

# **Aiforia Technologies Plc**

## Half-Year Report

January-June 2023

# Aiforia's Half-Year Financial Report January–June 2023: Key openings in the clinical diagnostics market – strong growth in the order book

Unless otherwise indicated, figures in brackets refer to the corresponding period in 2022.

## January–June 2023

- Group revenue increased by 25% to EUR 920 (733) thousand.
- EBITDA was EUR -4,749 (-3,510) thousand.
- Operating result (EBIT) was EUR -6,182 (-4,389) thousand.
- Profit for the review period was EUR -6,254 (-4,380) thousand.
- The Group's net debt at the end of the period was EUR -14,339 (-29,503) thousand.
- Cash and cash equivalents at the end of the period amounted to EUR 19,045 (32,398) thousand.
- The order book at the end of the period was EUR 2,357 (751) thousand.
- Unadjusted earnings per share (EPS) were EUR -0.24 (-0.17).
- Aiforia was chosen as the AI solutions provider for the PathLAKE Plus consortium, comprising 25 NHS hospitals in the UK. The contract award was solidified when the first NHS Trust signed a contract for the adoption of an AI model in clinical diagnostics.
- Aiforia received a funding decision of EUR 7.3 million from Business Finland to accelerate the development of AI-assisted software solutions for clinical pathology and drug development.
- The Veneto Region Health Authority in Italy selected Aiforia as a partner for AI-assisted diagnostics in its clinical pathology laboratories. The total value of the contract is over EUR 1.2 million, and the payments will be spread over the three-year contract period. The contract is not yet reflected in Aiforia's revenue for the period under review.

## Key figures

EUR 1,000 Group	1-6/2023	1-6/2022	Change, %	2022
Revenue	920	733	25%	1,868
EBITDA	-4,749	-3,510	-35%	-8,108
Operating loss	-6,182	-4,389	-41%	-10,203
Net loss for the review period	-6,254	-4,380	-43%	-10,607
Equity ratio, %	78%	88%	-11%	85%
Net debt	-14,339	-29,503	-51%	-22,008
Cash and cash equivalents at the end of the review period	19,045	32,398	-41%	24,698
Order book	2,357	751	214%	1,041
Balance sheet total	30,845	40,732	-24%	35,336
Number of employees on average	69	56	23%	65
Personnel expenses*	3,801	2,820	35%	6,592
Investments in tangible and intangible assets	3,083	3,265	-6%	6,333
Earnings per share, undiluted and diluted, EUR**	-0.24	-0.17	-42%	-0.41

\*Personnel expenses include capitalization of development expenses.

\*\*The Company's potential dilutive instruments consist of stock options. As the Company's business has been unprofitable, stock options would have an anti-dilutive effect and therefore they are not taken into account in calculating the dilutive loss per share. Thus, there is no difference between the undiluted and diluted earnings per share.

## Jukka Tapaninen, CEO:

In the first half of 2023, we achieved one of our company's most significant milestones to date when the analysis of breast cancer patient tissue samples using Aiforia's software began at the Mayo Clinic Hospital in the US in March. During the spring, we made important openings in the clinical market in Europe and also won new preclinical customers. Our order book more than doubled year-on-year to over EUR 2.3 million. This growth reflects well the size of our clinical customer base, which is, on average, much larger than in the research sector. However, the new clinical clients in Europe are not yet reflected in the revenue for the period under review. We

updated our revenue recognition practices to comply with the IFRS standard, and as a result, about a quarter of the comparable revenue for the period under review will be deferred to future periods.

I am very pleased with the development of our operations. Our chosen strategy to make the AI model development tool available also to our customers has been a significant advantage, creating new opportunities for us in both the preclinical and clinical markets. Some of our customers require ready-to-use certified and validated AI models that can be deployed rapidly. Others also value the ability to create and customize AI models to meet their own needs. We are proud to be able to serve both interests. We have also seen some interesting first research results on how tissue features identified using Aiforia's software have been combined with patient follow-up databases to create predictive models that can influence patient care. It is great to see how our technology can be used to generate information that helps to choose the best possible treatment path for the patient.

Over the past six months, we have developed the technical features of the software that, among other things, allow for smoother integration into our customers' various information systems and speed up the implementation of the softwares. These improvements will allow us to offer a smoother and more efficient user experience to our customers.

The pathology sector is becoming increasingly digitalized, and our customers are actively looking for solutions to improve work efficiency. The market will open up rapidly in the coming years, and we need to be close to our customers to provide them with the right solutions. Business Finland's funding decision for a loan of up to EUR 7.3 million in April 2023 will help us bring our planned products to market faster and thus secure our position in an accelerating competitive environment.

We are still well on track to achieve our short-term goals set for the IPO by the end of 2023. At the end of the reporting period, we had five CE-IVD-marked AI models for clinical diagnostics and CE-IVD-marked viewer software, five clinical diagnostics accounts, ten large pharmaceutical accounts, and more than 5,000 users.

I would like to thank our staff, customers, and shareholders for the achievements of the first half of 2023. We will continue our work to advance AI-assisted tissue sample analysis so that every patient could receive an accurate diagnosis and the best possible care.

## Business targets

Aiforia does not publish short-term outlooks or financial targets. However, the company has set short- and medium-term business targets at the time of the IPO. Aiforia's short-term business targets are:

- Obtain a CE-IVD marking for six AI models intended for clinical diagnostics
- Acquire five customers in clinical diagnostics
- Acquire 10 large customers in the pharmaceutical industry
- Reach more than 5,000 users.

Aiforia's mid-term business targets are:

- Create a product offering that covers 80% of the pathologist's diagnostic workflow
- Achieve a positive cash flow from operating activities by the end of 2025
- Achieve revenue of more than EUR 100 million
- Reach 20,000 users
- Achieve 50 key customer relationships that would generate annual recurring revenue of at least EUR 250,000 per customer.

Short-term refers to the company's business objectives by the end of 2023. In the medium term, the company's business objectives are to be achieved by the end of 2030.

## 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.

For example, in the period under review, the UK has again made significant public sector investments in utilizing AI in healthcare. Europe and the US have seen several calls for tenders and product comparisons organized by both private and public operators for AI-assisted diagnostic solutions for pathology samples. 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.

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

## Significant events in the reporting period

### Key openings in the clinical pathology market in Europe

Aiforia was chosen as the AI solutions provider for the PathLAKE Plus consortium, comprising 25 NHS hospitals in the UK. The contract award was solidified when the first NHS Trust signed an individual contract to adopt Aiforia PD-L1 AI model for lung cancer in clinical diagnostics. The duration of the contract is three years, with a possible three-year extension.

The Veneto Region Health Authority in Italy selected Aiforia as a partner for AI-assisted diagnostics in its clinical pathology laboratories. The collaboration involves the use of Aiforia software in a total of 12 hospital units for the analysis of tissue samples from breast and prostate cancer patients. The three-year contract covers the analysis of up to 200,000 samples using Aiforia software and the use of an AI model development tool. The total value of the contract is over EUR 1.2 million, and the payments will be spread over the contract period 2023–2026. The contract also includes an option for a three-year continuation period.

## **Collaboration with the Mayo Clinic moved into the clinical phase**

During the first half of 2023, Aiforia further strengthened its partnership with one of the world's most prestigious hospitals, the Mayo Clinic in the US. The installation and validation of Aiforia Clinical software was completed, and the analysis of patient samples with Aiforia's software for breast cancer diagnostics started in March. In addition to the Ki67 model used for breast cancer diagnosis, other AI models will be gradually installed over the coming months.

On the preclinical side, more than 70 Mayo Clinic pathologists are using Aiforia's Create tool to create AI models for their studies, with the intention of using the models in clinical work later. Mayo Clinic has 31 ongoing research projects using Aiforia's technology. One of the first projects to be translated into clinical diagnostics is a predictive model based on pathological features of colorectal cancer that is used to estimate the risk of cancer recurrence in different patient groups. The research model is currently being validated with the aim of bringing it into clinical use to support diagnostics in 2024.

## **A funding decision from Business Finland to accelerate the development of AI-assisted software solutions**

In April, Aiforia received a funding decision from Business Finland to accelerate the development of AI-assisted software solutions for clinical pathology and drug development. This product development project aims to promote the scaling and growth of Aiforia's business by expanding the features of the existing software solutions and creating entirely new ones. The project includes developing deep learning-based artificial intelligence models and software solutions for clinical pathology and pre-clinical research.

The project is estimated to cost EUR 14.6 million over two years, with Business Finland funding a maximum of 50% (EUR 7.3 million) of the cost in the form of a loan.

## **Agreement with a major pharmaceutical company**

Aiforia signed an agreement with one of the world's leading pharmaceutical companies to collaborate on AI-assisted image analysis. Together, the two aim to develop deep-learning models for tissue sample analysis.

## Revenue and profitability

### January–June 2023

#### Revenue

In January–June, the Group's revenue was EUR 920 (733) thousand. The biggest increase in revenue took place in the US market. In Europe, Aiforia signed some large deals, but the company did not yet monetize any of them during the reporting period. Aiforia's revenue recognition practices were updated to comply with IFRS as applicable, and as a result, about a quarter of the comparable revenue of the reporting period will be deferred to future periods. The Board of Directors has not made a decision on the transition to IFRS reporting.

Revenue consisted of sales of Aiforia's software solutions and services to customers in the clinical sector and preclinical research. Of the revenue, 5.6% (18.4%) came from Finland, 68.8% (51.0%) from North America, and the remaining 25.6% from Europe and other regions across the globe.

The company recognized EUR 41 (101) thousand as product development and other grants in January–June. All grants were related to the EU-funded Decider project, coordinated by the University of Helsinki, which aims to develop AI-assisted solutions for ovarian cancer diagnostics.

#### Profitability

The cost of materials and services directly related to revenue amounted to EUR 249 (271) thousand, mainly consisting of purchased cloud services associated with Aiforia's services and products.

The Group's EBITDA for the January–June period was EUR -4,749 (-3,510) thousand, while the operating result (EBIT) was EUR -6,182 (-4,389) thousand. The result for January–June was EUR -6,254 (-4,380) thousand. The Group's result aligns with the company's strategy and reflects the stage in Aiforia's development where the company invests heavily in product development to enable future growth.

Depreciation of tangible and intangible assets amounted to EUR 1,433 (878) thousand.

Personnel expenses for January–June amounted to EUR 3,471 (2,179) thousand and other operating expenses to EUR 1,990 (1,895) thousand. The company capitalized EUR 330 (640) thousand in personnel expenses and EUR 2,635 (2,267) thousand in other operating expenses in January–June.

Financial income and expenses amounted to EUR -72 (8) thousand, of which the impact of exchange rate changes was EUR -113 (158) thousand.

## Balance sheet, cash flow, and financing

The Group's balance sheet total at the end of June 2023 was EUR 30,845 (40,732) thousand. The equity ratio was 78% (88%).

At the end of the review period, the Group's net debt was EUR -14,339 (-29,503) thousand. Non-current liabilities amounted to EUR 4,201 (2,516) thousand. Long-term interest-bearing liabilities were reduced by EUR 174 thousand and EUR 2,190 thousand in new loans granted by Business Finland were disbursed.

Net cash flow from operating activities in the reporting period totaled EUR -4,740 (-4,673) thousand.

Cash flow from investing activities totaled EUR -3,083 (-3,109) thousand, consisting of investments in intangible and tangible assets.

Cash flow from financing activities in the review period amounted to EUR 2,179 (2,073) thousand. Cash and cash equivalents at the end of June 2023 amounted to EUR 19,045 (32,398) thousand.

In January 2023, a total of 55,200 Aiforia shares were subscribed for through employee stock options. The company received a total of EUR 75.8 thousand from the share subscriptions recorded in the unrestricted equity reserve.

In April 2023, a total of 63,600 Aiforia shares were subscribed for through employee stock options. The company received a total of EUR 87.3 thousand from the share subscriptions recorded in the free equity reserve.

## Investments, research, and development

Gross investments amounted to EUR 3,083 (3,265) thousand. The most significant part of Aiforia's investments comprises of investments in product development and the commercialization of new software solutions.

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

## Personnel

The average number of Aiforia's employees in the review period was 69 (56) full-time equivalents. At the end of the review period, Aiforia employed 74 (67) people. Of them, 52 (52) worked in Finland, 7 (8) in the rest of Europe, and 15 (7) in the United States. The Group has offices in Helsinki and Cambridge, MA, USA, where the wholly owned subsidiary Aiforia Inc. is located.



## Share, share capital, and shareholders

### Share capital and shares issued

Aiforia has a share capital of EUR 102,600, consisting of one series of shares. The company had 25,945,616 shares at the end of the review period on 30 June 2023. The shares have no nominal value. At the end of the review period, the company did not hold any of its shares.

The Company's Board of Directors is authorized to decide on the issue of 2,588,000 shares, which corresponds to approximately 10% of the total number of shares issued and outstanding at the time of the Annual General Meeting 2023.

### Stock trading

On the last trading day of the review period, 30 June 2023, the closing price of Aiforia's share was EUR 3.80 (4.25). The highest quoted price of the share for the review period was EUR 4.90 (5.84), and the lowest EUR 3.15 (3.59). The volume-weighted average price (VWAP) of the share for the review period was EUR 3.84 (4.88), and the average daily revenue was 8,467 (2,417) shares.

Aiforia's market capitalization on 30 June 2023 was EUR 98,593,340 (109,467,314).

### Shareholders

At the end of the reporting period, Aiforia had 2,228 (1,735) shareholders, including nominee-registered shareholders and joint account holders. The 100 largest registered shareholders of Aiforia are presented on the company's website at <https://investors.aiforia.com>.

## Option rights

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

	30 June 2023
Maximum number of shares to be issued on the basis of stock option rights, which are still unsubscribed and can be subscribed	3,656,300
Number of shares on 30 June 2023	25,945,616
Number of shares if all options are converted into new shares	29,601,916
Proportion of holdings and votes if all options are converted into new shares	12.35%

## Options of Board members, CEO, and Management Team on 30 June 2023

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	190,000	0.64%
CEO	1,141,500	3.86%
Other Management team	1,109,950	3.75%
<b>Total</b>	<b>2,441,450</b>	<b>8.25%</b>

## Governance

### Management Team

Aiforia's Management Team at the end of the review period consisted of Jukka Tapaninen (CEO), Kaisa Helminen (COO), Veli-Matti Parkkonen (CFO), Tuomas Ropponen (CTO) and Thomas Westerling-Bui (President, Americas). Kari Pitkänen (Business Development Director) has retired on 1 January 2023.

### Annual General Meeting

The Annual General Meeting held on 30 June 2023 approved the financial statements for the financial year 2022 and discharged the members of the Board of Directors as well as the CEO from liability for the financial year 2022.

The Annual General Meeting resolved that no dividend will be paid for the financial year 2022 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 five. The following persons were re-elected as members of the Board of Directors: Pekka Mattila, Maria Fe Paz de Paz, Jerry Jian Hong and Johan Lundin. Steven Lynum 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 2024.

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), Maria Fe Paz de Paz and Jerry Jian Hong; and to the Remuneration Committee: Pekka Mattila (Chair), Johan Lundin and Steven Lynum.

The Annual General Meeting resolved that the remuneration of the Board of Directors shall be as follows: The remuneration payable to the members of the Board of Directors shall be EUR 20,000 annually for each member of the Board except for the Chairman of the Board who shall be paid EUR 40,000 annually. In addition, if the Board of Directors chooses to elect a Vice Chairman of the Board from among its members, he or she shall be paid EUR 25,000 annually. The Chairman of the Audit Committee shall be paid a fixed annual remuneration of EUR 4,000 and each member of the Audit Committee a fixed annual remuneration of EUR 2,000.

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

The Annual General Meeting resolved the addition of a new article to the Company's Articles of Association enabling the Company to hold a General Meeting completely without a meeting venue, i.e., as a so-called remote meeting.

The Annual General Meeting also decided to add a new article to the Company's Articles of Association to prevent a single shareholder or a few shareholders from having a controlling interest.

## Authorization of the Board of Directors

The Annual General Meeting authorized the Board of Directors to decide on the issuance of shares. Under the authorization, a maximum of 2,588,000 shares, which corresponds to approximately 10% of all of the shares currently issued and outstanding, 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 30 June 2024.

The Annual General Meeting authorized the Board of Directors to decide on the issuance of option rights and other special rights entitling to shares, pursuant to Chapter 10 of the Companies Act. Under the authorization, option rights and other special rights entitling to a maximum of 500,000 shares can be issued. The authorization invalidates any earlier authorizations entitling the Board of Directors to decide on issues of special rights entitling to shares. However, the authorization does not invalidate any earlier authorizations entitling the Board of Directors to decide on share issues. The authorization is valid until the close of the next Annual General Meeting, however no longer than until 30 June 2024.

## 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**

The war in Ukraine continues to bring instability to European geopolitics and, for example, to the energy and financial markets on many levels. According to Aiforia's estimate, the situation has no direct impact on the company's business at present. However, Aiforia is constantly monitoring the situation and is ready to take action if necessary.

## **Risks related to Aiforia's business**

The company's prospects and profitability remain dependent on whether and in what timeframe the company succeeds in winning customers for its clinical diagnostics software solutions. In addition, the business is subject to risks related to the success of product development and the retention of key personnel.

## **Risks related to Aiforia's information systems**

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

## **Legal and regulatory risks**

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

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

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

## Risks related to Aiforia's financial position

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

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/>.

## Significant events after the reporting period

Aiforia had no significant events after the end of the reporting period.

## Webcast

Aiforia arranges a live webcast for investors, analysts, and media on 25 August 2023 at 10:00 a.m. Finnish time. The event will be held in English. The financial results will be presented by Jukka Tapaninen, CEO, and Veli-Matti Parkkonen, CFO.

The webcast can be followed at <https://aiforia.videosync.fi/h1-2023-results>.

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

*Aiforia Technologies Plc*

*Board of Directors*

## Further inquiries

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## Certified advisor

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## Principles for the preparation of the Half-Year Financial Report

The Half-Year Financial Report has been prepared in accordance with Finnish accounting legislation (FAS), but the revenue recognition practices were updated to comply with IFRS as applicable. The Board of Directors has not taken a decision on the transition to IFRS reporting. The Half-Year Financial Report is unaudited. Figures are presented in thousands of euros.

### Consolidated income statement

(EUR thousand)	1-6/2023	1-6/2022	1-12/2022
<b>Revenue</b>	920	733	1,868
Other operating income	42	101	138
Materials and services	-249	-271	-570
Personnel expenses	-3,471	-2,179	-5,674
Depreciation, amortization and impairment losses	-1,433	-878	-2,095
Other operating expenses	-1,990	-1,895	-3,871
<b>Operating loss</b>	<b>-6,182</b>	<b>-4,389</b>	<b>-10,203</b>
Financial income and expenses	-72	8	-404
<b>Loss before appropriations and taxes</b>	<b>-6,254</b>	<b>-4,380</b>	<b>-10,607</b>
<b>Loss for the period</b>	<b>-6,254</b>	<b>-4,380</b>	<b>-10,607</b>

### Consolidated balance sheet

(EUR thousand)	30 Jun. 2023	30 Jun. 2022	31 Dec. 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	10,040	6,765	8,437
Tangible assets	579	239	531
<b>Total non-current assets</b>	<b>10,619</b>	<b>7,004</b>	<b>8,968</b>
<b>Current assets</b>			
Long-term receivables	88	88	88

Current receivables	1,243	1,242	1,582
Cash and cash equivalents	19,045	32,398	24,698
<b>Total current assets</b>	<b>20,376</b>	<b>33,728</b>	<b>26,368</b>
<b>Total assets</b>	<b>30,995</b>	<b>40,732</b>	<b>35,336</b>

**EQUITY AND LIABILITIES****EQUITY**

Share capital	103	103	103
Reserve for invested unrestricted equity	57,745	57,524	57,582
Retained earnings (losses)	-28,316	-17,902	-17,792
Loss for the financial year	-6,254	-4,380	-10,607
<b>Total equity</b>	<b>23,278</b>	<b>35,344</b>	<b>29,286</b>

**Non-current liabilities**

Loans from financial institutions	4,201	2,516	2,185
<b>Total non-current liabilities</b>	<b>4,201</b>	<b>2,516</b>	<b>2,185</b>

**Current liabilities**

Loans from financial institutions	505	379	505
Advances received	1,123	631	1,041
Trade payables	930	1,092	992
Other liabilities	128	122	113
Accruals and deferred income	830	647	1,214
<b>Total current liabilities</b>	<b>3,515</b>	<b>2,872</b>	<b>3,865</b>
<b>Total liabilities</b>	<b>7,717</b>	<b>5,388</b>	<b>6,050</b>
<b>Total equity and liabilities</b>	<b>30,995</b>	<b>40,732</b>	<b>35,336</b>

**Consolidated statement of cash flows**

(EUR thousand)	1-6/2023	1-6/2022	1-12/2022
<b>Cash flow from operating activities</b>			
Loss before appropriations and taxes	-6,254	-4,380	-10,607
Adjustments for:			
Depreciation, amortisation and impairment losses	1,433	878	2,095
Other non-cash items	-41	-101	-91
Financial income and expenses	72	-23	404
Operating profit before working capital changes	-4,790	-3,626	-8,199



Changes in working capital:			
Increase(-) or decrease(+) of current interest-free receivables	382	-245	-920
Increase(-) or decrease(+) of current interest-free liabilities	-207	-634	101
Cash flow from operating activities before financial items and taxes	-4,615	-4,506	-9,017
Interest paid and payments from other operating financial expenses	-281	-171	-499
Interests received from business operations	157	3	99
<b>Cash flow from operating activities (A)</b>	<b>-4,740</b>	<b>-4,673</b>	<b>-9,418</b>
<b>Cash flow from investing activities</b>			
Investments in tangible and intangible assets	-3,083	-3,109	-6,333
Grants received for investments	0	0	425
<b>Cash flow from investing activities (B)</b>	<b>-3,083</b>	<b>-3,109</b>	<b>-5,907</b>
<b>Cash flow from financing activities</b>			
Proceeds from share issue	163	2,073	2,131
Loans from financial institutions increase (+)/decrease (-)	2,016	0	-205
<b>Cash flow from financing activities (C)</b>	<b>2,179</b>	<b>2,073</b>	<b>1,926</b>
Net increase (+)/(-) decrease in cash and cash equivalents (A+B+C)	-5,644	-5,709	-13,399
Effects of changes in foreign exchange rates	-9	15	5
Cash and cash equivalents at the beginning of the period	24,698	38,092	38,092
<b>Cash and cash equivalents at the end of the period</b>	<b>19,045</b>	<b>32,398</b>	<b>24,698</b>

## Consolidated statement of changes in equity

(EUR thousand)	Share capital	Reserve for invested unrestricted equity	Retained earnings	Total equity
<b>Equity at 1 January 2023</b>	<b>103</b>	<b>57,582</b>	<b>-28,399</b>	<b>29,286</b>
Conversion difference and average exchange rate difference			83	83
Loss for the financial year			-6,254	-6,254
Share issue		163		163
<b>Equity at 30 June 2023</b>	<b>103</b>	<b>57,745</b>	<b>-34,569</b>	<b>23,278</b>

(EUR thousand)	Share capital	Reserve for invested unrestricted equity	Retained earnings	Total equity
<b>Equity at 1 January 2022</b>	<b>103</b>	<b>55,451</b>	<b>-17,706</b>	<b>37,848</b>
Conversion difference and average exchange rate difference			-196	-196
Loss for the financial year			-4,380	-4,380
Share issue		2,073		2,073
<b>Equity at 30 June 2022</b>	<b>103</b>	<b>57,524</b>	<b>-22,282</b>	<b>35,344</b>

(EUR thousand)	Share capital	Reserve for invested unrestricted equity	Retained earnings	Total equity
<b>Equity at 1 January 2022</b>	<b>103</b>	<b>55,451</b>	<b>-17,706</b>	<b>37,848</b>
Conversion difference and average exchange rate difference			-86	-86
Loss for the financial year			-10,607	-10,607
Share issue		2,131		2,131
<b>Equity at 31 December 2022</b>	<b>103</b>	<b>57,582</b>	<b>-28,399</b>	<b>29,286</b>

## Changes in intangible and tangible assets

(EUR thousand)	INTANGIBLE ASSETS		TANGIBLE ASSETS	Total
	Capitalized development costs	Other intangible assets	Machinery and equipment	
<b>Book value on 1 January 2023</b>	8,427	10	531	8,968
Additions	2,965	0	118	3,083
Amortization and impairment losses	-1,361	-1	-71	-1,433
<b>Book value on 30 June 2023</b>	10,031	9	579	10,619

## Guarantees, commitments and off-balance sheet arrangements

(EUR thousand)	30 Jun. 2023	30 Jun. 2022	31 Dec. 2022
<b>Lease commitments</b>			
Payable during the following financial year	328	208	301
Payable later than the following financial year	928	1,135	1,030
<b>Other commitments</b>			
EU H2020 grant, unaudited	0	1,743	0
Decider grant, unaudited	190	116	149

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

## Related party transactions

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

The Company had no related party transactions during the reporting period.

## Calculation of key figures

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