999	80,999	80,999
C-shares	87,441	72,868	72,868
Total	271,174**	256,601	256,601

* The share issue without consideration (split) resolved on 20 September 2021 has not been considered in the above share amounts.

**As of 31 December 2020, the Company had unregistered shares for a total amount of 31,844, which have registered on 5 January 2021 and the number of shares were A shares 105,434, B shares 80,999 and C shares 116,585 after the registration.

Share issues

The shareholders decided unanimously on 12 February 2020 on a directed share issue, in which a total of 14,573 new series C shares were offered at a subscription price of EUR 68.62 per share. The total subscription price of EUR 1 million was added to the reserve for invested non-restricted equity.

The shareholders decided unanimously on 15 June 2020 on a directed share issue, in which a total of 700 new series A shares were offered at a subscription price of EUR 1.00 per share based on the options. The total subscription price of EUR 0.7 thousand was added to the reserve for invested non-restricted equity.

The Board of Directors authorised by the shareholders decided on 15 June 2020 on a share issue to the present shareholders, in which a total of 29,144 new series C shares were offered at a subscription price of EUR 68.62 per share. The total subscription price of EUR 2 million was added to the reserve for invested non-restricted equity.

The Board of Directors authorised by the shareholders decided on 23 September 2020 to a directed share issue, in which a total of 2,000 new series A shares were offered at a subscription price of EUR 1.00 per share based on the options. The total subscription price of EUR 2 thousand was added to the reserve for invested non-restricted equity.

Shares and voting rights that can be issued based on the stock options

In connection with resolving on the share split, the Company's shareholders have on 20 September 2021 resolved to amend the terms and conditions of all existing option programs of the Company as follows:

- After the amendment, 1 option right entitles an option holder to subscribe to 50 new series A shares in the Company or series A shares in the possession of the Company.
- After the combination of the share series, option rights entitle an option holder to the shares of the sole share series in Aiforia.
- The subscription prices of a share are EUR 0.02 for programs 2016 A and B after the share split. In the other options programs, the subscription price of the share is EUR 1.3724.

Options issued before 20 September, 2021*

- Option program 2016 A: Based on the authorisation the Board of Directors received from the Company's annual general meeting of shareholders on 28 April 2015, the Board of Directors of Aiforia has decided on 19 February 2016 to issue option rights entitling an option holder to subscribe to a total of up to 11,900 series A shares of the Company without consideration to certain key individuals of the Company. The issue price of a share is EUR 1. The recipient of stock options has the right to use the stock options until 31 December 2025.
- Option program 2016 B: Based on the authorisation the Board of Directors received from the Company's annual general meeting of shareholders on 28 April 2015, the Board of Directors of Aiforia has decided on 9 May 2016 to issue option rights entitling an option holder to subscribe to a total of up to 2,000 series A shares of the Company without consideration to the Chief Technology Officer of the Company. The issue price of a share is EUR 1. The recipient of stock options has the right to use the stock options until 31 December 2025.
- Option program 2018 I: Based on the authorisation the Board of Directors received from the unanimous resolution of the Company's shareholders on 22 November 2017, the Board of Directors of Aiforia has decided on 2 October 2018 to issue option rights entitling an option holder to subscribe to a total of up to 8,000 series A shares of the Company without consideration to certain key individuals of the Company. The issue price of a share is EUR 68.62. The recipient of stock options has the right to use the stock options until 31 December 2025.

- Option program 2019 I: Based on the authorisation the Board of Directors received from the unanimous resolution of the Company's shareholders on 22 November 2017, the Board of Directors of Aiforia has decided on 27 September 2019 to issue option rights entitling an option holder to subscribe to a total of up to 1,500 series A shares of the Company without consideration to certain key individuals of the Company. The issue price of a share is EUR 68.62. The recipient of stock options has the right to use the stock options until 31 December 2025.
- Option program 2020 I: Based on the authorisations given by the Company's shareholders from the unanimous resolution on 22 November 2017 and the Company's annual general meeting on 3 May 2018 the Board of Directors of Aiforia has decided on 30 March 2020 to issue option rights entitling an option holder to subscribe to a total of up to 7,052 series A shares of the Company without consideration to certain key individuals of the Company. The issue price of a share is EUR 68.62. The recipient of stock options has the right to use the stock options until 31 December 2025.
- Option program 2020 II: Based on the authorisation the Board of Directors received from the Company's annual general meeting of shareholders on 3 May 2018, the Board of Directors of Aiforia has decided on 20 August 2020 to issue option rights entitling an option holder to subscribe to a total of up to 3,016 series A shares of the Company without consideration to the CEO of the Company. The issue price of the first round is EUR 1.00 for the first 2,000 shares. The issue price of the second round is EUR 68.62 for the remaining 1,016 shares. The recipient of stock options has the right to use the stock options until 31 December 2025.
- Option program 2021 I and II: Based on the authorisations the Board of Directors received from Company's annual general meetings on 3 May 2018 and on 25 April 2019, the Board of Directors of Aiforia has decided on 29 January 2021 to issue option rights entitling an option holder to subscribe to a total of up to 6,350 series A shares of the Company without consideration to certain key individuals of the Company. The issue price of a share is EUR 68.62. The recipient of stock options has the right to use the stock options until 31 December 2025.
- Option program 2021 III and IV: Based on the authorisations the Board of Directors received from Company's annual general meetings on 25 April 2019 and on 27 May 2020, the Board of Directors of Aiforia has decided on 2 June 2021 to issue option rights entitling an option holder to subscribe to a total of up to 5,316 series A shares of the Company without consideration to certain key individuals of the Company. The issue price of a share is EUR 68.62. The recipient of stock options has the right to use the stock options until 31 December 2025.

*Changes made in connection with the share split, which resolved on 20 September 2021, have not been considered in the share amounts and in the subscription prices.

Options issued after 20 September, 2021

- Option program 2021 III and V: Based on the authorisation the Board of Directors received from the Company's annual general meetings on 27 May 2020 and on 29 June 2021, the Board of Directors of Aiforia has decided on 21 September 2021 to issue option rights entitling an option holder to subscribe to a total of up to 603,200 series A shares of the Company without consideration to the CEO of the Company. The issue price of a share is EUR 1.3724. The recipient of stock options has the right to use the stock options until 21 September 2026.

In September 2021 a total of 249,150 new series A shares have been subscribed for based on the Company's option rights programs 2016 A, 2016 B, 2018 I, 2020 I, 2021 I and 2021 IV.

Authorisations

The annual general meeting decided on 25 April 2019 to authorise the Board of Directors to decide on the share issue. Up to 150,000 new series C shares can be issued based on the authorisation. The authorisation does not repeal previous authorisations. The authorisation is valid for five years.

The annual general meeting decided on 25 April 2019 to authorise the Board of Directors to decide on issuing other special rights related to the shares. Up to 10,000 new series A shares can be issued based on the authorisation. The authorisation does not repeal previous authorisations.

The annual general meeting decided on 27 May 2020 to authorise the Board of Directors to decide on issuing other special rights related to the shares. Up to 10,000 new series A shares can be issued based on the authorisation. The authorisation does not repeal previous authorisations.

The shareholders decided unanimously on 15 June 2020 to authorise the Board of Directors to decide on the share issue. Up to 30,452 new series A shares can be issued based on the authorisation. The authorisation does not repeal previous authorisations.

The annual general meeting decided on 29 June 2021 to authorise the Board of Directors to decide on issuing other special rights related to the shares. Up to 15,000 new series A shares can be issued based on authorisation. The authorisation does not repeal previous authorisations.

Valid authorisations

The shareholders decided unanimously on 14 May 2021 to authorise the Board of Directors to decide on the share issue. Up to 65,824 new series A shares can be issued based on the authorisation. The authorisation does not repeal previous authorisations. The authorisation has been amended in connection with the Company's shareholders' resolution of 20 September 2021 on the share split so that based on the authorisation, a maximum of 2,009,200 series D shares can be issued at a subscription price of EUR 3.83 per share.

Aiforia's shareholders resolved unanimously on 20 September 2021 to authorise the Board of Directors of Aiforia to resolve on an issuance of up to 10,000,000 new Shares in order to carry out the offering in connection with the listing to the First North Growth Market Finland marketplace. Shares to be issued may be of the sole series of shares of the Company after the Company's share series have been combined in accordance with the decision of the annual general meeting held on 29 June 2021, conditional on the Board's decision to implement the combination of the share series. The authorisation is valid until 31 December 2021. The authorisation does not invalidate any earlier authorisations entitling the Board of Directors to decide on issues of shares of special rights entitling to shares.

The shareholders resolved unanimously on 20 September 2021 to amend the authorisations of the Board of Directors to decide on issuing other special rights related to the shares granted by the annual general meetings of the Company held on June 2021. A maximum of 750,000 series A shares of the Company can be issued under the authorisation.

Signatures

In Helsinki, November 2021

Pekka Mattila
Managing Director

Johan Lundin
Board member

Monita Au Kin Lai
Board member

John Sweeney
Board member

John Wellbank
Board member

Jukka Tapaninen
CEO



Auditor's Report (Translation of the Finnish Original)

To the Board of Directors of Aiforia Technologies Oyj

Audit of the Set of Consolidated Financial Statements

Opinion

In our opinion, each of the consolidated financial statements included in the Set of consolidated financial statements give a true and fair view of the group'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 Set of consolidated financial statements of Aiforia Technologies Oyj (business identity code 2534910-2) comprising consolidated financial statements for the financial years ended 31 December 2020, 31 December 2019 and 31 December 2018 ("Set of consolidated financial statements"). Each consolidated financial statements comprise the consolidated balance sheet, consolidated profit and loss statement, consolidated cashflow statement and notes.

The Set of consolidated financial statements has been prepared solely for the purpose of inclusion in the Offering Circular prepared in accordance with the prospectus regulation (EU) 2017/1129 and the commission delegated regulation (EC) 2019/980 (the "Offering Circular"). The Offering Circular has been prepared in connection with the initial public offering of Aiforia Technologies Plc, a limited liability company incorporated in Finland ("Aiforia" or the "Company"). Aiforia has prepared the Offering Circular in order to offer the Company's shares to the public and to apply for listing of the shares on the First North Growth Market Finland multilateral marketplace maintained by Nasdaq Helsinki.

This auditor's report has been prepared only for the purpose of including it in the Offering Circular mentioned above.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA). Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated 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 Consolidated Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of each consolidated financial statements included in the Set of consolidated financial statements that give a true and fair view in



accordance with the laws and regulations governing the preparation of financial statements in Finland. 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether each consolidated financial statements included in the Set of consolidated 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 the ISA 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 the consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events so that the consolidated financial statements give a true and fair view.



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.

Helsinki 26 November 2021

PricewaterhouseCoopers Oy
Authorised Public Accountants

Martin Grandell
Authorised Public Accountant (KHT)