



2022

FINANCIAL STATEMENTS BULLETIN

January-December 2022

modulight

2022 was a disappointment - the operating environment is improving, and the product development pipeline reached a new record

The figures in brackets refer to the corresponding period of the previous year. This financial statements bulletin is unaudited.

Highlights in October-December 2022

- ❑ The R&D pipeline grew by one new project to 27 and developed especially towards new business models, such as the pay per treatment (PPT) model. Concrete progress in the product development pipeline was also the FDA approval received in January 2023.
- ❑ Revenue was EUR 1,268 (2,374) thousand. The decrease in revenue was due to the company's long sales cycles and delays in customers' research projects.
- ❑ EBITDA was EUR -2,000 (-3,715) thousand. Profitability was impacted by low revenue and the company's decision to accelerate growth strategy implementation.
- ❑ EBITDA margin was -157.7 (-156.5) % of revenue.
- ❑ Operating result (EBIT) was EUR -2,501 (-4,067) thousand.
- ❑ Operating result (EBIT) margin was -197.2 (-171.3) % of revenue.
- ❑ Earnings per share was EUR -0.05 (-0.10).
- ❑ Modulight published its updated strategy and directed additional resources towards promoting the U.S. market and Go-to-Market activities.

Highlights in 2022

- ❑ The total number of projects was 27 (24 at the end of 2021) and the share of large multinational companies grew. There was progress in the R&D project pipeline including opportunities to accelerate the pay per treatment cloud strategy in the short term.
- ❑ Customer development projects continued to be affected by delays related to the coronavirus pandemic and shortages in component availability as well as to the uncertainty in the global economy caused by geopolitics. However, the company sees a clear pick-up in the operating environment of the industry, for example, at international trade fairs and in the number of customer visits.
- ❑ Revenue was EUR 4,599 (9,071) thousand. The decrease in revenue was due to continued pandemic restrictions in key markets and challenges in component availability, as well as general macroeconomic and geopolitical uncertainty.

- ❑ EBITDA was EUR -5,936 (461) thousand. Profitability was impacted by low revenue and the company's decision to accelerate growth strategy implementation.
- ❑ EBITDA margin was -129.1 (5.1) % of revenue.
- ❑ Operating result (EBIT) was EUR -7,792 (-753) thousand.
- ❑ Operating result (EBIT) margin was -169.4 (-8.3) % of revenue.
- ❑ Earnings per share was EUR -0.20 (-0.15).
- ❑ The company's Board of Directors proposes that no dividend be paid for the financial year 2022.
- ❑ Modulight updated its strategy and directed additional resources towards promoting the U.S. market and Go-to-Market activities.
- ❑ The company's target for 2023-2025 is strong annual revenue growth and a return to strong profitability in terms of EBITDA margin. The market analysis carried out alongside the comprehensive strategy work confirmed the company's decision in early 2022 to accelerate investments to implement the growth strategy despite the decline in revenue.
- ❑ Proof of the progress in strategy implementation can also be considered the U.S. market authorization obtained after the financial year. In January 2023, Modulight Corporation received market authorization from the U.S. Food and Drug Administration (FDA) for its ML6710i laser device for the treatment of wet age-related macular degeneration (AMD) in the United States.

Key figures

Group EUR 1,000 unless otherwise noted	10-12/2022	10-12/2021	7-12/2022	7-12/2021	1-12/2022	1-12/2021 ¹⁾
Revenue	1,268	2,374	2,499	4,511	4,599	9,071
EBITDA	-2,000	-3,715	-3,342	-2,690	-5,936	461
EBITDA-%	-157.7%	-156.5%	-133.7%	-59.6%	-129.1%	5.1%
Operating result (EBIT)	-2,501	-4,067	-4,313	-3,351	-7,792	-753
Operating result (EBIT) -%	-197.2%	-171.3%	-172.6%	-74.3%	-169.4%	-8.3%
Earnings for the period	-2,235	-4,234	-4,183	-7,076	-8,552	-5,061
Earnings per share (EPS, EUR)	-0.05	-0.10	-0.10	-0.19	-0.20	-0.15
Acquisition of fixed and intangible assets	-4,860	-6,119	-8,530	-6,428	-13,694	-9,617
Free cash flow from operating activities	-6,861	-9,834	-11,873	-9,118	-19,630	-9,156
Cash and cash equivalents ²⁾	43,870	62,978	43,870	62,978	43,870	62,978
Net debt ²⁾	-35,586	-53,415	-35,586	-53,415	-35,586	-53,415
Gearing ratio ²⁾	-52.7%	-70.1%	-52.7%	-70.1%	-52.7%	-70.1%
Equity ratio ²⁾	86.3%	87.0%	86.3%	87.0%	86.3%	87.0%
Headcount (FTE) ²⁾	62	52	62	52	62	52

¹⁾ Audited

²⁾ Figure refers to the end of the review period

Outlook for 2023

Modulight has not issued guidance for revenue or profitability in 2023. As the company's customer projects are still distributed across varying early stages of development, and predicting developments in the market remains challenging, it is difficult to forecast performance in 2023. However, the company expects that changes in the operating environment caused by corona pandemic restrictions as well as macroeconomic and geopolitical uncertainty will still impact its financial performance in the short term.

Seppo Orsila, CEO

A challenging year behind us – positive expectations for the future

The year 2022 as a whole was challenging and disappointing for us. At the beginning of the year, our operating environment was difficult, but towards the end of the year the situation eased, and we were able to turn our business in a better direction. We are seeing a pick-up in the operating environment at trade fairs, number of customer visits, digital channels, and clinical activities. Thanks to our strong balance sheet, we were able to accelerate the implementation of our strategy despite the decline in revenue and to react to changes in the operating environment by sharpening our go-to-market strategy. The market and competitiveness study we commissioned as part of our extensive strategy work confirmed our previous analysis of the competitiveness and market potential of our product. Based on careful evaluation, we decided to continue accelerating investments and implementing our growth strategy despite the decline in sales. Our goal is to grow strongly in each calendar year and return to strong profitability during the strategy period 2023–2025.

Travel restrictions related to the coronavirus pandemic have slowed down our customers' research projects and our own sales efforts for a long time. The effects were still visible in our equipment deliveries due to long sales cycles. In addition, the changes in financial markets made it difficult for some of our customers to finance their product development projects. In the second half of the year, the effects of the pandemic finally began to diminish, and we were able to increase our sales and marketing efforts. Customer meetings and trade fair activities, which are important in our industry, have increased significantly in recent months. The shortage of components that slowed down our investments and deliveries also eased partly as the year progressed.

In 2022, our revenue decreased to EUR 4.6 million from EUR 9.1 million the previous year. Due to the implementation of our growth strategy, our EBITDA was EUR -5.9 million (EUR 0.5 million). We are naturally disappointed that our ten-year profitable growth history was interrupted, as we at Modulight have been particularly proud of our good performance.

With our strong balance sheet, we have been able to accelerate the implementation of our strategy and investments in products, people and equipment. Despite the decline in sales, we believe that accelerating investments is justified based on the situation of our customers as well as the competitiveness and market potential of our products. This was carefully re-validated in the extensive strategy work we carried out during the autumn. We have not suffered from a shortage of personnel, on the contrary, our number of employees increased. Thanks to our good employer image, there was a record number of excellent applicants for all positions, and we have been able to hire new

professionals without difficulty. Despite the challenging year, the results of our employee survey were also very positive.

Market authorization and record number of projects

Our product development made significant progress in strategic projects, such as the productization of devices for different indications and the development of cloud technology. One significant milestone for us was the market authorization granted by the US Food and Drug Administration (FDA) in early 2023 for a laser device for the treatment of wet age-related macular degeneration (AMD) in the United States. With the authorization, we can start launching the product on the market. The market authorization is immensely important for us, and it shows in concrete terms not only the high quality of our laser technology, but also our pioneering role in the application of cloud services. The market authorization also has a significant reference value for us.

Our most important strategic indicator is our product development pipeline, which grew from 24 projects to a record 27 projects during the year. In the fourth quarter, we started a new project with our current customer, one of the world's largest pharmaceutical companies. With the project, our cooperation expands to new diagnostics, which we have already developed with another major international company. In both cases, our ML7710 clinical laser product is used. This is early-stage research and development.

New go-to-market strategy

Despite the challenging year, we are increasingly convinced that there is a great need for our product, and the demand for it is supported by, among other things, the aging population and the need to improve the treatment of cancer and eye diseases. This was also confirmed in the strategy update work we launched in the autumn, where we focused on updating our go-to-market strategy. With the update, we also identified synergistic business areas that support our key strategy in more detail. We are already seeing the first benefits of the new commercialization strategy.

One of the business objectives of our updated strategy is to expand our own local operations in the United States. We have already opened the first product support center on the U.S. East Coast, which our customers regard as a significant step forward, as expected. With the FDA market authorization for the ML6710i laser device, we expect to begin launching the product in the U.S. during the first half of 2023 together with our partner. In Europe and Asia, we focus on selected partnerships, such as our recently launched distribution partnership with Laser 2000. The exclusive partnership makes our products available to the largest European customers in Germany, Austria, Switzerland and France.

During the year, we also developed our sustainability, governance and reporting in line with our strategy. From the perspective of sustainability, we proceeded, among other things, by defining our

environmental footprint. We completed an emissions calculation that covers our own activities and products, and we compensated for the calculated emissions by participating in the “Taimiteko” project. Our next step is carbon neutrality, which we aim for by 2025. The journey towards this goal has already begun.

During the year, we actively continued to develop our IP portfolio and received a U.S. patent for a medical device that can be configured remotely, among other things. We also filed four new patent applications in the U.S. and extended the protection of a few previous applications to other markets as well. New patent applications related to fluorescence-based diagnostics and imaging and semiconductor technology.

Moving forward with positive expectations

General economic developments, the aftermath of the pandemic and geopolitics continue to influence our industry. Year 2023 has started with a clear pick-up in customer activity and clinical development activities, and we believe that our sales and marketing efforts will contribute to the recovery of our business to strong, profitable growth.

Key factors in our future growth strategy include our state-of-the-art laser technology expertise and new SaaS-based business models such as the pay per treatment (PPT) business model. The U.S. market authorization, new parallel projects and long-term and expanded cooperation with leading companies and researchers in the field are good indicators of the strengths of our technology and cloud solutions and the appreciation of our expertise. Our long-term investments are also clearly starting to bear fruit.

I would like to thank our committed personnel, the Laser Family, for the past year, with whom we are daily working together to develop for instance various devices and treatment methods for the treatment of cancers. A big thank you for the trust in us also to our customers, partners and investors, who have enabled the accelerated implementation of the company's strategy for the benefit of cancer patients.

Progress of the product development pipeline

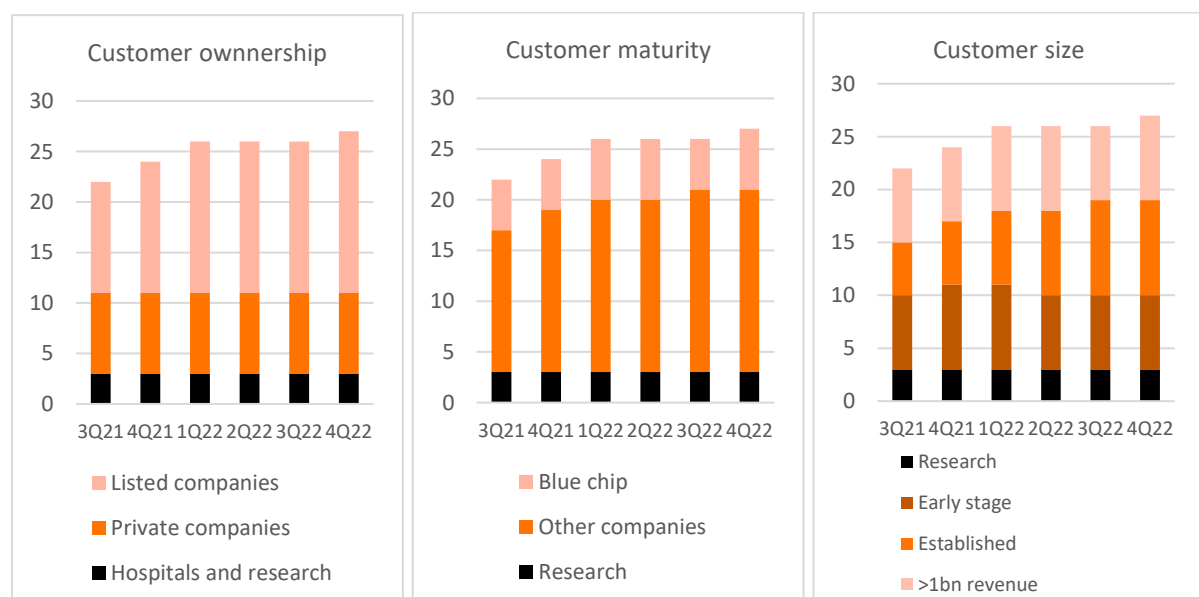
The product development pipeline, which the company considers the most important measure of its progress, grew in 2022. At the end of the year, Modulight had a total of 27 projects (24) related to individual indications and applications. Several projects progressed, and the company expects them to have significant revenue potential in 2023. The company also identified a promising opportunity to accelerate its cloud strategy in the short term based on U.S. clinician feedback.

A concrete indication of the progress of the product development pipeline was the market authorization received in January 2023 for the ML6710i laser device for the treatment of wet age-related macular degeneration (AMD) in the United States, which was expected already in 2021. Modulight started the cooperation with a prominent NYSE-listed customer to prepare a market authorization application for the U.S. Food and Drug Administration (FDA) back in 2018.

	2019				2020				2021				2022			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Total number of projects*	12	12	13	13	13	13	15	16	16	20	22	24	26	26	26	27

* To be listed here, a project needs to fulfill strict criteria related to its potential for commercial roll-out and to fit the company strategy and technological focus areas. In addition to the official projects listed in the above table, Modulight continues to work on several other initiatives, and eventually, some of these are expected to mature into projects. Classifying projects into customer groups and including or excluding them from the product development pipeline is not just the result of numerical analysis but ultimately a subjective process.

Additional information about Modulight's customers



Financial development

Revenue

October–December 2022

The Group's revenue in the last quarter of 2022 was EUR 1,268 (2,374) thousand. The change in revenue from the comparison period was EUR -1,106 thousand or -46.6%. The decrease in revenue was especially due to the company's long sales cycles and delays in customers' research projects.

July–December 2022

Revenue for the second half of 2022 was EUR 2,499 (4,511) thousand. The year-on-year change in revenue was EUR -2,012 thousand, or -44.6%. The decrease in revenue was particularly due to the uncertainty in the operating environment, the company's long sales cycles and delays in customers' research projects.

January–December 2022

Revenue in January–December 2022 was EUR 4,599 (9,071) thousand. The year-on-year change in revenue was EUR -4,472 thousand or -49.3%. The decrease in revenue was especially due to continued pandemic restrictions in key markets and challenges in component availability, as well as general macroeconomic and geopolitical uncertainty.

Modulight continues to see significant mid- and long-term demand in the market for its expertise and technology, and all project related work in 2022 continued to be aimed at the targeted extensive commercialization. However, most of Modulight's current revenue comes from projects related to early-phase product development with customers. Invoicing is tied to the progress of project milestones, and, especially in life sciences, there is significant uncertainty associated with each intermediate phase.

Profitability

October–December 2022

EBITDA in the fourth quarter was EUR -2,000 (-3,715) thousand, or -157.7 (-156.5) % of revenue. Operating result (EBIT) was EUR -2,501 (-4,067) thousand, or -197.2 (-171.3) % of revenue. Earnings per share (EPS) were EUR -0.05 (-0.10). Depreciations increased by EUR 148 thousand year on year and amounted to EUR 500 thousand, due to newly acquired equipment taken into use.

The year-on-year lower level of profitability was the result of a lower level of revenue and increased operational costs. Modulight's costs are now at a significantly higher level compared to the previous year, as the company has continued to execute its growth strategy.

July-December 2022

EBITDA for the second half of the year was EUR -3,342 (-2,690) thousand or -133.7 (-59.6) % of net sales. The operating result (EBIT) was EUR -4,313 (-3,351) thousand or -172.6 (-74.3) % of revenue. Earnings per share (EPS) were EUR -0.10 (-0.19). Depreciation and amortization increased by EUR 310 thousand year on year and amounted to EUR 971 thousand, due to newly acquired equipment taken into use.

The year-on-year lower level of profitability was the result of a lower level of revenue and increased operational costs. Modulight's costs are now at a significantly higher level compared to the previous year, as the company has continued to execute its growth strategy.

January-December 2022

EBITDA in January-December 2022 was EUR -5,936 (461) thousand, or -129.1 (5.1) % of revenue. Operating result (EBIT) was EUR -7,792 (-753) thousand, or -169.4 (-8.3) % of revenue. Earnings for the reporting period were EUR -8,552 (-5,061) thousand, and earnings per share were EUR -0.20 (-0.15).

The year-on-year lower level of profitability was the result of a lower level of revenue and increased operational costs. Modulight's costs are now at a significantly higher level compared to the previous year, as the company has continued to execute its growth strategy. Profitability was additionally impacted by the write-off of trade receivables of EUR 500 thousand in the beginning of the year. On December 31, 2022, the total amount of trade receivables was EUR 3,019 thousand. The company considers risks related to trade receivables as reasonable.

Balance sheet, financing and investments

In 2022, the company continued to invest in intangible and tangible assets. Investments amounted to EUR 13,694 (9,617) thousand. Free cash flow from operating activities was EUR -19,630 (-9,156) thousand. Cash flow from operating activities was EUR -4,105 (-4,707) thousand. Most of the total cash flow was related to investments in line with the company's strategy. Free cash flow from

operating activities was significantly affected by the company's decision to continue accelerating its growth strategy.

On December 31, 2022, the Group's cash and cash equivalents were EUR 43,870 (62,978) thousand. Financial securities included in this sum are considered alternative to bank deposits and are measured at fair value through profit or loss if the fair value is lower than the acquisition value.

On December 31, 2022, net debt was EUR -35,586 (-53,415) thousand, and net gearing was -52.7 (-70.1) %. Equity ratio was 86.3 (87.0) %. Return on equity in 2022 was -11.9 (-11.8) %.

Capitalized development expenses were EUR 3,031 (1,579) thousand or 22.6 (14.1) % of total operating expenses.

Personnel and management

On December 31, 2022, the number of employees (FTE) was 62 (52) and the average number of employees during January-December 2022 was 61 (51). Personnel expenses in 2022 totaled EUR 5,009 (3,880) thousand.

On December 31, 2022, the members of Modulight Corporation's Management Team were Seppo Orsila (CEO), Petteri Uusimaa (CTO), Anca Guina (Finance Director), Ulla Haapanen (Marketing Manager), Juha Lemmetti (R&D Director), Kati Reiman (People & Culture Director), Jari Sillanpää (Sales & Service Director) and Ville Vilokkinen (Operations Director).

At the end of the reporting period, the members of Modulight Corporation's Board of Directors were Jyrki Liljeroos (Chairman), Pia Kantola, Timur Kärki, Seppo Orsila, Kalle Palomäki and Petteri Uusimaa.

Annual General Meeting

The Annual General Meeting of Modulight Corporation was held on May 2, 2022. The Annual General Meeting approved the financial statements for 2021 and discharged the members of the Board of Directors and the company's CEO from liability for the financial year 2021. Additionally, the Annual General Meeting approved the Board of Directors' proposal that the result for the year 2021 of EUR -5,061 thousand would be transferred to retained earnings and that dividends would not be paid.

The Annual General Meeting resolved that the Board of Directors consists of six (6) members. Seppo Orsila, Petteri Uusimaa, Kalle Palomäki, Pia Kantola and Timur Kärki were re-elected to the Board of

Directors and Jyrki Liljeroos was re-elected as the chair of the Board of Directors. The remuneration report for the financial year 2021 was also approved.

Authorized Public Accounting firm Moore Rewinet Oy was elected as the Auditor of the company with Jari Paloniemi, Authorised Public Accountant, as the Responsible Auditor.

Shares and shareholders

The company has one class of shares, and all shares have the same voting rights and the right to a dividend and the company's assets. On December 31, 2022, the number of the company's shares was 42,616.936 (42,616.936). At the end of the reporting period, the company owned none of its own shares.

The company's share is traded on the First North Growth Market Finland marketplace maintained by Nasdaq Helsinki Ltd. During the reporting period, the highest share price was EUR 12.05 (17.65) and the lowest price EUR 1.72 (9.20). The weighted average price of the share during the reporting period was EUR 4.62 (12.82). Due to the IPO in 2021, the comparison period is September 30-December 31, 2021. The closing price on 30 December 2022 was EUR 1.89 (11.35). On December 31, 2022, the Group's market capitalization was EUR 80,461 (483,702) thousand.

On December 31, 2022, Modulight Corporation had 11,143 (11,703) shareholders. The members of the Board of Directors, the President and CEO and the Management Team held 46.6 (46.6) % of the shares, and the 20 largest shareholders accounted for 85.9 (86.9) % of the total number of shares. Modulight Corporation's 20 largest shareholders on December 31, 2022, are presented in the table below.

	Shareholder	Number of shares	% of shares and votes
1	Seppo Orsila	6,205,500	14.56%
2	Petteri Uusimaa	6,205,500	14.56%
3	Pekka Savolainen	3,465,000	8.13%
4	Varma Mutual Pension Insurance Company	3,276,074	7.69%
5	Ville Vilokkinen	3,039,750	7.13%
6	Petri Melanen	2,173,500	5.10%
7	Pekko Sipilä	1,630,125	3.83%
8	Mika Saarinen	1,630,125	3.83%
9	Didner & Gerge Funds	1,391,078	3.26%
10	Swedbank Robur Funds	1,334,346	3.13%
11	TIN Funds	1,155,625	2.71%
12	Mandatum Life Insurance Company	829,769	1.95%

13	SEB Funds	782,508	1.84%
14	Ancuta Guina	670,320	1.57%
15	Hubert Jouve	649,045	1.52%
16	Juha Lemmetti	553,140	1.30%
17	Jyrki Liljeroos	460,950	1.08%
18	Kalle Palomäki	414,855	0.97%
19	Jyri Merivirta	400,000	0.94%
20	Alcur Funds	358,529	0.84%

Option programs

Modulight has offered its personnel stock option programs as part of the incentive and commitment program. The company had one option program at the end of 2022. The total number of unused options is 852,758. No options were subscribed in 2022.

Outstanding option programs are presented in the table below.

Option program	Total number of options	Unused options	Subscription price EUR	Subscription period
2021	852,758	852,758	6.49	Dec 31, 2023-Dec 31, 2025

Assessment of short-term risks and uncertainties

Modulight's short-term risks and uncertainties primarily concern the company's business and industry. These risks relate, for example, to technological developments and the competitive situation, the supply chain, the availability of materials, the development of the healthcare sector and the availability of skilled labor. In addition, there are risks associated with the company's intellectual property rights, as well as obtaining marketing authorizations for products. The general global political situation, such as geopolitics and the corona pandemic, may affect both customers and the company and its business significantly and more than previously estimated.

The company operates in the medical and biomedical field and focuses especially on the US market. Various product and patient liability issues can be a significant risk for the company.

Increasing cybercrime can also be a significant and growing risk, especially since the company is now more widely recognized. The company may suffer interruptions or failures of its information technology, network or communications systems and/or cyber security breaches.

The company is also exposed to credit and counterparty and risks if the contractual parties are unable to fulfil their contractual obligations. Counterparty risk is mainly related to trade receivables and receivables related to financing instruments.

The success of Modulight's business and growth strategies also depends on the company's ability to recruit and engage skilled personnel. The availability or loss of key personnel could have a material adverse effect on Modulight's business.

The risks that most affected Modulight's performance in 2022 were related to corona pandemic restrictions, macroeconomic and geopolitical risks, and component shortages, which have affected the company's deliveries.

Market overview and operating environment

The medical markets relevant to Modulight Corporation are particularly related to cancer treatment (oncology), ophthalmology, genetics and diagnostics. In addition to the medical market, Modulight has identified business opportunities for its technology in the markets of other high value-add applications, such as quantum computing, flow cytometry, diagnostics and digital printing.

The global oncology pharmaceutical market was USD 185 billion in 2021 and is expected to grow to USD 307 billion by 2027. Although Modulight is targeting only a portion of the global oncology market and concentrating on the U.S. market in particular, the significant growth in the overall market also means an increase in the demand for laser-based oncology treatments and new opportunities globally. Growth in the oncology market is driven especially by a globally aging population. Age is known to be one major factor in the increase in the incidence of cancers.

The ophthalmic treatment market has also continued to grow. The global market totaled USD 33 billion in 2022, and it is expected to grow to USD 54 billion by 2030. The growth of the market is supported primarily by the continuous increase in ophthalmic diseases due to the aging population and the growing R&D investments in the development of eye disease treatments.

In the fields of genetics and diagnostics, the combined market for next-generation sequencing, endoscopes and flow cytometry is estimated to grow from the current approximately USD 26 billion to USD 52 billion by the end of the decade. One of the main growth factors in the genetics and diagnostics market is the need for personalized drug therapies in the treatment of cancers. Other important drivers of growth include the need for scalable cloud-based care solutions.

The quantum computing market is just emerging. Forecasts of its growth vary significantly, but all point to significant growth in the industry in the next few years. Modulight monitors the market mainly through its customers and, in line with its strategy, aims to offer its products also for quantum computing to maximize synergy benefits.

Strategy and targets

In November 2022, Modulight updated its strategy and financial targets for the strategy period 2023-2025.

Modulight's growth targets are based on the following key strategic factors:

1. geographical expansion
2. extension of the offering to new indications and applications
3. new business models
4. commercial and operational excellence
5. state-of-the-art laser technology expertise

Modulight's main business targets are:

- at least three commercial roll outs of projects in the current R&D pipeline
- local operations in the U.S. and focusing on selected partnerships in Europe and Asia
- developing a pay per treatment model and other SaaS-based business models
- improving treatment efficacy and accessibility with cloud-based services
- carbon-neutral operations in 2025

Modulight implements its strategy especially through the following programs:

- sales, marketing and operations development
- cloud technology and cloud-based services development
- productizing platform devices for various indications and applications
- technology development based on the completed investment program
- development of ESG, governance and reporting

Modulight's financial target is strong annual growth and a return to strong profitability during the strategy period 2023-2025. The company's dividend policy remains unchanged.

- Growth: strong annual revenue growth
- Profitability: return to strong profitability in terms of operating margin (EBITDA-%)
- Dividend policy: all returns invested in organic and inorganic growth, and the company distributes little or no dividends

Board of Directors' proposal for the distribution of distributable funds

On December 31, 2022, the distributable equity of the Group's parent company Modulight Corporation was EUR 59,920 (70,654) thousand. The company's Board of Directors proposes to the Annual General Meeting that no dividend be paid for the financial year 2022.

Events after the end of the reporting period

On January 23, 2023, Modulight Oyj announced that it had received a market authorization from the US Food and Drug Administration FDA for its ML6710i laser device for the treatment of wet macular degeneration (AMD) in the United States. Sales are expected to start during the first half of 2023.

Annual General Meeting

The Annual General Meeting of Modulight Corporation is scheduled to be held on May 2, 2023. Modulight's Board of Directors will convene the Annual General Meeting separately at a later date.

Financial reporting in 2023

In 2023, Modulight will publish the following financial reports:

- ❑ Business review January–March 2023: April 28, 2023
- ❑ Half-year financial report January–June 2023: August 18, 2023
- ❑ Business review January–September 2023: October 20, 2023

Tables January 1–December 31, 2022

Accounting principles for the consolidated financial statements

The financial figures have been prepared in accordance with the Finnish Accounting Standards (FAS).

The figures in this financial statements bulletin are unaudited, unless otherwise mentioned. Full-year 2021 figures are audited.

Consolidated income statement

EUR 1,000	10-12/2022	10-12/2021	7-12/2022	7-12/2021	1-12/2022	1-12/2021
REVENUE	1,268	2,374	2,499	4,511	4,599	9,071
Change in inventory	665	257	796	310	777	329
Manufacturing for own use	1,129	438	1,816	836	3,031	1,579
Other operating income	248	39	501	287	1,047	1,345
Raw materials and services						
Raw materials and consumables						
Purchases during reporting period	-655	-676	-1,071	-1,021	-2,488	-1,596
Change in inventory	-556	190	-520	243	346	406
External services	-292	-113	-426	-214	-643	-362
Total raw materials and services	-1,503	-599	-2,018	-992	-2,784	-1,552
Personnel expenses						
Wages and salaries	-1,178	1,001	-2,111	-1,720	-4,165	-3,199
Social security services						
Pension expenses	-213	-131	-386	-257	-747	-538
Other social security services	-69	-56	-103	-94	-97	-142
Total personnel expenses	-1,461	-1,188	-2,599	-2,071	-5,009	-3,880
Depreciation and amortization						
Depreciation and amortization according to plan	-500	-352	-971	-661	-1,857	-1,214
Other operating expenses	-2,347	-5,036	-4,339	-5,570	-7,596	-6,432
OPERATING PROFIT(-LOSS)	-2,501	-4,067	-4,313	-3,351	-7,792	-753
Financial income and expenses						
Other interest and financial income	7	4	10	5	25	7
Interest and financial expenses	258	-172	119	-4,233	-784	-4,317
Total financial income and expenses	265	-168	130	-4,228	-759	-4,310
PROFIT (-LOSS) BEFORE APPROPRIATIONS AND TAXES	-2,235	-4,236	-4,183	-7,578	-8,552	-5,063
Income taxes	0	2	0	502	0	1
PROFIT (-LOSS) FOR THE REPORTING PERIOD	-2,235	-4,234	-4,183	-7,076	-8,552	-5,061

Consolidated balance sheet

EUR 1,000	Dec 31, 2022	Dec 31, 2021
ASSETS		
Non-current assets		
Intangible assets		
Development expenditure	7,745	5,490
Total intangible assets	7,745	5,490
Fixed assets		
Buildings and structures	3,146	2,903
Machinery and equipment	10,514	5,686
Other fixed assets	6,245	1,734
Total fixed assets	19,906	10,324
Total non-current assets	27,651	15,814
Current assets		
Inventory		
Raw materials and consumables	1,562	785
Finished products	689	343
Total inventory	2,252	1,128
Receivables		
Short-term receivables		
Sales receivables	3,019	5,636
Other receivables	885	1,491
Prepayments and accrued income	632	468
Total short-term receivables	4,537	7,596
Financial securities	42,320	62,469
Cash and cash equivalents	1,549	508
Total current assets	50,658	71,702
TOTAL ASSETS	78,309	87,515

EUR 1,000	Dec 31, 2022	Dec 31, 2021
EQUITY AND LIABILITIES		
Equity		
Share capital	80	80
Reserve for invested unrestricted equity	75,334	75,334
Retained earnings	709	5,800
Earnings for the reporting period	-8,552	-5,061
Total equity	67,571	76,153
Liabilities		
Non-current liabilities		
Capital loan		
Loans from financial institutions	6,606	8,217
Total non-current liabilities	6,606	8,217
Current liabilities		
Capital loan		80
Loans from financial institutions	1,678	1,267
Advances received	172	112
Accounts payable	1,318	727
Other liabilities	128	108
Accrued expenses	836	853
Total current liabilities	2,454	3,146
Total liabilities	10,738	11,363
TOTAL EQUITY AND LIABILITIES	78,309	87,515

Consolidated cash flow statement

EUR 1,000	10-12/2022	10-12/2021	7-12/2022	7-12/2021	1-12/2022	1-12/2021
Cash flow from operating activities						
Operating profit	-2,501	-4,067	-4,313	-3,351	-7,792	-753
Depreciation and amortization	500	352	971	661	1 857	1,214
Net financial expenses	265	-168	130	-4,228	-759	-4,310
Change in working capital	2,752	-2,484	2,416	1,580	2,590	-860
Taxes paid		2		502		1
Cash flow from operating activities (A)	1,017	-6,366	-797	-4,835	-4,105	-4,707
Cash flow from investing activities						
Investments in tangible and intangible assets	-4,370	-3,340	-6,385	-6,428	-9,184	-9,617
Advance payments	-491		-2,145		-4,510	
Cash flow from investing activities (B)	-4,860	-3,340	-8,530	-6,428	-13,694	-9,617
Cash flow from financing activities						
Change in interest-bearing debts	-270	12,393	-601	72,483	-1,279	75,904
Dividends paid				-615		-615
Cash flow from financing activities (C)	-270	12,393	-601	71,868	-1,279	75,290
Net cash flow (A+B+C)	-4,114	2,687	-9,928	60,605	-19,078	60,965
Cash at the beginning of the period	48,005	60,228	53,802	2,313	62,978	1,784
Exchange rate differences	-22	63	-4	59	-30	228
Cash at the end of the period	43,870	62,978	43,870	62,978	43,870	62,978

Changes in equity items and distributable funds

EUR 1,000	1-12/2022	1-12/2021
Restricted equity		
Share capital January 1	80	18
Share capital increases	0	62
Share capital December 31	80	80
Total restricted equity December 31	80	80
Unrestricted equity		
Reserve for invested unrestricted equity January 1	75,334	3,284
Increases in the reserve for invested unrestricted equity	0	72,050
Reserve for invested unrestricted equity December 31	75,334	75,334
Profit (-loss) for previous financial years January 1	739	6,249
Translation difference	-30	166
Dividends distributed in the reporting period	0	-615
Profit (-loss) for previous financial years December 31	709	5,800
Profit for the financial period	-8,552	-5,061
Total unrestricted equity December 31	67,491	76,073
Total equity December 31	67,571	76,153

Calculation formulas for key figures

Key figures	Definition	Reason for the use
Growth of revenue-%	$(\text{Revenue for the period} - \text{The revenue of the previous reference period}) / \text{Previous revenue for the period}$	Revenue growth is an indicator to measure the growth of the Company
EBITDA	Operating result before depreciation, and amortization	EBITDA is an indicator to measure the operational performance of the Company
EBTIDA-%	$\text{EBITDA} / \text{Revenue}$	Operating margin is an indicator to measure the operational performance of the Company
Operating result	Operating result as presented in the income statement	Operating result is an essential indicator for the understanding of the Company's financial performance
Operating result-%	$\text{Operating result} / \text{Revenue}$	Operating result is an essential indicator for the understanding of the Company's financial performance
Earnings per share	Earning from the period / weighted average number of outstanding shares during the period	Indicator describes the distribution of operating result to individual shares
Acquisition & scrapping on fixed and intangible assets	Acquisition & scrapping of fixed and intangible assets as presented in the statement of cash flow	Indicator produces more information on the cash flow needs for operational investments
Free cash flow operating activities	$\text{EBITDA} - \text{Acquisitions \& scrapping of fixed and intangible assets as presented in the statement of cash flow}$	Indicator produces information of the cash flow which the Company is able to generate after operational investments
Net debt	Interest-bearing debt - Cash and cash equivalents (at the end of the period)	Net debt is an indicator to measure the total external debt financial of the Company
Gearing ratio	$(\text{Interest-bearing debt} + \text{Cash and cash equivalents (at the end of the period)}) / \text{Equity}$	Indicator for the management to track the Company's level of equity
Equity ratio	$\text{Equity} / \text{Total Equity}$	Indicator for the proportion of the Company's assets that have been financed with equity

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Modulight in brief

Modulight Corporation is a biomedical laser company that designs and manufactures products for oncology, ophthalmology and genetics. The company also provides solutions for selected high value-add applications including quantum computing and digital press. The company's products include medical devices, subsystems, software, cloud services and specialized semiconductors. Modulight's products are used worldwide by many Fortune 500 companies, pharmaceutical companies, and well-known cancer centers and universities. Modulight was founded in 2000 and is headquartered in Tampere, Finland. www.modulight.com

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