Disclosure

This presentation contains statements that constitute forward-looking statements. All statements other than statements of historical facts contained in this presentation, including statements regarding our future results of operations and financial position, business strategy, products and technology, as well as plans and objectives of management for future operations, are forward-looking statements. Forward-looking statements are based on our management’s beliefs and assumptions and on information currently available to our management. Such statements are subject to risks and uncertainties, and actual results may differ materially from those expressed or implied in the forward-looking statements due to various factors, including those described in our filings with the U.S. Securities and Exchange Commission. No assurance can be given that such future results will be achieved. Such forward-looking statements contained in this document speak only as of the date of this presentation. We expressly disclaim any obligation or undertaking to update these forward-looking statements contained in this presentation to reflect any change in our expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable law. No representations or warranties (expressed or implied) are made about the accuracy of any such forward-looking statements.

This presentation shall not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

This presentation includes non-IFRS measures. These measures are not measures of financial performance prepared in accordance with IFRS as issued by the IASB and may exclude items that are significant in understanding and assessing our financial results and condition. Therefore, these measures should not be considered in isolation or as alternatives to IFRS measures. In addition, other companies may calculate similarly-titled non-IFRS measures differently. For reconciliation of IFRS measures to non-IFRS measures, see Appendix.
Our Vision for Technology to Improve Patient Care and Diagnosis

Delivering a SaaS platform to break data silos and share insights

**TODAY**

- Single Modality
- Data Siloes
- Centralized Model
- Limited
- Disconnected
- Difficult to Scale

**TOMORROW**

- Multimodal
- Machine Learning
- Decentralized
- Scalable
- Global Network
- Knowledge Sharing
Our SOPHiA Platform
A decentralized model where users keep data and share insights

+ Software as a Service (SaaS) cloud platform
+ Leverages AI to analyze and standardize data
+ Creates network effects

770,000+
GENOMIC PROFILES ANALYZED

~780
HOSPITALS, LABS & BIOPHARMA CUSTOMERS

~330
SUPPORTED NGS TEST KITS

✓ Designed to be HIPAA and GDPR compliant
✓ Designed to be Safe & Secure
✓ Technology agnostic

1. As of June 30, 2021
Global Impact
World’s largest network of hospitals for clinical genomics

~780 INSTITUTIONS\(^1\)

72 COUNTRIES\(^1\)

115 North AM

510+ EMEA

75+ LATAM

75+ APAC

1. As of June 30, 2021
SOPHiA Platform is Adaptable
To different and emerging clinically relevant data modalities

SOPHiA GENETICS™

SOPHiA Platform

Technology Agnostic  Machine Learning  Pattern Recognition  Predictive Models

Modalities Today
- Genomics
  - NGS Data (2014)
- Radiomics
  - CT/MRI/PET Data (2019)
- Clinical Trials
  - BioPharma Data (2019)
- Clinical and EMR Data

Future Modalities
- Proteomics
- Digital Pathology
- Spatial Genomics
- Metabolomics

( ) = year launched

SOPHiA GENETICS™
Our vision to generate novel multimodal insights through a global network of connected hospitals to drive better patient outcomes

A partnership intended to facilitate clinical trial precision and efficiency and make it easier and faster for clinicians to provide the integrated insights they need to stratify, treat and care for their patients more effectively.

Cloud-Based Platform
Standardize, compute and analyze multimodal health data across hospitals and labs

Cloud & On-Prem Analytics
Advanced visualization of radiomic data and the versatility of the Edison platform

The Key Enabler
Precision health partnership enabling deeper insights and better patient outcomes
Collaboration Goals

- Address the needs of different stakeholders in both the clinical and biopharma segments
- Build a collective intelligence through knowledge sharing
- Combine multimodal data across instruments and across sites
- Deploy AI-powered analytics as CDx and CDS to standardize and analyze multimodal health data
- Ensure strict adherence to data privacy and information security rules
- Establish a global network of hospitals connected through the cloud for knowledge building and app deployment

The integration of genomics-based artificial intelligence into oncology workflow solutions would be a major breakthrough for integrated cancer medicine and for future clinical research, which increasingly depend on the ability to select those patients most likely to respond to new therapies.

Jan Makela
President & CEO, Imaging at GE Healthcare
Volume Expected to Drive Tipping Point from Centralized to Decentralized

SOPHiA Platform enables labs to serve community with advanced analytics

**CENTRALIZED**

- **Low Efficiency**
  - Specialty Lab
    - Advanced Bioinformatics
    - Big data compute and storage capabilities
    - Highly specialized skill sets

**DECENTRALIZED**

- **High Efficiency**
  - Local Lab Serving Community
    - High volume applications
    - Guidelines & reimbursement
    - Accessible analytics

- **Continual Improvement**
  - Deep learning algorithms
  - Insights democratized

- **Commoditization**
  - Stagnant technical or clinical advancement

**NGS**

**Multimodal**

SOPHiA GENETICS™
Current Applications Span the Oncology Continuum of Care

With opportunity to impact additional disease categories

- Genomics
- Germline
- Somatic
- Radiomics

Genomics impact in other categories offers significant opportunity

- Rare Disease
- Cardiology
- Neurology
- Metabolism
SOPHiA Has a Unique Position in Healthcare Ecosystem
Allowing for broad partnerships
SOPHiA Cloud-Based Platform
Generates high quality data insights

Upload raw digital health data
Genomics, Radiomics, Clinical trials data, Clinical data, EMR

Access anonymized statistical data insights
Hospital, Labs, BioPharma, SOPHiA Community

Patients benefit from better care through data-driven medicine
SOPHiA’s Offerings Address an Underpenetrated $35 billion market opportunity in 2020

### Total Global Addressable Market

<table>
<thead>
<tr>
<th>Segment</th>
<th>Market Size</th>
<th>Patients</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Clinical Market</strong></td>
<td>$21bn</td>
<td></td>
</tr>
<tr>
<td>Oncology</td>
<td>$20.5bn</td>
<td></td>
</tr>
<tr>
<td>Rare Diseases</td>
<td>$0.5bn</td>
<td></td>
</tr>
<tr>
<td><strong>Biopharma Market</strong></td>
<td>$14bn</td>
<td></td>
</tr>
<tr>
<td>Oncology</td>
<td>$14bn</td>
<td></td>
</tr>
<tr>
<td>Rare Diseases</td>
<td>$0.5bn</td>
<td></td>
</tr>
</tbody>
</table>

### Clinical Market

<table>
<thead>
<tr>
<th>Application</th>
<th>Market Size</th>
<th>Patients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Screening</td>
<td>$7bn</td>
<td>45mm (11mm)</td>
</tr>
<tr>
<td>Early Detection</td>
<td>$8bn</td>
<td>147mm (50mm) ages 50-79</td>
</tr>
<tr>
<td>Diagnosis</td>
<td>$2bn</td>
<td>5mm (900k) newly diagnosed cancer patients</td>
</tr>
<tr>
<td>Therapy Selection</td>
<td>$1bn</td>
<td>2mm (900k) metastatic patients</td>
</tr>
<tr>
<td>Monitoring</td>
<td>$2.5bn</td>
<td>20mm (9mm) metastatic patients and survivors</td>
</tr>
<tr>
<td>Diagnosis</td>
<td>$0.5bn</td>
<td>3.3mm (900k) new-borns</td>
</tr>
</tbody>
</table>

### Biopharma Market

<table>
<thead>
<tr>
<th>Application</th>
<th>Market Size</th>
<th>Patients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clinical Trials</td>
<td>$4bn</td>
<td>400k enrolled in 4,000+ oncology clinical programs</td>
</tr>
<tr>
<td>Insights &amp; Awareness</td>
<td>$9bn</td>
<td>1.4mm (900k) metastatic patients</td>
</tr>
<tr>
<td>CDx</td>
<td>$1bn</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

---

Over time, our platform could enable meaningful TAM expansion through new disease areas / modalities

SOPHiA Platform Applications Currently in the Market

Clinical Applications

SOPHiA DDM™
Approximately ~330 applications for analyzing genomic data, empowering customers to build their own precision medicine operations

Alamut™
Stand-alone genomics analysis software that allows customers deeper and more informed genomic data interpretation

BioPharma Applications

SOPHiA Trial Match™
Place “molecular alerts” in SOPHiA platform to accelerate biomarker-defined patient enrollment into clinical trials

SOPHiA Insights™
Leverage SOPHiA platform dataset and multimodal AI analytics capabilities to generate insights pre- and post-approval of a drug

SOPHiA CDx™
Leverage SOPHiA’s capabilities to develop variant detection and identification algorithms to support companion diagnostics programs

SOPHiA Awareness™
Provide real-world insights on NGS testing to support BioPharma customers’ market-shaping and commercial strategies

ONCOLOGY • RARE DISEASE • CARDIOLOGY • NEUROLOGY • METABOLISM
### Cutting Edge Technologies

Exceptional analytical performance

#### 18 PATENTED TECHNOLOGIES

Leveraging 3 Core Proprietary Algorithmic Technologies

<table>
<thead>
<tr>
<th>Somatic Oncology</th>
<th>Germline Oncology</th>
<th>Rare Diseases</th>
<th>Cardiology</th>
</tr>
</thead>
<tbody>
<tr>
<td>SENSITIVITY</td>
<td>98.77%</td>
<td>100.00%</td>
<td>98.93%</td>
</tr>
<tr>
<td>SPECIFICITY</td>
<td>100.00%</td>
<td>99.99%</td>
<td>99.99%</td>
</tr>
<tr>
<td>ACCURACY</td>
<td>99.97%</td>
<td>99.99%</td>
<td>99.99%</td>
</tr>
<tr>
<td>PRECISION</td>
<td>100.00%</td>
<td>99.86%</td>
<td>99.41%</td>
</tr>
</tbody>
</table>

1. Results of the CE-IVD study based on our Solid Tumor Solution (STS) that included data from 6 different sequencing centers and a total of 155 clinical and commercial FFPE samples in which 192 confirmed variants were used as the standard.
2. Results of the CE-IVD study based on our Hereditary Cancer Solution (HCS) that included data from 7 different sequencing centers and a total of 159 clinical and commercial samples in which 1252 confirmed variants were used as the standard.
3. Results based on the clinical exome analysis of the Ashkenazim trio (mother, father and son’s DNA) from the Genome in a Bottle consortium that included data from 2 different sequencing centers and a total of 9 samples (including replicates) in which an average of 6241.2 confirmed variants per sample were used as the standard.
4. Results based on two similar studies that included data from 2 different sequencing centers and a total of 113 clinical and commercial samples in which 833 confirmed variants were used as the standard.
Robust Body of Evidence
Improving life science research

16

As of June 30, 2021

250+
PEER REVIEWED
PUBLICATIONS

GENOMICS
RADIOMICS
MULTIMODAL
Multimodal Approach to Non-Small Cell Lung Cancer
Predicting response to immunotherapy

CONTEXT

For Research Use Only. Not for Diagnostic Procedures

POPULATION STUDY

- Retrospective analysis of 57 patients treated for NSCLC using nivolumab in R/R setting
- 3+ previous lines of therapy

OBJECTIVE

Identify predictive markers of IO response based on multiple sources of data (clinical, genomics, biological and imaging) through machine learning analysis

Two groups of patients - fast relapse and slow relapse

PFS Kaplan-Meier curves show there are two groups of patients responding to the IO therapy
Machine Learning Models Predict Response
Using baseline data and can help identify markets that are predictive of response

PFS Curves Observed
Stratification with respect to PFS > 6 months

- **Progression at First Evaluation:**
  - Sensitivity: 27/32 (84%) (27 progressions well predicted)
  - Specificity: 13/19 (68%) (13 partial responses well predicted)

PFS < 6 Months:
(3 patients excluded because of missing data)
- **Sensitivity:** 39/40 (98%) (39 PFS < 6 months well predicted)
- **Specificity:** 8/14 (57%) (8 PFS > 6 months well predicted)

Confirming results in a large-scale real-world observational study recruiting 4,000 patients in 1L NSCLC

PFS Curves Predicted
Applying algorithm on multimodal data available at diagnosis

- Progression at First Evaluation:
  - Sensitivity: 27/32 (84%)
  - Specificity: 13/19 (68%)

For Research Use Only. Not for Diagnostic Procedures
Our Land and Expand Revenue Build
Is a hallmark of our growth algorithm

SOPHiA’s steady growth is fueled by a balanced mix of drivers, de-risking reliance on a singular strategy.
A Leading Position

By number of client institutions and genomics profiles analyzed

- **Client Institutions**
  - 2016: 182
  - 2020: 754
  - CAGR: +43%

- **Genomics Profiles Analyzed**
  - 2016: 79k
  - 2020: 648k
  - CAGR: +69%
Steady Expansion
Fueled by balanced volume growth + NPI + price/mix

<table>
<thead>
<tr>
<th>Cohort</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>29,586</td>
<td>36,473</td>
<td>47,926</td>
<td>55,874</td>
<td>56,921</td>
<td>18%</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>123%</td>
<td>162%</td>
<td>189%</td>
<td>192%</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>23,291</td>
<td>25,205</td>
<td>29,864</td>
<td>33,499</td>
<td></td>
<td>13%</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>108%</td>
<td>128%</td>
<td>144%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>22,924</td>
<td>28,689</td>
<td>33,626</td>
<td></td>
<td></td>
<td>21%</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>125%</td>
<td>147%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>19,602</td>
<td>24,322</td>
<td></td>
<td></td>
<td></td>
<td>24%</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>124%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>20,476</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>NA</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Our customers are assigned to a particular cohort based on the year in which they first accessed our SOPHiA platform through the dry lab or bundle access model. We track and aggregate analysis volume generated through our platform grouped by customer cohorts in 12-month intervals from the respective customer onboard date. “Customer” refers to any customer who accesses our SOPHiA platform through the dry lab and bundle access models. We exclude from this definition any customers accessing our SOPHiA platform using the integrated business model because they tend to use our platform in an ad hoc manner compared to our dry lab and bundle access customers who typically do so in a recurring fashion, generate an immaterial portion of our revenue and analysis volume and constitute a small part of our customer base. We also exclude from this definition customers who only use Alamut through our SOPHiA platform.
Platform Analysis Volume Growth

Has been steadily increasing ex-COVID

Analysis volumes fully recovered from COVID shock by YE 2020 and resumed healthy expansion in 1H'21

Note: Includes chargeable dry lab and bundle access analyses.
Real-Time Visibility
Into the healthcare ecosystem

Illustrative SOPHiA Dashboard

<table>
<thead>
<tr>
<th>Top Account</th>
<th>Institution</th>
<th>City</th>
<th>Country</th>
<th>Access Mode</th>
<th>Clinical Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>✔</td>
<td>Comprehensive Cancer Center</td>
<td>Not Disclosed</td>
<td>USA</td>
<td>Bundle</td>
<td>Somatic liquid tumors</td>
</tr>
<tr>
<td>✔</td>
<td>Central Laboratory</td>
<td>Not Disclosed</td>
<td>Brazil</td>
<td>Bundle</td>
<td>Hereditary cancers</td>
</tr>
<tr>
<td>✔</td>
<td>Central Laboratory</td>
<td>Not Disclosed</td>
<td>Brazil</td>
<td>Dry lab</td>
<td>Somatic solid tumors</td>
</tr>
<tr>
<td>✔</td>
<td>Central Laboratory</td>
<td>Not Disclosed</td>
<td>Brazil</td>
<td>Bundle</td>
<td>Clinical exome</td>
</tr>
<tr>
<td>✔</td>
<td>Academic Hospital</td>
<td>Not Disclosed</td>
<td>USA</td>
<td>Bundle</td>
<td>Somatic solid tumors</td>
</tr>
<tr>
<td>✔</td>
<td>University Hospital</td>
<td>Not Disclosed</td>
<td>France</td>
<td>Bundle</td>
<td>Cardiology</td>
</tr>
<tr>
<td>✔</td>
<td>Centre de Lutte Contre le Cancer (CLCC)</td>
<td>Not Disclosed</td>
<td>France</td>
<td>Dry lab</td>
<td>Somatic solid tumors</td>
</tr>
<tr>
<td>✔</td>
<td>Academic Hospital</td>
<td>Not Disclosed</td>
<td>Spain</td>
<td>Bundle</td>
<td>Somatic solid tumors</td>
</tr>
<tr>
<td>✔</td>
<td>University Hospital</td>
<td>Not Disclosed</td>
<td>Australia</td>
<td>Dry lab</td>
<td>Whole exome</td>
</tr>
</tbody>
</table>

22,189 Patients 24,313 Analyses
Scalable Business Model

3x+ LTV / CAC ratio highlights ability to layer attractive annuity streams with strong returns

2019

$663,276

$214,806

2020

$881,633

$274,941

3.1x

3.2x
## Historical Financial Performance

<table>
<thead>
<tr>
<th>$ millions</th>
<th>2019</th>
<th>2020</th>
<th>Q2 2021</th>
<th>1H 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong> (Y-O-Y Growth)</td>
<td>$25.4</td>
<td>$28.4</td>
<td>$10.2</td>
<td>$19.2</td>
</tr>
<tr>
<td><strong>Gross Profit</strong> (Gross Margin)</td>
<td>$17.8 (70%)</td>
<td>$17.7 (1) (62%)</td>
<td>$6.2 (61%)</td>
<td>$11.8 (62%)</td>
</tr>
<tr>
<td><strong>Adj. Gross Profit</strong> (Adj. Gross Margin)</td>
<td>-- --</td>
<td>-- --</td>
<td>$6.3 (62%)</td>
<td>$12.0 (63%)</td>
</tr>
<tr>
<td><strong>Operating Loss</strong></td>
<td>($32.3)</td>
<td>($37.4)</td>
<td>($15.9)</td>
<td>($30.0)</td>
</tr>
<tr>
<td><strong>Adjusted Operating Loss</strong> (3)</td>
<td>-- --</td>
<td>-- --</td>
<td>($14.3)</td>
<td>($27.0)</td>
</tr>
<tr>
<td><strong>Net Cash Used in Operating Activities</strong></td>
<td>($31.7)</td>
<td>($31.7)</td>
<td>($16.2)</td>
<td>($26.3)</td>
</tr>
</tbody>
</table>

Despite COVID headwinds, SOPHiA exhibited growth in 2020, and 2021 is on track to be a record year.

**Notes:**

(1) Includes the impact of a one-time write-off of inventory associated with the loss of a key customer.
(2) Adjusted gross profit excludes the amortization of capitalized research and development expenses. Adjusted gross profit and adjusted gross margin are non-IFRS measures. For reconciliation of IFRS measures, see Appendix.
(3) Adjusted operating loss excludes the adjustments made to calculate adjusted gross profit, amortization of intangible assets, share-based compensation expense, non-cash portion of pension expenses paid in excess of actual contributions to match the actuarial expense, and non-recurring expenses related to the IPO. Adjusted operating loss is a non-IFRS measure. For reconciliation of IFRS measures, see Appendix.
Industry-Leading Experts

Board of Directors

- Over 460 employees across 27 countries
- 45% of employees in R&D
- 30% of employees have PhDs

Note: As of June 30, 2021.
SOPHiA Platform
Bringing value to patients

+ **Network**
  One of the largest global network of connected hospitals with over **780 institutions** connected across **72 countries**

+ **Technology**
  Accuracy recognized and valued by customers who pay on a per usage basis

+ **Scalability**
  50 terabytes of data generated per month for genomics, radiomics and multimodal data across a broad range of disease areas
Appendix
Reconciliation of IFRS to Adjusted Gross Profit and Gross Profit Margin
(Amounts in USD thousands, except percentages)

<table>
<thead>
<tr>
<th></th>
<th>Three months ended June 30,</th>
<th>Six months ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
<td>2020</td>
</tr>
<tr>
<td>Revenue</td>
<td>$10,178</td>
<td>$5,916</td>
</tr>
<tr>
<td>Cost of revenue</td>
<td>(3,948)</td>
<td>(1,950)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>6,230</td>
<td>3,966</td>
</tr>
<tr>
<td>Amortization of capitalized research and development expenses (1)</td>
<td>109</td>
<td>—</td>
</tr>
<tr>
<td>Adjusted Gross Profit</td>
<td>$6,339</td>
<td>$3,966</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross profit margin</td>
<td>61%</td>
<td>67%</td>
<td>62%</td>
<td>64%</td>
</tr>
<tr>
<td>Amortization of capitalized research and development expenses (1)</td>
<td>1%</td>
<td>—</td>
<td>1%</td>
<td>—</td>
</tr>
<tr>
<td>Adjusted gross profit margin</td>
<td>62%</td>
<td>67%</td>
<td>63%</td>
<td>64%</td>
</tr>
</tbody>
</table>

Note:
(1) Amortization of capitalized research and development expenses consists of software development costs amortized using the straight-line method over an estimated life of five years. These expenses do not have a cash impact but remain a recurring expense generated over the course of our research and development initiatives.
Reconciliation of IFRS to Adjusted Operating Loss
(Amounts in USD thousands)

<table>
<thead>
<tr>
<th></th>
<th>Three months ended June 30,</th>
<th></th>
<th>Six months ended June 30,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
<td>2020</td>
<td>2021</td>
<td>2020</td>
</tr>
<tr>
<td>Operating loss</td>
<td>$ (15,924)</td>
<td>$ (7,040)</td>
<td>$ (29,978)</td>
<td>$ (16,669)</td>
</tr>
<tr>
<td>Amortization of capitalized research and development costs (1)</td>
<td>109</td>
<td>—</td>
<td>177</td>
<td>—</td>
</tr>
<tr>
<td>Amortization of intangible assets (2)</td>
<td>161</td>
<td>142</td>
<td>313</td>
<td>263</td>
</tr>
<tr>
<td>Share-based compensation expense (3)</td>
<td>1,197</td>
<td>314</td>
<td>1,836</td>
<td>584</td>
</tr>
<tr>
<td>Non-cash pension expense (4)</td>
<td>158</td>
<td>204</td>
<td>335</td>
<td>428</td>
</tr>
<tr>
<td>Non-recurring IPO-related expenses (5)</td>
<td>—</td>
<td>—</td>
<td>323</td>
<td>—</td>
</tr>
<tr>
<td>Adjusted operating loss</td>
<td>$ (14,299)</td>
<td>$ (6,380)</td>
<td>$ (26,994)</td>
<td>$ (15,394)</td>
</tr>
</tbody>
</table>

Notes:
(1) Amortization of capitalized research and development expenses consists of software development costs amortized using the straight-line method over an estimated life of five years. These expenses do not have a cash impact but remain a recurring expense generated over the course of our research and development initiatives.
(2) Amortization of intangible assets consists of costs related to intangible assets amortized over the course of their useful lives. These expenses do not have a cash impact but we could continue to generate such expenses through future capital investments.
(3) Share-based compensation expense represents the cost of equity awards issued to our directors, officers, and employees. The fair value of awards is computed at the time the award is granted and is recognized over the vesting period of the award by a charge to the income statement and a corresponding increase in other reserves within equity. These expenses do not have a cash impact but remain a recurring expense for our business and represent an important part of our overall compensation strategy.
(4) Non-cash pension expense consists of the amount recognized in excess of actual contributions made to our defined pension plans to match actuarial expenses calculated for IFRS purposes. The difference represents a non-cash expense but remain a recurring expense for our business as we continue to make contributions to our plans for the foreseeable future.
(5) Non-recurring IPO-related expenses represent expenses incurred for our initial public offering that were not capitalized and are not expected to be recurring during the ordinary course of our business.