

# PERSONALIZED MEDICINE AND BETTER LIFE

**ANNUAL REPORT 2022**

**modulight**

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# Modulight in brief

Modulight Corporation is a biomedical company that designs and manufactures laser devices for the treatment of cancer and eye diseases and for genetics. The company also manufactures products for other high value-add applications such as quantum computing.



Modulight has over 20 years of experience in medical applications and in designing and manufacturing lasers and optics. Since 2014, the company has focused on providing laser solutions for the medicine and biomedicine sectors. More specifically, Modulight has been involved in developing various laser-based treatment methods for indications within oncology (cancer treatment) and ophthalmology.

Modulight's laser solutions are also used in other products where laser technology brings significant added value, often related to

improved functionality, performance or manufacturability of the customer's own product or service.

Modulight seeks growth, particularly in the United States. Other target markets are Europe and Asia. The company's products are exported to all continents.

In January 2023, Modulight received a market authorization from the U.S. Food and Drug Administration (FDA) for its laser device for the treatment of wet age-related macular degeneration (AMD) in the United States.



# Year 2022 in brief

In 2022, Modulight's R&D project pipeline grew from 24 to a record 27 projects. Remarkable progress was made in several projects, and the share of large multinational companies grew.

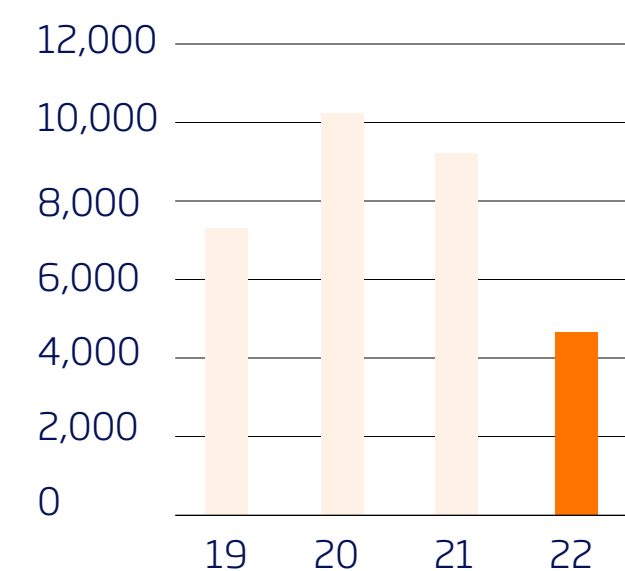
In autumn 2022, Modulight updated its strategy and financial targets for the strategy period 2023–2025. The company's targets for 2023–2025 are strong annual revenue growth and a return to strong profitability in terms of EBITDA margin.

In line with the updated strategy, the company directed additional resources towards promoting the U.S. market and Go-to-Market activities. The company's first product support center on the U.S. East Coast was established. Also new business models were identified: additional opportunities opened up for accelerating the pay per treatment (PPT) cloud strategy in the short term.

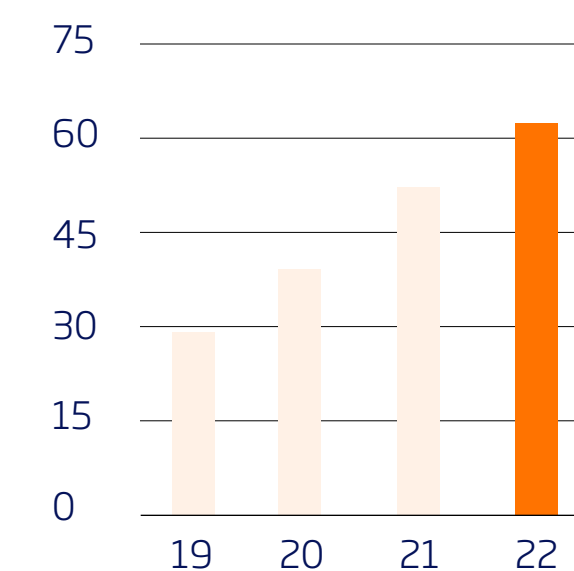
In 2022, revenue decreased to EUR 4.6 million from EUR 9.1 million the previous year. Due to the implementation of the growth strategy, EBITDA was EUR -5.9 million (EUR 0.5 million). The market analysis carried out alongside the comprehensive strategy work confirmed the company's decision in early 2022 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 laser device for the treatment of wet age-related macular degeneration (AMD) in the United States.

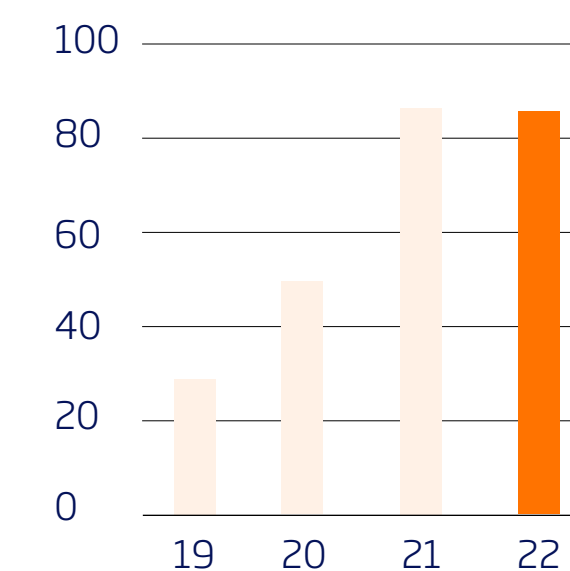
**REVENUE, EUR 1,000**



**PERSONNEL**



**EQUITY RATIO, %**



## GROUP KEY FIGURES

EUR 1,000 unless otherwise noted	1-12/2022	1-12/2021
Revenue	4,599	9,071
EBITDA	-5,936	461
EBITDA-%	-129.1%	5.1%
Operating result (EBIT)	-7,792	-753
Operating result (EBIT) margin %	-169.4%	-8.3%
Earnings for the period	-8,552	-5,061
Earnings per share (EPS, EUR)	-0.20	-0.15
Acquisition of fixed and intangible assets	-13,694	-9,617
Free cash flow from operating activities	-19,630	-9,156
Cash and cash equivalents <sup>1)</sup>	43,870	62,978
Net debt <sup>1)</sup>	-35,586	-53,415
Gearing ratio <sup>1)</sup>	-52.7%	-70.1%
Equity ratio <sup>1)</sup>	86.3%	87.0%
Number of personnel (FTE) <sup>1)</sup>	62	52

<sup>1)</sup> The number refers to the end of the reporting period

Experience in years

20 +

Number of projects  
at year-end

27

International listed  
companies as  
customers

10 +

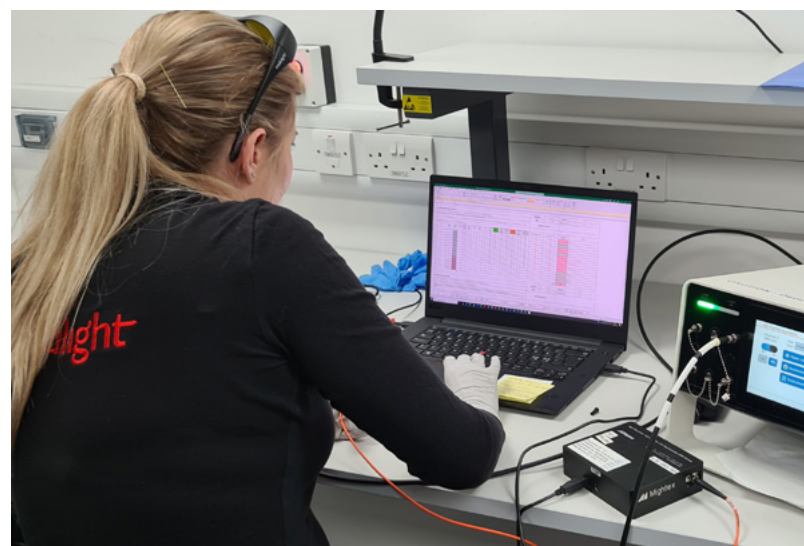


# Highlights in 2022

Total number of projects at year-end was

# 27

The share of large multinational companies grew with some of the world's largest pharmaceutical companies.



Progress in the R&D project pipeline, and additional opportunities opened up for accelerating the pay per treatment (PPT) cloud strategy in the short term.

Modulight updated its strategy and directed additional resources towards promoting the U.S. market and Go-to-Market activities.



Customer meetings and trade fair activities, which are important in Modulight's industry, increased significantly towards the end of the year.

In January

# 2023,

Modulight Corporation received market authorization from the U.S. Food and Drug Administration (FDA) for its laser device for the treatment of wet age-related macular degeneration (AMD) in the United States.



# 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



**Despite the challenging year, we are increasingly convinced that there is a great need for our products, and the demand for those is supported by, among other things, the aging population and the need to improve the treatment of cancer and eye diseases.**



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.



We have already opened the first product support center on the U.S. East Coast, which our customers, expectedly, consider as a significant step forward.

**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.

**Seppo Orsila**

CEO



# 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 targets and dividend policy for the strategy period 2023-2025:

- 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



# Products and services

Modulight develops and provides biomedical lasers for various medical indications, customized lasers for applications that provide high value-add, as well as related services.

Modulight's process covers product development from the concept stage to the active product portfolio, which helps customers shorten the time to market for their products and to significantly increase their value. For customers in medicine and biomedicine, the process usually begins with a preclinical trial phase, followed by clinical trial phase I or pilot production. This is followed by clinical trial phases II-III. With products for other high value-add applications, the process starts with the concept phase, followed by the product development phase. For all customers, at the final stage, production is started, and the product is launched on the market.

Modulight usually charges the customer a project-specific fixed fee or a service fee. The company's revenue recognition is mainly based on delivery/ milestone – sometimes also delayed. The company is also developing a pay per treatment (PPT) payment model.

## PRODUCTS

### Medicine and biomedicine



#### MEDICINE

- Oncology products
- Ophthalmology products
- Products for genetics and diagnostics

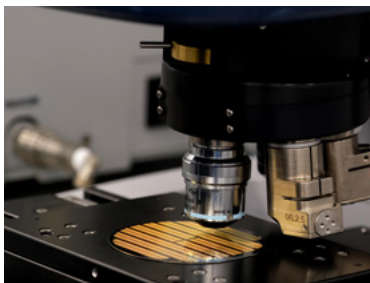
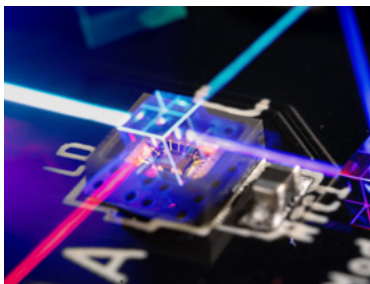
#### BIOMEDICINE

- Customized laser solutions (wavelength, optical power and laser output beam engineering enabled by own production plant and semiconductor process))

### Other high value-add applications

Highly specialized semiconductor chip designs and product platforms used in biomedicine can often be used for other high value-add applications with similar requirements for wavelength, laser power and light delivery.

- Quantum computing
- Flow cytometry
- Semiconductor metrology
- Monitoring of weather phenomena



## SERVICES

- Cloud services for improved treatment efficacy and availability
- Lifecycle support and regular maintenance plans
- Regulatory design and approval services
- Pay-per-treatment services
- On-site or online training and calibration services
- Regulatory and feature software updates





# SUSTAINABLE BUSINESS

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# Sustainability is in Modulight's DNA

The focus of Modulight's work is on medical technology products that improve people's lives and help fight serious diseases. Thus, its hand-print, i.e., positive impact on society is significant and correspondingly, its footprint is small. The negative impacts of the operations are mainly caused by raw materials for the products, emissions from the production as well as commuting and business travel. Modulight compensated its carbon dioxide emissions in year 2022 through the "Taimiteko" project.

Modulight is very ambitious in its approach to sustainability and develops its business by leveraging its corporate responsibility know-how and listening to stakeholders' needs.

Sustainability is an integral part of Modulight's strategy and values of passion, renewal, respect and customer satisfaction.

At Modulight, sustainable development is part of normal daily work and an ongoing process. The sustainability program supports systematic work, taking into account economic, social and environmental responsibility. Sustainability is ensured in all operations and is communicated and reported in an open and transparent manner.

A person in a cleanroom wearing a hood, mask, and gloves, working with a device. The background is a cleanroom environment with various equipment and a person in the background.

At Modulight, we make magic happen with light. We serve the life sciences industry by developing devices to treat cancer and improve people's health and well-being. We also manufacture products for a range of other high value-add applications, such as quantum computing.



# Starting with the materiality assessment

Modulight identified its most material sustainability themes by different stakeholders during 2022. For the materiality assessment, stakeholder surveys were carried out and used as a basis for establishing the sustainability themes. The surveys were addressed to employees, customers, partners, and investors. Based on the materiality assessment, targets were set, key performance indicators (KPIs) were defined, and a sustainability program was created to achieve the targets. The implementation of the program is coordinated by a Steering Group and monitored by the Management Team and the Board of Directors, which is ultimately responsible for developing the business in a more sustainable direction.

The Steering Group is also responsible for communication and reporting. Its goal is to ensure that Modulight's employees and partners have the right and sufficient knowledge of sustainability objectives and themes so that they can contribute to the development of products and operations to be more sustainable. This information is shared through internal and external channels, and achievements are regularly reported to all stakeholders.

We make every effort to increase our ecological handprint while reducing the relatively small negative impacts of our activities - our footprint.

**Modulight's responsibility is guided by the following systems and guidelines:**

- Code of Conduct
- Management Systems ISO9001:2015, ISO14001:2015 and ISO13485:2016
- Corporate Governance system
- Related Party Transaction Policy
- Charter of the Board of Directors
- Remuneration policy
- Personnel policy
- Disclosure policy
- Insider policy and dividend policy
- Anti-corruption policy





# Programme

THEMES	KPI'S	GOALS
Passion for work		
Team spirit	Employee satisfaction	Employee satisfaction survey result > 4 (scale 1-5)
Well-being at work	Employee turnover	Annual attrition below 8%, balance between work and leasure time
Excellent leadership	Absences due to sickness	Sick leaves less than 3% of total working hours in a year
Renewal		
Competence development	Education and training hours	Adequate training provision
Innovations and continuous product development	Number of projects in product development pipeline	A growing number of projects in the product development pipeline, and sufficient patents to protect IPR rights.
Respect for others		
Respecting company culture	Employer reputation, employee diversity	Start to measure employer reputation through eNPS or similar system Offer equal opportunities and compensation
Responsibility oudside and inside the supply chain	Suppliers' commitment to ethical guidelines	Suppliers identified as critical have signed the ethical guidelines
Being part of the societies	Co-operation with universities & local communities,co-operation in product development	Active and mutually beneficial co-operation with reliable partners
Liability of products	Product liability and safety	Zero medical devices related incidents
Resource efficiency of production and products		
Materials, energy, waste	Energy, materials and water used, waste generated and carbon footprint	100% renewable energy, reduction in electricity and heating consumption as a percentage of turnover Become carbon neutral by 2025
Product quality, durability and usability	Quality deviations	Reduced number of non-conformities or complaints
Handling of toxic materials and gases	Number of accidents or close calls	No environmental accidents
Travelling and offices	Energy used for heating of premises	Reduce energy used for heating by 30% by 2025
Economical responsibility		
Increasing long-term value	Sales, market value and EBITDA-%	Growing market value, high-quality products
Fair value distribution	Value distribution, taxes paid	Responsible payment of taxes and fair value distribution to external stakeholders
Quality management	Customer and user satisfaction	High satisfaction
Ensuring continuity	Coverage of ethical guideline	Suppliers are trained on and comply with ethical guidelines
Corruption or irregular behaviour	Number of flaws or inappropriate behavior	Zero tolerance for corruption



# Commitments

We are committed to the UN's Sustainable Development Goals (SDGs), of which we have selected the following as the most important ones for our own operations:



**3. Ensure healthy lives and promote well-being for all at all ages.**  
Modulight is involved in the fight against cancer and in improving people's health. The company supplies laser systems and related software and services to medical and biomedical companies with more than 20 years of experience. Modulight specializes in laser-based therapies for oncology and ophthalmology



**4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.**  
Modulight believes in the power of education and strives for its part to raise people's awareness of the potential of laser technology for cancer prevention and health promotion. It offers its employees, the Laser family, equal opportunities to develop their knowledge and skills and aims to ensure decent working conditions within its network of partners. Respect for human rights and respect for all is an uncompromising requirement.



**5. Achieve gender equality and empower all women and girls.**  
Modulight is a diverse and international working community that offers equal development opportunities to all its employees. The basic characteristics of different genders are considered when supporting training and career development. The company seeks to attract the best talent to its Management Team and Board of Directors.



**8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.**  
Modulight's offering is based on strong research and product development and the ability to improve the coverage, features and quality of products and services in line with customer needs. Modulight also actively participates in international scientific and technological cooperation to promote its innovation, particularly in the fight against cancer.



**9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.**  
Modulight's offering is based on strong research and product development and the ability to improve the coverage, features and quality of products and services in line with customer needs. Modulight also actively participates in international scientific and technological cooperation to promote its innovation, particularly in the fight against cancer.



**12. Ensure sustainable consumption and production patterns.**  
Modulight develops its policies to ensure efficient use of natural resources and to reduce its environmental impact. The company also strives to ensure that these values are implemented in its supply chain. High product quality and long product life support sustainable development



# Strong team spirit in the Laser family

Modulight's social responsibility emphasizes passion for work, continuous renewal and respectful treatment. Modulight calls its personnel the "Laser family", which describes the strong team spirit within the international company. Passion for work is reflected in the continuous development of the offering and operations, which in turn enables employees to take on challenging and varied assignments in health technology projects. Well-being at work is the result of meaningful tasks, good team spirit and leadership, and a good work-life balance. Product safety and reliability are also taken into account as part of social responsibility.

At the end of 2022, Modulight had 62 employees (2021: 52), an increase of 19%. Personnel turnover remained at a low level. Similarly, the sickness absence rate remained below the target of 3%, at 0.9% of all hours worked for the year. Modulight's personnel expenses totaled EUR 5.0 million (2021: 3.9).

Modulight's business requires special expertise, and competition for professionals remains tough, but the company's excellent reputation as an employer supports recruitment, and excellent job satisfaction reduces the need for recruitment. According to a survey conducted in 2022, job satisfaction continued to improve, rising to 4.1 (scale 1-5). The corresponding indicator for the previous year was 4.0. There was also room for improvement, and corrective measures were taken based on the feedback received.

## Increasing expertise in projects

One of Modulight's key competitive strengths and differentiators is the ability to combine knowledge and skills from different areas of expertise. Personnel development, career paths and the provision of training opportunities play an important role in ensuring the employees' motivation and well-being, but also in maintaining Modulight's product development and innovation capabilities.

Modulight also participates in international communities that focus on cancer prevention. While sharing their expertise, Modulight gains at the same time information to develop their offering. In addition, the company actively collaborates with universities and research institutes and offers thesis and internship opportunities for students.





Work-life balance

Modulight provides a safe and healthy workplace for all its employees and actively takes measures to prevent accidents and work-related illnesses. In Modulight's production, the risk of accidents is low, and attention is paid to working postures and ergonomics. In office work, the stress comes from demanding work and deadline pressure. All operations comply with occupational health and safety legislation and regulations. With the aim of zero accidents at work, all health and safety risks are immediately reported. During 2022, there were no accidents at work, and sickness absence rate was 0.9% of all hours worked.

Modulight supports its personnel in finding a work-life balance. As part of seeking balance, office workers are given the opportunity to hybrid work so that they can benefit from the flexibility of remote working and the social dimension of working onsite.



Modulight has its own personnel restaurant, which serves nutritious and delicious meals from Monday to Friday.

A diverse family

Modulight is proud of its diversity. There are more than ten different nationalities and a fairly even gender balance in the company. All employees are offered equal opportunities and respectful treatment. The day-to-day activities are guided by the Code of Conduct, which is part of the induction process. The Code prohibits inappropriate behavior, discrimination, bullying and harassment. Modulight also adheres to these principles in its dealings with customers and partners. In case of suspicion, the company has a Whistleblowing channel where one can anonymously report inappropriate behavior. In 2022, no violations were reported through the Whistleblowing channel.

Multidirectional cooperation

Modulight believes in the power of cooperation. The company and its professionals actively participate in health technology-related projects and industry discussions through international seminars, trade fairs, meetings and

organizations. An example of this is the forthcoming Photodynamic Therapy Congress. The International Photodynamic Association (IPA) selected Modulight to act as the organizer of the congress which will take place in Tampere in July. The congress will bring together an estimated 500 medical researchers and clinicians to share research results and new discoveries in the field of medicine and technology.

As part of its social responsibility, Modulight also engages in charitable activities, supporting the local children's cancer center, local universities and junior sports teams. For more than 10 years, Modulight has been supporting floorball, ice hockey and other team sports, especially for young children - both girls and boys. In recent years, the company has also supported ice hockey in Tampere to support both customer events and the working atmosphere.

Employees at year end

62 (52)

Job satisfaction

4,1 (scale 1-5)

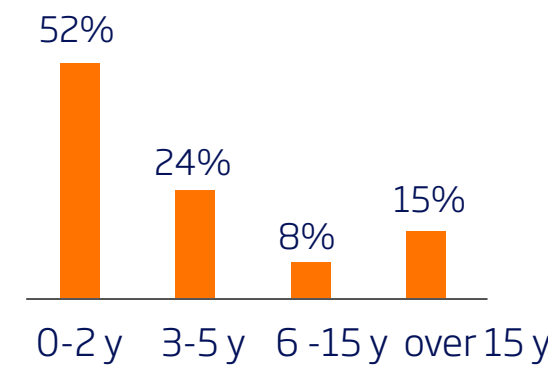
Absence due to sickness, %

0.9 in year 2022

Personnel expenses

5.0 MEUR

LENGTH OF CAREER , %



# Resource-efficient production

Modulight’s environmental impact is relatively small in relation to the company's production and operations, but in line with the principle of continuous improvement, efforts are being made to further reduce it. The energy intensity of Modulight’s production, as well as that of the life cycle of its products, is low. As its key environmental themes, Modulight has identified energy efficiency in products and production, high standards of material management and the reduction of the environmental impact of its own operations.

During 2022, development focused on identifying environmental impacts and calculating emissions. Environmental impacts were found to be mainly caused by energy used and waste streams caused by production, by business travel and commuting as well as by logistics. The materials and equipment required for the operations also consume natural resources and generate emissions.

Modulight calculated its carbon footprint covering Scope 1 and 2 and Scope 3 GHG emissions excluding in-use emissions from products. Total emissions in 2022 were calculated to be 606 t CO<sub>2</sub>e. Modulight's carbon footprint in 2022 (Scopes 1, 2 and 3) corresponds to the average carbon footprint of approximately 60 Finns. The most significant single source of emissions was business travel, which increased significantly in 2022 as a result of the removal of the corona pandemics restrictions. Flying is a necessity for Modulight, as its main markets and customers are located abroad, particularly in the U.S., and sales success in the company's business also requires face-to-face meetings. However, carbon emissions

have been significantly reduced, for example by purchasing only wind-certified renewable electricity, which alone is estimated to reduce emissions by around 365t CO<sub>2</sub>e in 2022 compared to conventional non-renewable energy.

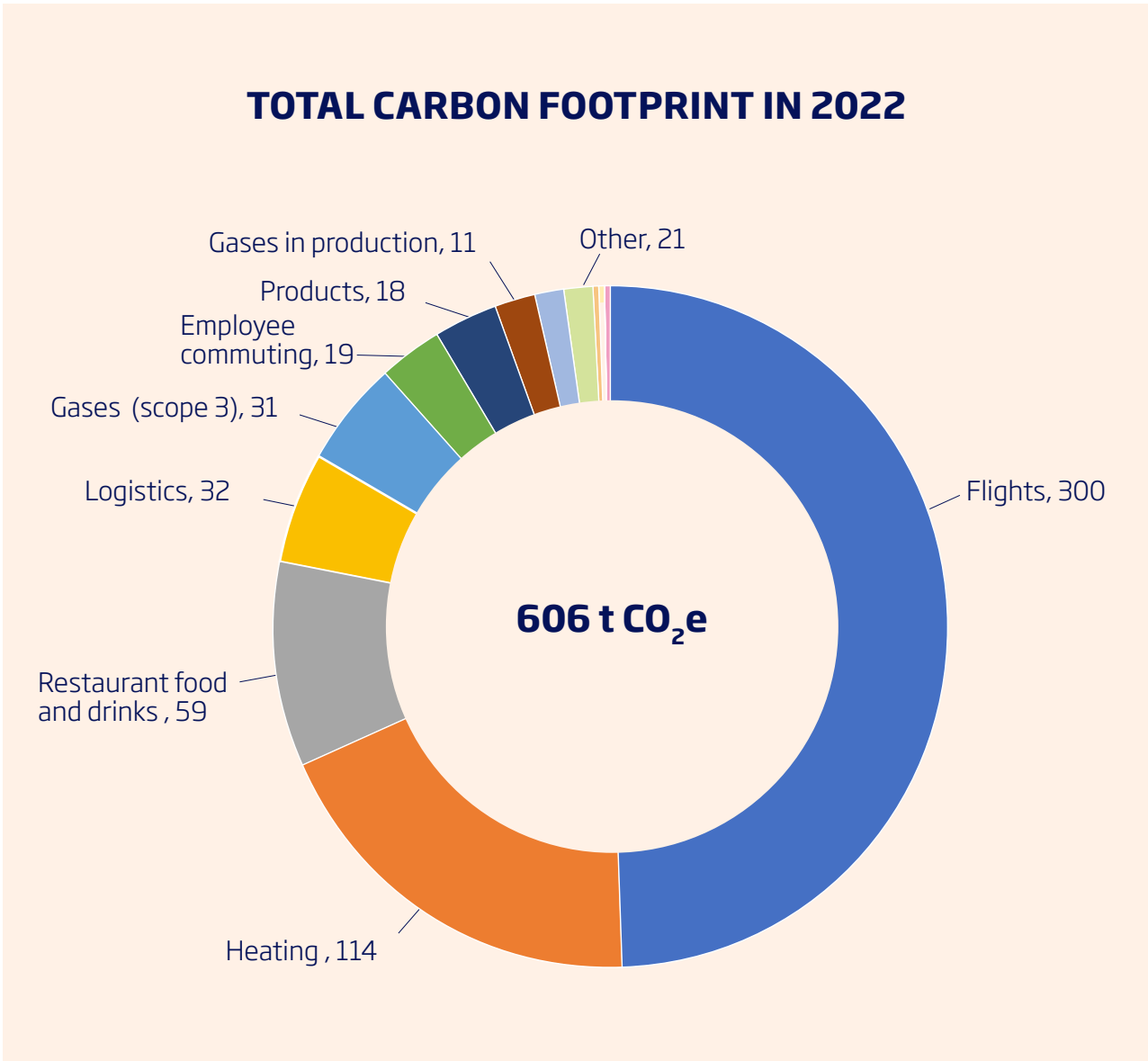
### Emissions were compensated

Modulight has reduced its emissions by, for example, using more renewable electricity, favoring low-emission means of travel and using remote connections for meetings and conferences. Cycling, walking and public transport are the preferred means of commuting for many, as Modulight’s headquarters are conveniently located in Hervanta, Tampere. Modulight compensates its remaining emissions through the “Taimiteko” project. The project creates new carbon sinks while employing young people in tree planting. Reporting on carbon emissions will be further developed in 2023.

Modulight uses metals, chemicals and semiconductors as raw materials. Nitrogen is also used in production, both in pure gas and liquid form. For example, the metals used in the semi-

conductor process have been 100% recycled for more than 20 years already.

Controlling production quality is part of reducing environmental impact. Modulight is certified to the ISO 14001 environmental standard, and resource efficiency in production is continuously improved. Modulight's business generates relatively little waste, and its recycling is at a high level. All chemical waste generated is neutralized and/or recycled appropriately. The amount of waste and effluent is very low, less than 4% of emissions.



Scope 1	
Gases in production	11
Company cars	8
Fuel oil	1
Scope 2	
Heating (district heating), 694 MWh	114
Electricity, 1 553 MWh	0
Scope 3	
Flights	300
Restaurant food and drinks	59
Logistics	32
Gases	31
Employee commuting	19
Products	18
Hotel nights	9
Business travel by car	3
Water	1
Mainentanance / Cleaning	0
Waste	0
Data / IT	0



# Long-term value creation

Modulight aims to ensure the continuity of its operations through profitable growth and to create value for all its stakeholders. The company also plays fair in sharing the benefits gained. High-quality products that meet customer needs are at the heart of the business. Competitive remuneration is guaranteed to employees and fair compensation to partners for products and services provided. Modulight supports the society by providing jobs and meeting its tax obligations.

To ensure growth and profitability, Modulight follows a strategy based on trends in the operating environment, market expectations and the company's own skills and resources. As a growth company, Modulight seeks to increase its value by investing its profits in its operations, thereby strengthening its market value and increasing its attractiveness as an investment. The dividend policy is therefore very moderate.

### High quality of operations

Ensuring the quality of products and production is an important factor in developing profitability. So is reliable management, organized in compliance with the Finnish Limited Liability Companies Act. In its risk management, Modulight complies with medical equipment standards and ISO standards. This also includes data protection and privacy, which

ensure that customer data or personal data is handled in accordance with the law.

### Fair competition

Modulight's business is based on fair competition, zero tolerance for corruption and bribery and the prevention of money laundering. The company adheres to strict anti-corruption practices and careful controls. Modulight has not identified any specific risk of corruption and bribery in its normal risk management. In addition to laws, regulations and codes of conduct, its operations are guided by internal Code of Conduct. Partners are also required to follow a similar code of conduct, although they have not yet been required to sign the Code. The objective for 2023 is therefore to include ethical guidelines in partner agreements as widely as possible.

## REWARDED BOARD WORK

In January 2022, Modulight was awarded the Golden Gavel 2022 award by the Association of Boarding Partners for good Board work. The jury's justification for the selection placed particular emphasis on Modulight's Board of Directors working as a team. Other clear strengths highlighted by the jury include ESG, the systematic approach of the Board and the ability to steer the company's strategy and oversee its implementation.



### Market value

80.5  
MEUR

### Earnings per share

-0.20  
EUR

### Equity ratio,%

86.3



# Modulight is developing a platform solution for the treatment of uveal melanoma

Modulight's technology platforms can be used for multiple indications. Modulight has developed a platform solution to treat wet age-related macular degeneration (AMD). The same platform is now developed in co-operation with a listed U.S. pharmaceutical company to treat uveal melanoma.

This is a great example of Modulight's strategy implementation and proof of the company's capabilities. Uveal melanoma is the most common type of eye cancer in adults. It is a cancer that begins in the cells that make the dark-colored pigment, called melanin, in the uvea or uveal tract of the eye. Uveal melanoma of the iris is usually a small tumor that grows slowly. This malignancy is often fatal when it spreads to other parts of the body.

Modulight has been working with a customer to develop a product that can be used to treat uveal melanoma. In the treatment, a drug molecule developed by the client is injected in the eye. Laser light is then used to activate the drug which destroys the cancer cells.

Modulight has also supplied necessary documentation for the customer to support their authority approval applications.

This project collaboration is a great opportunity to utilize Modulight's expertise on new indications and to expand on a new market. Again, Modulight has received a lot of praise from the customer and the doctors involved in the collaboration, as the overall service provided by Modulight has facilitated and accelerated drug development and made it easier to conduct clinical trials. Modulight's customers also typically appreciate the fact that, especially in the first treatments, a Modulight representative is involved - many doctors have even insisted on this and felt that this gives them the necessary certainty in the development of new therapies. This collaboration has already led to the launch of a new cancer indication study on the same platform and to the study of a new indication on another Modulight platform.



Modulight has worked with its customer to develop a product that can be used to treat uveal melanoma.



CASE



# Modulight develops a new fluorescence imaging solution for cancer detection

A critical part of the cancer treatment process is diagnostics. Modulight's technology platforms are suitable for both treatment and diagnostics. Based on earlier cooperation and introduction of the wide capabilities of our product platform, one of the largest pharmaceutical companies in the world approached us and told that they are developing new fluorescence imaging solution for detecting cancer.

Fluorescence imaging is a type of non-invasive imaging technique that can help visualize biological tissue. Fluorescence itself is a form of luminescence that results from matter emitting light of a certain wavelength after absorbing light at another wavelength. Molecules that re-emit light upon absorption of light are called fluorophores. Each fluorophore has specific spectral behavior. These fluorophores combined with a marker solution can be used for clearly distinguishing cancerous tissue from healthy tissue.

One of Modulight's key strengths is the capability to tailor its laser technology to match the spectral behavior of the fluorophores. As a part of the fluorescence imaging solution, the customer wanted to develop the laser illumination source and the ways to deliver the light on a tissue in different parts of the body. Modulight's vertically integrated solutions make it possible to deliver a technology platform where the customer can adjust the laser wavelengths based on the fluorophores used without changing the mechanical fit and form. Additionally, the light delivery solution can be tailored based on the application, location of the tissue in the body and form of illumination required. As an example on the tailoring capabilities and flexibility of the laser platform, it can be easily integrated with robotic platforms used for example in bronchoscopy.



One of Modulight's key strengths is the capability to tailor its laser technology to match the behavior of the fluorophores.



CASE



## Systematic IPR portfolio development as part of strong product development

Modulight's product development is unique globally, as the company develops products and technologies at the interface of three areas of deep expertise: drugs and treatments for oncology and ophthalmology, cloud-connected medical devices, and semiconductor and laser technologies. Solutions developed with pharmaceutical companies and other Fortune 500 customers are based on Modulight's proprietary product platforms and technologies, which are also actively protected by patents.

Modulight's more than 20 years of experience in semiconductor technology is based on a strong process know-how that the company has as a rule not felt necessary to protect with patents. The IPR portfolio is mainly built around cloud-connected therapeutic and diagnostic devices and related technologies, including

business models and analytics. The company seeks to protect its technologies primarily in the U.S., with protection extended to Europe and Asia as appropriate.

The company already holds two patents in the US (2020/2022) for a cloud-based remotely controlled medical laser device. These patents will provide a strong technological basis for the introduction of pay per treatment based business models, among others, as part of the company's strategy. In addition, the company has a total of 12 US and international patent families in the evaluation phase. These active patent families relate to areas such as fluorescence imaging, optical treatment monitoring, theranostics, flow cytometry, gene sequencing, treatment usability, light-activated drug delivery and to a few specific semiconductor processes.



The company seeks to protect its technologies primarily in the U.S.

CASE



# BOARD OF DIRECTORS REPORT AND FINANCIAL STATEMENTS

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# Report of the Board of Directors for January 1–December 31, 2022

Modulight Corporation is a biomedical company that designs and manufactures devices that utilize laser light for the treatment of cancer and eye diseases as well as for genetics. The company also manufactures products for other high value-add applications, such as quantum computing.

Modulight's products include medical devices, application systems, software, cloud services, and custom semiconductors. Modulight's products are used worldwide, and the company's customer base includes e.g. several Fortune 500 companies, international pharmaceutical companies, and well-known cancer centers and universities. Modulight was founded in 2000 and is headquartered in Tampere, Finland. On December 31, 2022, the company had 62 employees (FTE), and the company's net sales in 2022 were EUR 4.6 million.

**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**

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 strategic key factors:**

- 1. Geographical expansion
- 2. Expansion 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

**The company's main business targets for the strategy period 2023–2025 are:**

- At least three commercial roll-outs of projects in the current R&D pipeline
- Starting local operations in the U.S. and focusing on selected partnerships in Europe and Asia
- Developing the 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 EBITDA-%
- Dividend policy: all returns invested in organic and inorganic growth, and the company distributes little or no dividends

**Key events in the financial period of 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).
- 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 laser device for the treatment of wet age-related macular degeneration (AMD) in the United States.

**Sustainable development**

The focus of Modulight's work is on medical technology products that improve people's lives and help fight serious diseases. Thus, its handprint and positive impact on society is significant and correspondingly, its footprint is small. The negative impacts of the activity are mainly caused by business travel and commuting, logistics and energy used for heating the building. In 2022, Modulight compensated its carbon dioxide emissions through the "Taimiteko" project.

Modulight is very ambitious in its approach to sustainability. The company develops its business in line with corporate responsibility, thus supporting sustainable development in line with its sustainability program. Sustainability is ensured in all operations and is communicated and reported in an open and transparent manner.

Modulight identified its key sustainability themes by stakeholder during 2022. For this purpose, stakeholder surveys were carried out and the sustainability themes were divided into social responsibility, environmental responsibility and financial responsibility. Based on the prioritization, a sustainability program was created, and responsibilities were defined to monitor progress. The implementation of the program is monitored by the Management Team and the Board of Directors, which is ultimately responsible for developing the business in a more sustainable direction.

**Social responsibility**

Modulight's social responsibility emphasizes passion for work, continuous renewal and respectful treatment. Product safety and product reliability are also part of CSR. Modulight calls its personnel the "Laser family", which describes the strong team spirit within the company. The company offers its employees challenging and varied tasks and the opportunity to develop their skills in an international working community. Well-being at work is the result of meaningful tasks, good team spirit and leadership, and a good work-life balance.

At the end of 2022, Modulight had 62 employees (FTE) (2021: 52), an increase of 19%. Personnel turnover remained low at 5.4%. Modulight's business requires specific skills and competition for talent remains tough, but the company's excellent reputation as an employer supports recruitment and, on the other hand, investments in employee well-being reduce personnel turnover. As a result, job satisfaction is at a high level. The annual ESS survey conducted during 2022 gave a satisfaction score of 4.1 on a scale of 1 to 5. Modulight's personnel expenses amounted to EUR 5.0 million (2021:3.9).

**Competence development**

Personnel development, promoting career paths and providing training opportunities play an important role in ensuring personnel motivation and well-being, but also in maintaining Modulight's product development and innovation capabilities. Modulight therefore offers its personnel a wide range of training and development opportunities. A significant opportunity for skills development comes through a wide range of projects and product development projects. Modulight is also involved in international communities that focus on cancer prevention, thus sharing its expertise while

gaining the necessary knowledge to improve its offering. One example of collaboration with international communities is Modulight's selection to host the International Photodynamic Association (IPA) World Congress in 2023. The congress will take place in Tampere, Finland, where medical researchers and clinicians will share ideas, research results and new discoveries in the field of medicine and technology. In addition, the company actively collaborates with universities and research institutes, and offers thesis and internship opportunities for students.

**Working conditions**

Modulight provides a safe and healthy workplace for all its employees and actively implements measures to prevent accidents and work-related illnesses. In Modulight's production, the risk of accidents is low, and attention is paid to working postures and ergonomics. In office work, stress comes from demanding work and deadline pressure. All operations comply with occupational health and safety legislation and regulations. With the aim of zero accidents at work, all health and safety risks are reported immediately. During 2022, there were no accidents at work, and the number of sickness absences was 0,9% of all working hours.

**About 90% of Modulight's employees have a university degree, and the Laser family also includes several professionals with a PhD in Physics.**



Human rights and equality

Modulight respects human rights and complies with the UN Universal Declaration of Human Rights, the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multi-national Enterprises. The company does not tolerate any form of inappropriate behavior, discrimination, bullying or harassment. These principles are also applied in the cooperation between Modulight and its partners.

The company's day-to-day activities are guided by the Code of Conduct which is part of induction training. The company has up-to-date personnel information systems and databases, as well as a data protection policy. In addition to rigorous internal controls, Modulight provides a Whistleblowing channel for its stakeholders to anonymously report concerns about inappropriate behavior. In 2022, no violations of the above-mentioned laws, regulations or policies were reported, and no reports were received through the Whistleblowing channel.

Modulight is proud of its diversity: there are more than ten different nationalities and a fairly even gender balance in the workforce. Similarly, efforts are being made to achieve a diverse composition of the Management Team and the Board of Directors.

Modulight offers its employees equal opportunities, respectful treatment and freedom of association. Employment contracts comply with local laws and collective agreements.

The company engages in constructive and regular dialogue with its employees.

As part of its social responsibility, Modulight is involved in charitable activities and supports the local children's cancer center, local universities and junior sports teams. During recent years, Modulight has also participated in supporting

ice hockey in Tampere to support both customer events and the work atmosphere.

**Environmental responsibility**

In terms of the environment, energy efficiency in products and production, high standards of materials management and reducing the environmental impact of own operations are key themes. During 2022, development focused on environmental impact assessment and emissions calculation. Environmental impacts are mainly caused by business travel and commuting, logistics and energy used for heating. There are also negative impacts from materials and equipment required for operations. However, the energy intensity of Modulight's production, as well as that of the life cycle of its products, is low.

For 2022, Modulight defined its carbon footprint covering Scope 1, 2 and Scope 3 GHG emissions, excluding the products' in-use emissions. Total emissions were calculated to be 606 t CO<sub>2</sub>e. The most significant single source of emissions was business travel, which increased significantly in 2022 following the removal corona pandemics restrictions. Flying is a necessity for Modulight, as its main markets and customers are located abroad, particularly in the U.S., and sales success in the company's business also requires face-to-face meetings. However, significant reductions in carbon emissions have been achieved, for example by purchasing only wind-certified renewable electricity, which alone is estimated to have reduced emissions by approximately 365t CO<sub>2</sub>e in 2022.

At the end of 2022, Modulight compensated its emissions based on the calculation for 2021 through the "Taimiteko" project. The project will create new carbon sinks while employing young people in planting trees. Reporting of carbon dioxide emissions will be further developed in 2023.

Ensuring the quality of production is part of reducing environmental impacts. Modulight is certified to the ISO 14001 environmental standard, and resource efficiency in production is continuously improved. Modulight's business generates relatively little waste, and its recycling is at a high level. All chemical waste generated in the processes is neutralized and/or recycled appropriately. The amount of waste and effluent is very small, as they cause less than 4% of emissions.

A concrete proof of well-managed environmental responsibility is the Green Office certificate awarded to Modulight in 2022, which comprehensively assesses the various externalities of the company's operations from an environmental sustainability perspective. Green Office is an environmental scheme created by WWF Finland to reduce the carbon footprint of workplaces and consume natural resources sustainably.

**Governance**

Modulight's corporate governance complies with the Finnish Limited Liability Companies Act and the Finnish Securities Market Association's Corporate Governance Code 2020, as well as Modulight's Articles of Association. The Corporate Governance Statement is published together with the Financial Statements, the Report of the Board of Directors and the Remuneration Report on the company's website. Further information on Modulight's corporate governance can be found on the company's website.

In January 2022, Modulight was awarded the Golden Gavel 2022 award by the Association of Governance Partners for good board work. The jury placed particular emphasis on Modulight's Board working as a team. Other clear strengths highlighted by the jury include ESG (responsibility and sustainability), the systematic approach of the Board and the

ability to steer the company's strategy and oversee its implementation.

**Anti-corruption activities**

Modulight's business is based on fair competition, zero tolerance for corruption and bribery and the prevention of money laundering. It maintains strict anti-corruption practices and careful controls. Modulight has not identified any specific risk of corruption and bribery in its normal risk management. In addition to laws, regulations and codes of conduct, the company's operations are guided by its Code of Conduct. Partners are also required to follow a similar code of conduct, although they have not yet been required to sign the code. The objective for 2023 is therefore to include ethical guidelines as widely as possible in partner agreements.

**Risks**

Modulight's sustainability risks are particularly related to product quality and compliance, as well as the health and safety of its employees. Risks related to product quality and compliance may negatively affect for example the company's reputation and/or valid or pending marketing authorizations, and thus cause significant harm to the company's business. The gases used in semiconductor processes and production equipment, when released, can be very harmful to the health and/or environment of the company's employees. However, due care and caution are exercised in their storage and handling. Modulight's quality management system complies with international standards ISO9001:2015, ISO14001:2015 and ISO13485:2016.



Financial development

Revenue

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

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 Janu-

ary-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 at Hermiankatu 22, 33720 Tampere, Finland. 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.

KEY FIGURES, GROUP

EUR 1,000 unless otherwise noted	1-12/2022	1-12/2021	1-12/2020
Revenue	4,599	9,071	10,062
EBITDA	-5,936	461	5,787
EBITDA-%	-129.1%	5.1%	57.5%
Operating result (EBIT)	-7,792	-753	4,712
Operating result (EBIT) margin %	-169.4%	-8.3%	46.8%
Earnings for the period	-8,552	-5,061	3,732
Earnings per share (EPS, EUR)	-0.20	-0.15	0.12
Acquisition of fixed and intangible assets	-13,694	-9,617	2,068
Free cash flow from operating activities	-19,630	-9,156	3,719
Cash and cash equivalents <sup>1)</sup>	43,870	62,978	1,784
Net debt <sup>1)</sup>	-35,586	-53,415	3,924
Gearing ratio <sup>1)</sup>	-52.7%	-70.1%	41.1%
Equity ratio <sup>1)</sup>	86.3%	87.0%	48.6%
Headcount (FTE) <sup>1)</sup>	62	52	39

<sup>1)</sup> The figure refers to the situation at the end of the period.



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 to the right.

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 to the right.

SHARES AND SHAREHOLDERS

	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	Mika Saarinen	1,630,125	3.83%
8	Pekko Sipilä	1,630,125	3.83%
9	Swedbank Robur Funds	1,590,832	3.73%
10	Didner & Gerge Funds	1,437,157	3.37%
11	TIN Funds	1,155,625	2.71%
12	Hubert Jouve	980,000	2.30%
13	Mandatum Life Insurance Company	813,922	1.91%
14	Ancuta Guina	670,320	1.57%
15	Evli Funds	640,346	1.50%
16	Juha Lemmetti	553,140	1.30%
17	Jyrki Liljeroos	460,950	1.08%
18	Kalle Palomäki	414,855	0.97%
19	Alcur Funds	408,617	0.96%
20	SEB Funds	300,000	0.70%

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 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.

Modulight's sustainability risks are particularly related to product quality and compliance, as well as the health and safety of its employees. Risks related to product quality and compliance may negatively affect for example the company's



reputation and/or valid marketing authorizations or permit applications, and thus cause significant harm to the company's business. The gases used in semiconductor processes and production equipment, when released, can be very harmful to the health and/or environment of the company's employees. However, due care and caution are exercised in their storage and handling. Modulight's quality management system complies with international standards ISO9001:2015, ISO14001:2015 and ISO13485:2016.

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

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 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.

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.

Board of Directors' proposal for the distribution of distributable funds Annual General Meeting 2023

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.

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 statements 1 Jan.–31 Dec. 2022

## Consolidated income statement (FAS)

EUR 1,000	2022	2021
<b>REVENUE</b>	4,599	9,071
Change in inventory	777	329
Manufacturing for own use	3,031	1,579
Other operating income	1,047	1,345
Raw materials and services		
Raw materials and consumables		
Purchases during reporting period	-2,488	-1,596
Change in inventory	346	406
External services	-643	-362
Total raw materials and services	-2,784	-1,552
Personnel expenses		
Wages and salaries	-4,165	-3,199
Social security services		
Pension expenses	-747	-538
Other social security services	-97	-142
Total personnel expenses	-5,009	-3,880
Depreciation and amortization		
Depreciation and amortization according to plan	-1,857	-1,214

EUR 1,000	2022	2021
Other operating expenses	-7,596	-6,432
<b>OPERATING PROFIT (-LOSS)</b>	-7,792	-753
Financial income and expenses		
Other interest and financial income	25	7
Interest and financial expenses	-784	-4,317
Total financial income and expenses	-759	-4,310
<b>PROFIT (-LOSS) BEFORE APPROPRIATIONS AND TAXES</b>	-8,552	-5,063
Income taxes		1
<b>PROFIT (-LOSS) FOR THE REPORTING PERIOD</b>	-8,552	-5,061



## Consolidated balance sheet

EUR 1,000	Dec 31, 2022	Dec 31, 2021
<b>ASSETS</b>		
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
<b>Total non-current assets</b>	<b>27,651</b>	<b>15,814</b>
<b>Current assets</b>		
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
<b>Total current assets</b>	<b>50,658</b>	<b>71,702</b>
<b>TOTAL ASSETS</b>	<b>78,309</b>	<b>87,515</b>

EUR 1,000	Dec 31, 2022	Dec 31, 2021
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
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
<b>Total equity</b>	<b>67,571</b>	<b>76,153</b>
<b>Liabilities</b>		
Non-current liabilities		
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	4,132	3,146
<b>Total liabilities</b>	<b>10,738</b>	<b>11,363</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>78,309</b>	<b>87,515</b>



## Consolidated cash flow statement

EUR 1,000	Dec 31, 2022	Dec 31, 2021
<b>Cash flow from operating activities</b>		
Operating profit	-7,792	-753
Depreciation and amortization	1,857	1,214
Net financial expenses	- 759	-4,310
Change in working capital	2,590	- 860
Taxes paid		1
<b>Cash flow from operating activities (A)</b>	<b>-4,105</b>	<b>-4,707</b>
<b>Cash flow from investing activities</b>		
Investments in tangible and intangible assets	-9,184	-9,617
Advance payments	-4,510	
<b>Cash flow from investing activities (B)</b>	<b>-13,694</b>	<b>-9,617</b>
<b>Cash flow from financing activities</b>		
Change in interest-bearing debts	-1,279	75,904
Dividends paid		-615
<b>Cash flow from financing activities (C)</b>	<b>-1,279</b>	<b>75,290</b>
<b>Net cash flow (A+B+C)</b>	<b>-19,078</b>	<b>60,965</b>
<b>Cash at the beginning of the period</b>	<b>62,978</b>	<b>1,784</b>
<b>Exchange rate differences</b>	<b>- 30</b>	<b>228</b>
<b>Cash at the end of the period</b>	<b>43,870</b>	<b>62,978</b>



# Notes to the consolidated financial statements

## Parent company: Modulight Corporation Domicile: Tampere

### Notes to the financial statements

## Accounting principles for consolidated financial statements

Modulight Oyj is the parent company of the Modulight Group. The financial statements have been prepared in accordance with Finnish Accounting Standards (FAS). Modulight Oyj and the Modulight Group are domiciled in Tampere and their registered address is Hermiankatu 22, 33720 Tampere. A copy of the financial statements is available from the parent company's head office. The income statement of the subsidiary Modulight USA, Inc. has been converted into euros at the average exchange rate of the financial period, and the balance sheet at the exchange rate of the balance sheet date.

## Changes in group structure

There have been no changes in the group structure during the financial year.

## Factors affecting comparability

The shares of the Group's parent company have been admitted to public trading on September 30, 2021 on the Nasdaq First North Growth Market Finland marketplace maintained by Nasdaq Helsinki Oy. The direct non-recurring costs arising from the listing have been recognized in

full as an expense for the financial year 2021 and amount to approximately EUR 4,017 thousand. Expenses are presented as part of financial expenses for the financial year 2021.

## Internal transactions and margins

Intra-group transactions, intra-group receivables and liabilities, intra-group profit distribution and intra-group margin have been eliminated. All Group companies have been consolidated in the consolidated financial statements. The consolidated financial statements have been prepared using the acquisition cost method.

## Valuation principles and methods

### Valuation principles for non - current assets

Development costs included in non-current assets consisted mainly of product development costs related to products being developed for commercial use. Development costs have been capitalized prudently. The condition for capitalization is that the capitalized item is likely to generate income at least equal to the capitalized amount after the end of the capitalization period.

Tangible assets in the balance sheet are valued at acquisition cost less planned depreciation.

### Valuation principles for current assets

The value of the inventory is presented at the acquisition value or at lower fair value.

Financial securities include low-risk fund investments that can be easily converted into cash. Investments are marked

to their acquisition value or to a lower fair value at the end of the financial year.

Cash and cash equivalents include assets in the parent company's bank accounts. Loans from financial institutions are divided into current and non-current liabilities in the balance sheet based on their projected payment date. Interest expense is recognized as an expense in the period in which it is incurred.

Trade receivables, accrued income and other receivables included in financial assets are valued at their nominal value or to its lower probable value. Receivables are recognized as credit losses based on a case-by-case risk assessment, when there is sufficient evidence that the claim will not be received on the original terms.

## Conversion rate of financial statements of a foreign subsidiary

The profit and loss statements of foreign subsidiaries have been converted into euros at the average exchange rate of the financial period, and the balance sheets at the exchange rate of the balance sheet date.

## Foreign currency items

Exchange rate differences are presented in the income statement under financial income and expenses. Foreign currency liabilities and receivables open at the balance sheet date have been adjusted to the exchange rate at the balance sheet date if the value of the liability exceeds the book value or the value of the receivable is below book value.

## Principles for accruals

### Revenue model

The Company's revenue model can be roughly divided in four phases that have similar elements in both business areas, Life Sciences and other high value-add applications. With respect to customers in the medical and biomedical fields, the first phase is usually the preclinical trial phase, which is followed by the clinical trial phase I or pilot production. The following phases are clinical trial phases II and III, and the last phase of the model is launching an active product portfolio on the market, which the Company strives for. The commercial commissioning stage is considered to have been rendered as the Company's revenue exceeds EUR 10 million in terms of this product/client. With respect to products in the other high value-add applications, the revenue model typically consists of the proof of concept (POC), pilot production, product development, market launch, and production. In each of the phases, the Company's customer strategy is to cover the entire process from proof of concept to active product portfolio, which may significantly help its customers to decrease their time to market and increase the value of their product. This is due to a variety of factors, including the Company's current product platforms and solutions, agile product development process that is based on its own production, the earlier approvals granted by the relevant authority for the Company's platform solutions, and the Company's full service offering and cloud-based service model. The Company believes that the cloud services can be applied to both product areas even though they have been



initially designed for medical and biomedical applications.

In the proof of concept or the preclinical phase, the Company typically delivers a laser product or prototype to the client to prove the product's initial suitability to be used for the intended purpose and to determine the additional features that will be possibly needed in the final product. The Company's intention is that clients in the medical and biomedical fields benefit from shorter time to market when using the Company's existing product platforms and CE mark or the approvals that the FDA has previously granted to the platforms. In terms of products in other high value-add applications, the proof-of-concept phase can utilize existing products and product platforms for initial testing, which aim to create cost and time savings for the customers. The customers are usually companies that seek long-term competitive advantages in the field of laser technology. In the preclinical phase, the Company typically charges a fixed fee per project, which may include e.g. equipment and services. In this phase, the fixed fee per project is approximately between EUR 10 thousand and EUR 150 thousand for universities and between EUR 100 thousand and EUR 1,000 thousand for early-stage medical research and other high value-add projects.

In the clinical phase I, the Company typically delivers a full offering to the client, including e.g., testing and documentation related to the device approval, installation of research device, and training of research staff. Again, the intention of the Company is that customers will benefit from shorter time to market when using the Company's CE mark, FDA approvals, and functionalities of the device platforms already developed. The pilot phase of the products in the other high value-add applications typically involves initial testing of the product within the customer's product or process. This phase can be preceded or followed by a separate, more extensive development phase in which the product or technol-

ogy is developed together with the customer, and which may contain separate phases of moving to production. In phase I and pilot production, the Company typically charges a fixed fee per project that is based on the completion of intermediate objectives jointly agreed upon. The fixed fee per project is approximately between EUR 500 thousand and 5,000 thousand or even to a greater extent. The Company also charges a service fee equal to approximately 25% of the client's cumulative device acquisitions.

In clinical trial phases II-III, the Company typically aims to offer the full product and service package to customers to help them approve and qualify the product to commercial production. This usually includes final product requirements, production ramp up plans, software and services plans, and distribution plans for commercial roll out. With regard to its products that have reached phases II-III, the Company has typically charged a fixed fee per project that includes devices and services in different forms. The product development projects in the other high value-add applications contain similar elements but they usually focus on developing certain product characteristics or technologies that are required by the customer as part of the customer's product. Product development projects also typically involve preparation and ramp up of the production, development of business and service models, and management of product versions. Based on the estimate of the Company's management, the fixed fee per project is approximately between EUR 2 million and EUR 30 million. These phases also include a service fee that is based on the number of devices in the field but may also include other service elements. The Company also charges a license or service fee equal to approximately 25% of the client's cumulative investments.

In the active product portfolio go to market phase, dedicated client-specific products are intended to be in active use. These products can either be new products or product

lifetime extensions through the introduction of new laser components or features. The Company expects that in certain cases the commercial introduction could be carried out through the product platforms already placed on the market by activating new products in the cloud service. The Company aims to offer the full value chain, including cloud-based business services that may in the medical and biomedical fields involve e.g., treatment fees per use, licensing of the treatment or monitoring and use control of drugs or consumables, and analytic services that are aimed at improving the treatment result. The services regarding other high value-add applications may contain installation and maintenance agreements, fees that are based on the use or utilization rate, and analytics related to improvement of quality or product usage. In this phase, the Company's revenue is based on a share of the drug or treatment fee or the utilization rate of other high value-add applications. The Company's management estimates that installation and service fees equal to approximately 25% to 35% of the client's cumulative investments, in addition to which the Company expects to earn 2% to 20% from licensing or revenue shares.



Depreciation according to plan

Fixed assets have been valued at acquisition cost less planned depreciation.

Depreciation according to plan is calculated on the basis of the economic life as follows:

	Depreciation method	Depreciation period
Development costs	Straight line	5
Buildings and structures	Straight line	10-40
Machinery and Equipment	Straight line	2-15

The changes in the depreciation principles are related to fixed assets put into use in 2022. In the buildings and structures group, some of the objects taken into use in 2022 are depreciated in 10 years (minimum depreciation period previously applied was 20 years).

In the machines and equipment, the depreciation period for some of the objects taken into use in 2022 was determined to be 15 years (maximum depreciation period previously applied was 10 years).

Notes related to subsidiaries and associates

Companies consolidated in the consolidated financial statements (group structure 31.12.2022):

Name	Domicile	Ownership-%
Modulight Oyj	Finland	Parent company
Modulight USA, Inc.	United States	100
Modulight China Export A Oy	Finland	100
Leaptek Photonics Oy	Finland	100

Notes to the consolidated income statement

Turnover by market area:

% of total turnover	2022	2021
Finland	7	11
Other	93	89
Total	100	100

Material items in other operating income:

EUR 1,000	2022	2021
Subsidies and grants received	1,047	1,345
Total	1,047	1,345

Valmistus omaan käyttöön:

EUR 1,000	2022	2021
Manufacture for own use, intangible assets	3,031	1,579
Total	3,031	1,579

Salaries, pension expenses and other personnel expenses for the financial year

EUR 1,000	2022	2021
Salaries and fees	4,141	3,175
Pension expenses	747	538
Voluntary pensions	24	24
Other personnel expenses	97	142
Total	5,009	3,880

The group's statutory and voluntary pension cover is managed by external pension insurance companies.

Voluntary pensions are defined contribution plans that are expensed in the year in which they accrue.

In a defined contribution plan, the group's legal obligation is limited to the amount that has been agreed to be paid into the plan.

Average number of employees during the financial year (FTE)	2022	2021
Staff	56	46
Employees	5	5
Total	61	51



*Management salaries and fees*

EUR 1,000	2022	2021
CEO, Board of Directors, Management Team	1,274	1,035

*Totals of interest income, financial income, interest expenses and financial expenses*

EUR 1,000	2022	2021
Interest expenses	-130	-162
Other financial income	25	7
Other financial expenses	-654	-4,154
Total	-759	-4,310

Other financial expenses in 2021 include listing-related expenses of approximately EUR 4,070 thousand.

**Notes to the consolidated balance sheet items***Intangible assets:*

Development costs (EUR 1 000)	2022	2021
Acquisition cost 1.1.	14,717	13,138
Additions for the financial year	3,031	1,579
Deductions for the financial year		
Acquisition cost 31.12.	17,748	14,717

Development costs (EUR 1 000)	2022	2021
Depreciation according to plan		
Accumulated depreciation 1.1.	-9,228	-8,447
Depreciation for the financial year	-775	-780
Accumulated depreciation 31.12.	-10,003	-9,228
Book value in the financial statements 31.12.	7,745	5,490

Activated development costs consist of 12 product development projects. Eight of these have not yet been depreciated during the past financial year. During the financial year, activation of product development costs has been started for two new projects.

*Tangible assets:*

Buildings and structures (EUR 1,000)	2022	2021
Acquisition cost 1.1.	5,991	5,322
Additions for the financial year	409	669
Deductions for the financial year		
Acquisition cost 31.12.	6,400	5,991
Depreciation according to plan		
Accumulated depreciation 1.1.	-3,088	-2,917
Depreciation for the financial year	-165	-171
Accumulated depreciation 31.12.	-3,254	-3,088
Book value in the financial statements 31.12.	3,146	2,903



Machinery and equipment (EUR 1,000)	2022	2021
Acquisition cost 1.1.	10,198	4,564
Additions for the financial year	5,744	5,634
Deductions for the financial year		
Acquisition cost 31.12.	15,943	10,198
Depreciation according to plan		
Accumulated depreciation 1.1.	-4,512	-4,250
Depreciation for the financial year	- 916	-262
Accumulated depreciation 31.12.	-5,428	-4,512
Book value in the financial statements 31.12.	10,514	5,686

Other fixed assets (EUR 1,000)	2022	2021
Acquisition cost 1.1.		
Additions for the financial year	6,245	1,734
Deductions for the financial year		
Acquisition cost 31.12.	6,245	1,734
Book value in the financial statements 31.12.	6,245	1,734

Other fixed assets consist of prepayments for fixed asset investments.

### Other receivables

EUR 1,000	2022	2021
Business Finland	519	1,001
ELY-centres		300
European Union		12
VAT-receivables	366	179
Total	885	1,491

### Prepayments and accrued income

EUR 1,000	2022	2021
Cost accruals	118	215
Prepayments	514	253
Total	632	468

### Financial securities

EUR 1,000	2022	2021
Cash and bank receivables	1,549	508
Fund units	42,320	62,469
In total	43,870	62,978

The fund units consist of liquid and low-risk investments in short-term funds.



## Notes to liabilities in the balance sheet

### Changes in equity items

<b>Restricted equity (EUR 1,000)</b>	<b>2022</b>	<b>2021</b>
Share capital 1.1.	80	18
Share capital increases during the financial year		62
Share capital 31.12.	80	80
Total restricted equity 31.12.	80	80
<b>Unrestricted equity (EUR 1,000)</b>	<b>2022</b>	<b>2021</b>
Reserve for invested unrestricted equity 1.1.	75,334	3,284
Increases in the invested unrestricted equity fund		72,050
Reserve for invested unrestricted equity 31.12.	75,334	75,334
Profit (loss) for the previous financial years 1.1.	739	6,249
Exchange rate differences	- 30	166
Dividends distributed during the financial year		-615
Profit (loss) for the previous financial years 31.12.	709	5,800
Profit of the financial period	-8,552	-5,061
Total non-restricted equity 31.12.	67,491	76,073
Total equity on 31 December.	67,571	76,153

## Other liabilities

<b>EUR 1,000</b>	<b>2022</b>	<b>2021</b>
Withholding debt	124	103
Other liabilities	5	5
In total	128	108

## Accrued expenses

<b>EUR 1,000</b>	<b>2022</b>	<b>2021</b>
Accruals for salaries	186	282
Holiday pay accrual	536	443
Cost accruals	115	128
In total	836	853

## Long-term debt

Liabilities maturing after more than five years:

<b>EUR 1,000</b>	<b>2022</b>	<b>2021</b>
Loans from financial institutions	800	5,387



Other notes

Collateral provided and other off-balance sheet liabilities

Liabilities secured by mortgages on real estate and / or corporate mortgages:

Collateral provided (EUR 1,000)	2022	2021
Collateral provided for own debt		
Loans from financial institutions	8,284	9,563
Mortgages granted	4,246	4,246
Mortgages on company assets granted	1,973	1,973
Collateral other than for own debt		
Mortgage as security for land rent <sup>1)</sup>	23	23
Total securities provided	6,242	6,242

<sup>1)</sup> The company has leased the land under a lease that expires on November 30, 2050. The amount of rent is tied to the cost of living index, and for 2022 the rent was EUR 12,709.

Other off-balance sheet liabilities (EUR 1,000)	2022	2021
Leasing liabilities		
Payable in the next financial year	32	27
Payable later	39	23
Total other off - balance sheet liabilities	71	50

Company shares

The company's share capital on December 31, 2022 is divided into 42,616,936 shares. All shares have equal voting rights and the right to the company's assets and dividend.

Notes on auditor's fees (Moore Rewinet Oy)

EUR 1,000	2022	2021
Audit fees	22	14
Other auditing services		22
Total auditor fees	22	36



Calculation formulas for key figures

Key figures	Definition	Reason for the use
Growth of revenue-%	(Revenue for the period - The revenue of the previous reference period) / 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-%	EBITDA / 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-%	Operating result / 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	EBITDA - 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	(Interest-bearing debt + Cash and cash equivalents (at the end of the period)) / Equity	Indicator for the management to track the Company's level of equity
Equity ratio	Equity / Total Equity	Indicator for the proportion of the Company's assets that have been financed with equity

List of accounting books

Diary and general ledger in computer printouts  
Purchase and sales ledger in computer printouts  
All types of documents in paper copy



# Financial statements of the parent company 1 Jan.–31 Dec. 2022

## Parent Company Income Statement (FAS)

EUR 1,000	2022	2021
<b>TURNOVER</b>	<b>4,598</b>	<b>9,070</b>
Change in inventory	777	329
Change in inventory	3,031	1,579
Other operating income	1,047	1,500
Raw materials and services		
Raw materials and consumables		
Purchases during financial year	-2,488	-1,596
Change in inventory	346	406
External services	- 662	-362
Total raw materials and services	-2,804	-1,552
Staff expenses		
Wages and salaries	-4,165	-3,199
Social security expenses		
Pension expenses	- 747	-538
Other social security expenses	- 97	-142
Total staff expenses	-5,009	-3,880
Depreciation, amortization and reduction in value		
Depreciation and amortization according to plan	-1,857	-1,214

EUR 1,000	2022	2021
Other operating expenses	-7,603	-6,436
<b>OPERATING PROFIT</b>	<b>-7,819</b>	<b>-602</b>
Financial income and expenses		
Other interest income and financial income	25	7
Interest and other financial expenses	- 763	-4 317
Total financial income and expenses	- 738	-4 310
<b>PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES</b>	<b>-8,557</b>	<b>-4,912</b>
Income taxes		
<b>PROFIT (LOSS) OF THE FINANCIAL YEAR</b>	<b>-8,557</b>	<b>-4,912</b>



## Parent Company Balance Sheet (FAS)

EUR 1,000	31 Dec, 2022	31 Dec, 2021
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Intangible assets		
Development expenditure	7,745	5,490
Total intangible assets	7,745	5,490
Fixed assets		
Buildings	3,146	2,903
Machinery and equipment	10,514	5,686
Other fixed assets	6,250	1,739
Total fixed assets	19,911	10,329
<b>Total non-current assets</b>	27,656	15,819
<b>CURRENT ASSETS</b>		
Inventory		
Raw materials and consumables	1,562	785
Finished products	689	343
Total inventory	2,252	1,128
Debtors		
Short-term		
Trade debtors	2,863	5,356
Receivables, group companies	431	438
Other debtors	885	1 491
Prepayments and accrued income	627	463
Total short-term debtors	4,805	7,747
Investments		
Fund shares	42,320	62,469
Cash and cash equivalents	1,446	497
<b>Current assets total</b>	50,823	71,843
<b>Total assets</b>	78,479	87,661

EUR 1,000	31 Dec, 2022	31 Dec, 2021
<b>LIABILITIES</b>		
<b>EQUITY</b>		
Equity capital	80	80
Share premium reserve	75,334	75,334
Retained earnings	889	5 801
Earnings from the period	-8 557	-4 912
<b>Total equity</b>	67,745	76,303
<b>LIABILITIES</b>		
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	1,314	723
Other liabilities	128	108
Accrued expenses	836	853
Total current liabilities	4,128	3,142
<b>Total liabilities</b>	10,734	11,359
<b>Total equity and liabilities</b>	78,479	87,661



# Notes to Modulight Corporation's financial statements

**Domicile:: Tampere**

*Notes to the financial statements*

**Accounting principles**

Modulight Oyj is the parent company of Modulight group. The financial statements have been prepared in accordance with Finnish Accounting Standards (FAS). Modulight Oyj and Modulight Group are domiciled in Tampere, Finland and their registered address is Hermiankatu 22, 33720 Tampere.

Copies of the financial statements can be obtained from the registered address of the parent company.

**Principles for valuation**

*Non-current assets*

Development costs included in non-current assets consisted mainly of product development costs related to products being developed for commercial use. Development costs have been capitalized prudently. The condition for capitalization is that the capitalized item is likely to generate income at least equal to the capitalized amount after the end of the capitalization period.

Tangible assets in the balance sheet are valued at acquisition cost less planned depreciation.

*Current assets*

The value of the inventory is presented at the acquisition value or at lower fair value.

Financial securities include low-risk fund investments that can be easily converted into cash. Investments are marked to

their acquisition value or to a lower fair value at the end of the financial year.

Cash and cash equivalents include assets in the parent company's bank accounts. Loans from financial institutions are divided into current and non-current liabilities in the balance sheet based on their projected payment date. Interest expense is recognized as an expense in the period in which it is incurred.

Trade receivables, accrued income and other receivables included in financial assets are valued at their nominal value or to its lower probable value. Receivables are recognized as credit losses based on a case-by-case risk assessment, when there is sufficient evidence that the claim will not be received on the original terms.

**Principles for accruals**

*Revenue model*

The Company's revenue model can be roughly divided in four phases that have similar elements in both business areas, Life Sciences and other high value-add applications. With respect to customers in the medical and biomedical fields, the first phase is usually the preclinical trial phase, which is followed by the clinical trial phase I or pilot production. The following phases are clinical trial phases II and III, and the last phase of the model is launching an active product portfolio on the market, which the Company strives for. The commercial commissioning stage is considered to have been rendered as the Company's revenue exceeds EUR 10 million in terms of this product/client. With respect to products in the other high value-add applications, the revenue model typically consists of the proof of concept (POC), pilot produc-

tion, product development, market launch, and production. In each of the phases, the Company's customer strategy is to cover the entire process from proof of concept to active product portfolio, which may significantly help its customers to decrease their time to market and increase the value of their product. This is due to a variety of factors, including the Company's current product platforms and solutions, agile product development process that is based on its own production, the earlier approvals granted by the relevant authority for the Company's platform solutions, and the Company's full service offering and cloud-based service model. The Company believes that the cloud services can be applied to both product areas even though they have been initially designed for medical and biomedical applications.

In the proof of concept or the preclinical phase, the Company typically delivers a laser product or prototype to the client to prove the product's initial suitability to be used for the intended purpose and to determine the additional features that will be possibly needed in the final product. The Company's intention is that clients in the medical and biomedical fields benefit from shorter time to market when using the Company's existing product platforms and CE mark or the approvals that the FDA has previously granted to the platforms. In terms of products in other high value-add applications, the proof-of-concept phase can utilize existing products and product platforms for initial testing, which aim to create cost and time savings for the customers. The customers are usually companies that seek long-term competitive advantages in the field of laser technology. In the preclinical phase, the Company typically charges a fixed fee per project, which may include e.g. equipment and services. In this

phase, the fixed fee per project is approximately between EUR 10 thousand and EUR 150 thousand for universities and between EUR 100 thousand and EUR 1,000 thousand for early-stage medical research and other high value-add projects.

In the clinical phase I, the Company typically delivers a full offering to the client, including e.g., testing and documentation related to the device approval, installation of research device, and training of research staff. Again, the intention of the Company is that customers will benefit from shorter time to market when using the Company's CE mark, FDA approvals, and functionalities of the device platforms already developed. The pilot phase of the products in the other high value-add applications typically involves initial testing of the product within the customer's product or process. This phase can be preceded or followed by a separate, more extensive development phase in which the product or technology is developed together with the customer, and which may contain separate phases of moving to production. In phase I and pilot production, the Company typically charges a fixed fee per project that is based on the completion of intermediate objectives jointly agreed upon. The fixed fee per project is approximately between EUR 500 thousand and 5,000 thousand or even to a greater extent. The Company also charges a service fee equal to approximately 25% of the client's cumulative device acquisitions.

In clinical trial phases II-III, the Company typically aims to offer the full product and service package to customers to help them approve and qualify the product to commercial production. This usually includes final product requirements, production ramp up plans, software and services plans, and



distribution plans for commercial roll out. With regard to its products that have reached phases II-III, the Company has typically charged a fixed fee per project that includes devices and services in different forms. The product development projects in the other high value-add applications contain similar elements but they usually focus on developing certain product characteristics or technologies that are required by the customer as part of the customer's product. Product development projects also typically involve preparation and ramp up of the production, development of business and service models, and management of product versions. Based on the estimate of the Company's management, the fixed fee per project is approximately between EUR 2 million and EUR 30 million. These phases also include a service fee that is based on the number of devices in the field but may also include other service elements. The Company also charges a license or service fee equal to approximately 25% of the client's cumulative investments.

In the active product portfolio go to market phase, dedicated client-specific products are intended to be in active use. These products can either be new products or product lifetime extensions through the introduction of new laser components or features. The Company expects that in certain cases the commercial introduction could be carried out through the product platforms already placed on the market by activating new products in the cloud service. The Company aims to offer the full value chain, including cloud-based business services that may in the medical and bio-medical fields involve e.g., treatment fees per use, licensing of the treatment or monitoring and use control of drugs or consumables, and analytic services that are aimed at improving the treatment result. The services regarding othher high value-add applications may contain installation and mainte-

nance agreements, fees that are based on the use or utilization rate, and analytics related to improvement of quality or product usage. In this phase, the Company's revenue is based on a share of the drug or treatment fee or the utilization rate of other high value-add applications. The Company's management estimates that installation and service fees equal to approximately 25% to 35% of the client's cumulative investments, in addition to which the Company expects to earn 2% to 20% from licensing or revenue shares.

Depreciation according to plan

Fixed assets have been valued at acquisition cost less planned depreciation.

Depreciation according to plan is calculated on the basis of the economic life as follows:

	Depreciation method	Depreciation period (years))
Development costs	Straight line	5
Buildings and structures	Straight line	10-40
Machinery and Equipment	Straight line	2-15

The changes in the depreciation principles are related to fixed assets put into use in 2022. In the buildings and structures group, some of the objects taken into use in 2022 are depreciated in 10 years (minimum depreciation period previously applied was 20 years). In the machines and equipment, the depreciation period for some of the objects taken into use in 2022 was determined to be 15 years (previously applied maximum depreciation period was 10 years).

Foreign currency items

Exchange rate differences are presented in the income statement under financial income and expenses. Foreign currency liabilities and receivables open at the balance sheet date have been adjusted to the exchange rate at the balance sheet date if the value of the liability exceeds the book value or the value of the receivable is estimated below it.



Notes related to subsidiaries and associates

Holdings in other companies (group structure 31.12.2022):

Name	Domicile	Ownership-%
Modulight Oyj	Finland	Parent company
Modulight USA, Inc.	United States	100
Modulight China Export A Oy	Finland	100
Leaptekt Photonics Oy	Finland	100

Notes to the income statement

Turnover by market area:

% of total turnover	2022	2021
Finland	7	11
Other	93	89
Total	100	100

Material items in other operating income:

EUR 1,000	2022	2021
Subsidies and grants received	1,047	1,500
Total	1,047	1,500

Manufacturing for own use

EUR 1,000	2022	2021
Manufacture for own use, intangible assets	3,031	1,579
Total	3,031	1,579

Salaries, pension expenses and other personnel expenses for the financial year

EUR 1,000	2022	2021
Salaries and fees	4,141	3,175
Pension expenses	747	538
Voluntary pensions	24	24
Other personnel expenses	97	142
Total	5,009	3,880

The company's statutory and voluntary pension cover is managed by external pension insurance companies. Voluntary pensions are defined contribution plans that are expensed in the year in which they accrue.

In a defined contribution plan, the Group's legal obligation is limited to the amount that has been agreed to be paid into the plan.

Average number of employees during the financial year (FTE)	2022	2021
Staff	56	46
Employees	5	5
Total	61	51



*Management salaries and fees*

EUR 1,000	2022	2021
CEO, Board of Directors, Management Team	1,274	1,035

*Totals of interest income, financial income, interest expenses and financial expenses*

EUR 1,000	2022	2021
Interest expenses	- 130	-162
Other financial income	25	7
Other financial expenses	- 632	-4,154
<b>Total</b>	<b>- 738</b>	<b>-4,310</b>

Other financial expenses in 2021 include listing-related expenses of approximately EUR 4,070 thousand.

**Notes to the balance sheet items***Intangible assets:*

Development costs (EUR 1 000)	2022	2021
Acquisition cost 1.1.	14,717	13,138
Additions for the financial year	3,031	1,579
Deductions for the financial year		
Acquisition cost 31.12.	17,748	14,717
Depreciation according to plan		
Accumulated depreciation 1.1.	-9,228	-8,447
Depreciation for the financial year	- 775	-780
Accumulated depreciation 31.12.	-10,003	-9,228
Book value in the financial statements 31.12.	7,745	5,490

Activated development costs consist of 12 product development projects. Eight of these have not yet been depreciated during the past financial year. During the financial year, activation of product development costs has been started for two new projects.

*Tangible assets:*

Buildings and structures (EUR 1,000)	2022	2021
Acquisition cost 1.1.	5,991	5,322
Additions for the financial year	409	669
Deductions for the financial year		
Acquisition cost 31.12.	6,400	5,991
Depreciation according to plan		
Accumulated depreciation 1.1.	-3,088	-2,917
Depreciation for the financial year	- 165	- 171
Accumulated depreciation 31.12.	-3,254	-3,088
Book value in the financial statements 31.12.	3,146	2,903

Machinery and equipment (EUR 1,000)	2022	2021
Acquisition cost 1.1.	10,198	4,564
Additions for the financial year	5,744	5,634
Deductions for the financial year		
Acquisition cost 31.12.	15,943	10,198
Depreciation according to plan		
Accumulated depreciation 1.1.	-4,512	-4,250
Depreciation for the financial year	- 916	-262
Accumulated depreciation 31.12.	-5,428	-4,512
Book value in the financial statements 31.12.	10,514	5,686



Other fixed assets (EUR 1,000)	2022	2021
Acquisition cost 1.1.	1,739	5
Additions for the financial year	4,510	1,734
Deductions for the financial year		
Acquisition cost 31.12.	6,250	1,739
Book value in the financial statements 31.12.	6,250	1,739

Other fixed assets consist of prepayments for fixed asset investments (6,245 thousand euros) and shares in subsidiaries (5 thousand euros).

### Receivables from group companies

Current receivables:

EUR 1,000	2022	2021
Trade receivables	431	438

Intra-group liabilities and receivables have been consolidated and presented on a net basis.

### Other receivables

EUR 1,000	2022	2021
Business Finland	519	1,001
ELY-centres		300
European Union		12
VAT-receivables	366	179
Total	885	1,491

### Prepayments and accrued income

EUR 1,000	2022	2021
Cost accruals	102	215
Prepayments	524	248
Total	627	463

### Material items included in financial securities

EUR 1,000	2022	2021
Cash and bank receivables	1,446	497
Fund units	42,320	62,469
In total	43,767	62,967

The fund units consist of liquid and low-risk investments in short-term funds.

## Notes to liabilities in the balance sheet

### Changes in equity items and distributable funds

Restricted equity (EUR 1,000)	2022	2021
Share capital 1.1.	80	18
Share capital increases during the financial year		62
Share capital 31.12.	80	80
Total restricted equity 31.12.	80	80

Unrestricted equity (EUR 1,000)	2022	2021
Reserve for invested unrestricted equity 1.1.	75,334	3,284
Increases in the invested unrestricted equity fund		72,050
Reserve for invested unrestricted equity 31.12.	75,334	75,334
Profit (loss) for the previous financial years 1.1.	889	6,416
Dividends distributed during the financial year		-615
Profit (loss) for the previous financial years 31.12.	889	5,801
Profit of the financial period	-8,557	-4,912
<b>Total non-restricted equity 31.12.</b>	<b>67,665</b>	<b>76,223</b>
<b>Total equity on 31 December.</b>	<b>67,745</b>	<b>76,303</b>

Calculation of distributable funds (EUR 1,000)	2022	2021
Total non-restricted equity 31.12.	67,665	76,223
Activated development costs in the balance sheet 31.12.	-7,745	-5,490
Capital loans 31.12.		- 80
Distributable funds 31.12.	59,920	70,654

## Other liabilities

EUR 1,000	2022	2021
Withholding debt	124	103
Other liabilities	5	5
In total	128	108

## Accrued expenses

EUR 1,000	2022	2021
Accruals for salaries	186	282
Holiday pay accrual	536	443
Cost accruals	115	128
In total	836	853

## Long-term debt

Liabilities maturing after more than five years:

EUR 1,000	2022	2021
Loans from financial institutions	800	5,387

## Other notes

## Collateral provided and other off - balance sheet liabilities

Liabilities secured by mortgages on real estate and / or corporate mortgages:

Collateral provided (EUR 1 000)	2022	2021
Collateral provided for own debt		
Loans from financial institutions	8,284	9,563
Mortgages granted	4,246	4,246
Mortgages on company assets granted	1,973	1,973
Collateral other than for own debt		
Mortgage as security for land rent <sup>1)</sup>	23	23
Total securities provided	6,242	6,242

<sup>1)</sup> The company has leased the land under a lease that expires on November 30, 2050. The amount of rent is tied to the cost of living index, and for 2022 the rent was EUR 12,709.



Other off-balance sheet liabilities (EUR 1,000)	2022	2021
Leasing liabilities		
Payable in the next financial year	32	27
Payable later	39	23
Total other off - balance sheet liabilities	71	50

Company shares

The company's share capital on December 31, 2022 is divided into 42,616,936 shares. All shares have equal voting rights and the right to the company's assets and dividend.

Notes on auditor's fees (Moore Rewinet Oy)

EUR 1,000	2022	2021
Audit fees	21	13
Other auditing services		22
Total auditor fees	21	35

List of accounting books

- Diary and general ledger in computer printouts
- Purchase and sales ledger in computer printouts
- All types of documents in paper copy

# Signatures on the financial statements and the report of the Board of Directors

In Tampere, March 15, 2023

Jyrki Liljeroos Chairman of the Board	Pia Kantola Member of the Board	Kalle Palomäki Member of the Board
Petteri Uusimaa Member of the Board	Seppo Orsila Member of the Board CEO	Timur Kärki Member of the Board

Auditor's note  
An audit report has been issued today.

In Tampere, March 15, 2023

**Moore Rewinet Oy**  
Audit firm

Jari Paloniemi  
Authorized Public Accountant



# Auditor's report

## To the Annual General Meeting of Modulight Oyj Report on the Audit of Financial Statements

### Opinion

We have audited the financial statements of Modulight Oyj (business identity code 1603878-3) for the year ended 31 December, 2022. The financial statements comprise the balance sheets, the income statements, cash flow statements and notes for the group as well as for the parent company.

In our opinion, the financial statements give a true and fair view of the group's and the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

### Auditor's Responsibilities in the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guar-

antee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other reporting requirements

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises information included in the report of the Board of Directors . Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the information included in the report of the Board of Directors and, in doing so, consider whether the information included in the report of the Board of Directors is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations requirements.

If, based on the work we have performed, we conclude that there is a material misstatement in the information included in the report of the Board of Directors, we are required to report this fact. We have nothing to report in this regard.

Tampere, March 15,2023

Moore Rewinet Oy  
Audit Firm

Jari Paloniemi  
Certified Public Accountant



# Board of Directors



**Jyrki Liljeroos**

Chairman of the Board, 2021–  
Born 1955  
Degree in Business Administration (University of Uppsala)



**Pia Kantola**

Member of the Board, 2021–  
Born 1969  
M.Sc. (Tech.), Master of Business Administration and Leadership



**Timur Kärki**

Member of the Board, 2021–  
Born 1971  
M.Sc. (Tech.)



**Seppo Orsila**

Member of the Board, 2000–,  
CEO 2019–  
Born 1975  
M.Sc. (Tech.), MBA



**Kalle Palomäki**

Member of the Board, 2013–  
Born 1975  
M.Sc. (Tech.), MBA



**Petteri Uusimaa**

Member of the Board, 2000–  
Born 1969  
D.Sc.(Tech.)



# Management Team



**Seppo Orsila**  
CEO 2019–  
Member of the Management  
Team 2000–  
Born 1975  
M.Sc. (Tech.), MBA



**Ancata Guina**  
Finance Director 2006–  
Member of the Manage-  
ment Team 2006–  
Born 1974  
M.Sc. (Tech.), MBA



**Ulla Haapanen**  
Marketing Manager 2019–  
Member of the Management  
Team 2019–  
Born 1976  
Bachelor of Science (Natural  
Sciences)



**Juha Lemmetti**  
Director, R&D 2019–  
Member of the Management  
Team 2019–  
Born 1975  
M.Sc. (Tech.)



**Kati Reiman**  
Manager, SOPS & HR 2019–  
Member of the Management  
Team 2019–  
Born 1978  
Bachelor of Business  
Administration



**Jari Sillanpää**  
Director, Business  
Development 2020–  
Member of the Management  
Team 2020–  
Born 1969  
M.Sc. (Tech.)



**Petteri Uusimaa**  
Chief Technology Officer  
2019–  
Member of the Management  
Team 2000–  
Born 1969  
D.Sc.(Tech.)



**Ville Vilokkinen**  
Director, Operations 2005–  
Member of the Management  
Team 2005–  
Born 1975  
M.Sc. (Tech.)



# Information for shareholders

Modulight Corporation has one class of shares, and all shares have the same voting rights and the right to a dividend and the company's assets. The company's share is traded on the First North Growth Market Finland marketplace maintained by Nasdaq Helsinki Ltd under the trading ID MODU.

**Dividend policy**

All returns are invested in organic and inorganic growth, and the company distributes little or no dividends.

**Distribution of distributable funds**

Modulight's Board of Directors proposes to the Annual General Meeting that no dividend be paid for the financial year 2022.

**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

The financial reports are available on the company's website from the time of publication at <https://modulight.com/reports-presentations/>. The company has a 30-day silent period before the publication of interim reports and financial statements bulletins.

**Investor relations**

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