

PERSONALIZED
MEDICINE AND
BETTER LIFE

ANNUAL REPORT 2023

modulight

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Modulight in brief

Modulight Corporation is a biomedical company that designs and manufactures laser devices for cancer, eye diseases, and 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. Modulight has been involved in developing various laser-based treatment methods for oncology (cancer treatment) and ophthalmology (eye diseases) indications.

Modulight's laser products are also used in other products where laser technology adds significant 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.



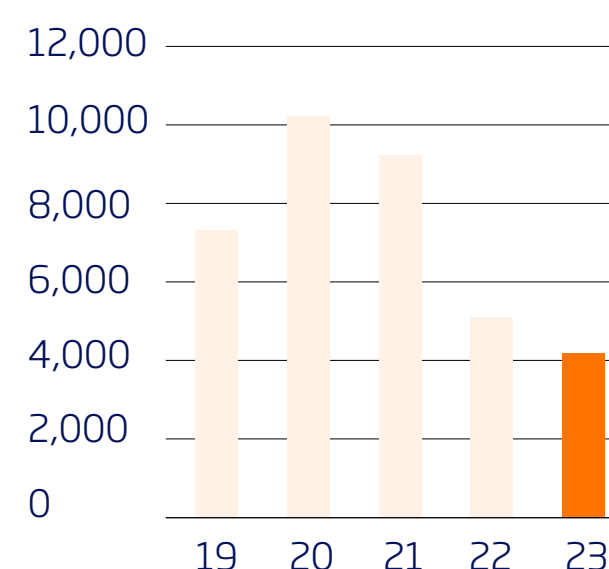
Year 2023 in brief

In 2023, the product development pipeline remained at a record level, customer engagements and all product development projects progressed, and the number of customer meetings continued to grow. At the end of the year, the total number of R&D projects was 28. For several customers, product development projects have progressed to Phase 3 of drug development and pilot production. The development of the product development pipeline reinforced the versatility of the company's unique technology.

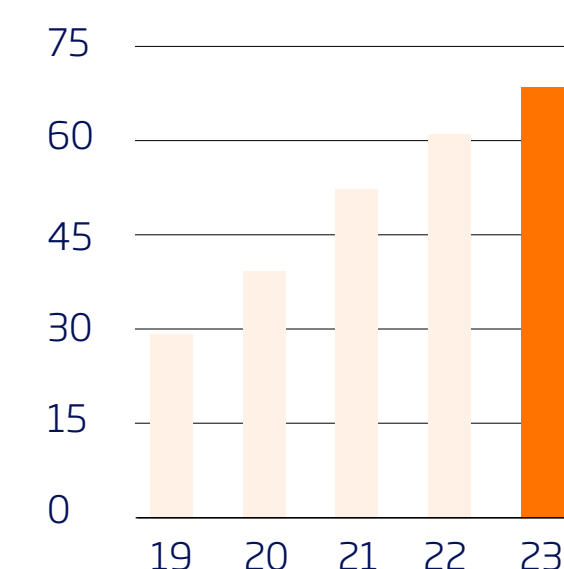
Cloud technology and cloud-based services progressed during the year. The Pay Per Treatment (PPT) business model was deployed to an increasing number of customers and high-profile hospitals, and Modulight's objective is now to offer the model to almost all customers. The pre-market authorization we received in January 2023 validates our strategy of leveraging cloud-based services in healthcare for the future, as solutions based on second- and third-generation photoimmunotherapy cancer treatment are becoming more common.

In 2023, revenue decreased to EUR 4.0 million, compared to EUR 4.6 million in the previous year, and EBITDA was EUR -8.5 million (EUR -5.9 million).

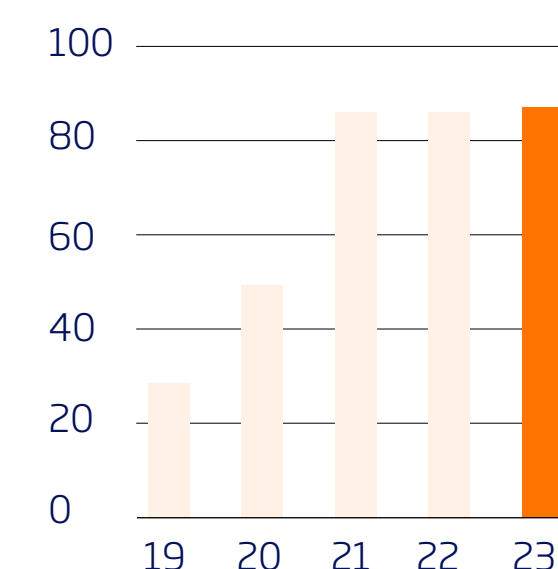
REVENUE, EUR 1,000



PERSONNEL



EQUITY RATIO, %



GROUP KEY FIGURES

EUR 1,000 unless otherwise noted	1-12/2023	1-12/2022
Revenue	4,025	4,599
EBITDA	-8,539	-5,936
EBITDA-%	-212.1	-129.1
Operating result (EBIT)	-12,132	-7,792
Operating result (EBIT) margin %	-301.4	-169.4
Earnings for the period	-11,861	-8,552
Earnings per share (EPS, EUR)	-0.28	-0.20
Acquisition of fixed and intangible assets	9,735	13,694
Free cash flow from operating activities	-18,274	-19,630
Cash and cash equivalents ¹⁾	25,131	43,870
Net debt ¹⁾	-18,586	-35,586
Gearing ratio ¹⁾	-33.4	-52.7
Equity ratio ¹⁾	87.1	86.3
Number of personnel (FTE) ¹⁾	70	62

¹⁾ The number refers to the end of the reporting period

Experience in years

20 +

Number of projects at year-end

28

International listed companies as customers

10 +

Highlights of the year

FEBRUARY

Geographical expansion in the United States progressed. The company also got off to a good start in Europe and Asia in developing its commercial network for wider use of the technology with several distributor partners. In February, Modulight established a Product Support Center in the state of New York on the East Coast of the United States.



MAY

Modulight's Board of Directors decided on a new stock option program for key persons of the company. The options entitle holders to subscribe for a total of up to 500,000 new shares in the company or shares held by the company between December 31, 2025 and December 31, 2028.

JULY

Modulight organized the International Photodynamic Association's World Congress in Tampere, Finland, attended by approximately

250 participants
from **26** different countries.



SEPTEMBER

The potential of Modulight's technology was confirmed by a customer project that progressed to Phase 3 and a study in co-operation with the University of Maryland published in Science Advances, a top scientific journal. The study demonstrated the benefits of the company's laser device in treating ovarian cancer patients and in extending the lifespan of drugs, which is important for the business of pharmaceutical companies.

Investing in future growth

Modulight had a promising start of 2023, as we received a US market authorization for our laser device and revenue started to grow. However, as the year progressed, the pace started to slow down, and we were not able to reach our revenue target in 2023. The reasons for this were project delays caused by matters beyond our control, and the implementation of the pay per treatment (PPT) business model in line with our strategy. Overall, we made good progress in our product development projects. Most significant was that some of our customers progressed to Phase 3 of drug development and pilot production.

Thanks to our investment program and new technology, we were able to serve our customers even better and gained a few significant customers. In the financial year 2023, revenue was EUR 4.0 million (2022: EUR 4.6 million). EBITDA was EUR -8.5 million (2022: EUR -5.9 million). The increase in costs was mainly due to one-off costs resulting from the commissioning of new equipment investments. These costs already started to decline towards the end of the year. The impact of the com-

pletion of our investment program will be reflected in our numbers in 2024. During the year, measures to strengthen our competence and new R&D initiatives also affected our profitability.

Stronger presence in the US market

In January 2023, we received the U.S. Food and Drug Administration's (FDA's) pre-market authorization for our laser device for the treatment of wet age-related macular degeneration (AMD). The authorization was a validation of our technology for AMD treatment, but in particular also an approval to use our cloud-based services in healthcare. After receiving the FDA approval, we started the launch of our device in the United States together with our local partner, and the first patients have already been treated with the device. The approval is also important for the wider use of cloud services, as second- and third-generation drugs will become more widely used.



Given the FDA approval our objective is to expand our own operations in the United States. Currently we have our own Product Support Center on the East Coast, and on the West Coast, in Silicon Valley, our business is promoted by an experienced and well-connected sales director.

This laser platform is now also in use in clinical trials for new indications, where the PPT business model has also been adopted. In these trials, solutions based on second- and third-generation photoimmunotherapy drugs used together with our products are expected to bring significant improvements in patient outcomes.

Given the FDA approval our objective is to expand our own operations in the United States. Currently we have our own Product Support Center on the East Coast, and on the West Coast, in Silicon Valley, our business is promoted by an experienced and well-connected sales director. We also developed our geographical expansion in Europe and Asia with several distributor partners. In particular, we should mention the promising development in Japan with three different pharmaceutical companies, some of which we have previously worked with also in the United States.



New indications and applications

Our impressive investment program, the FDA approval and the introduction of the PPT business model have generated growing interest in Modulight among new customers, and we have been active in industry events and organizing customer meetings. For example, during the year we started cooperation with a large dental care company. Our laser platform is also gaining traction among customers for applications in biomedical laser-based microscopy, retinopathy treatment and quantum computing. We see increased activity among our long-standing Japanese customers and believe that the Asian market will show positive development, which in turn will have a positive effect on the US market.

The PPT model brings a steady income stream

The implementation of the PPT business model was slower than expected due to audits of information security processes, but towards the end of the year we saw positive development. Therefore, in 2023, we initiated an ISO 27001 certification of our information security processes, which has already accelerated information security audits, and it will prove in advance to customers that our SaaS business is safe to use. We achieved the international ISO 27001 information security standard certificate at the end of February 2024.

Our objective is now to offer the PPT business model to almost all new customers, and some of our existing customers implemented the PPT business model during the year. Revenue



We believe that the key actions of our growth strategy and our strengths will contribute to our business returning to strong, profitable growth in the strategy period extending to 2025.

generation with the PPT business model is initially slower but steadier than with device sale. We believe that the importance of the PPT business model for our operations will from now on slowly grow, and we expect it to have a financial impact starting in 2024. As the PPT model enables new treatment methods, many of our customers see opportunities to expand the use of this treatment.

Potential in the R&D pipeline

Our R&D pipeline grew to 28 projects by the end of 2023. During the last quarter of the year, we saw notable progress with new customers in dentistry, ocular imaging, microscopy and ophthalmology. R&D projects among several customers have slowed down but overall developed well, and several projects are approaching commercialization phase. The potential of the R&D pipeline is further strengthened by the fact that several customer projects have reached Phase 3 with large research populations. Phase 3 requires considerable investments from our customers and is therefore a good indicator of the projects' potential reaching commercialization.

Our R&D work continued to be active during the year. We saw good progress in for instance glioblastoma and bladder cancer treatment research. The potential of our technology to treat a variety of cancers was further confirmed when a longstanding customer decided to continue to use our technology in research for new indications. A scientific study in collaboration with the University of Maryland, published in the Science Advances magazine, demonstrated the benefits of our laser device in treating ovarian cancer patients and in extending the lifespan of drugs, which is important for the business of pharmaceutical companies. Our patent portfolio and exclusive rights to previously reported research results developed positively.

Clear direction forward

Our growth strategy stands on a solid base. Our own semiconductor factory, state-of-the-art laser technology expertise, the FDA approval in the United States and long-term cooperation with leading companies and researchers in the field are our key strengths, based on which we can build the future. In 2024, we will continue to focus on implementing our growth strategy including the launch of the PPT model as well as expansion and development of our operations in the United States. We believe that the key actions of our growth strategy and our strengths will contribute to our business returning to strong, profitable growth in the strategy period extending to 2025.

2023 was a year of strong development for Modulight. We worked hard, even though we didn't reach our goals yet. I would like to thank our entire staff, the Laser family, for your strong contribution to Modulight. I would also like to thank our customers for their good cooperation and our shareholders and partners for their trust in Modulight. We strive to continue to be worthy of your trust in the years to come.

Seppo Orsila

CEO

Strategy and targets for 2023-2025

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

Main business targets:

- 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

Financial targets and dividend policy:

- 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 laser and semiconductor technology is used in, for example, cancer treatments, genetics and personalized medicine, as well as extending the life cycle of medicines. Modulight works with major pharmaceutical companies, cancer research centers and top universities.

Research projects are long-term investments for Modulight's customers. The product development 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 uses both a project-specific billing method and, to an increasing extent, a SaaS-based pay per treatment (PPT) model. In project-specific pricing, revenue recognition of the company's revenue is mainly based on the delivery stages - sometimes also delayed. In the pay per treatment (PPT) model, the payment flow received by Modulight stabilizes.

PRODUCTS

Medicine and biomedicine



MEDICINE

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

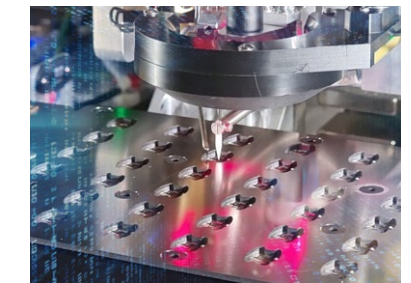
BIOMEDICINE

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

Other high value-add applications

Highly specialized semiconductor laser products and product platforms used in biomedicine can often be directly 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 health and help prevent and treat serious diseases and extend the lifespan of drugs. In addition, Modulight manufactures products for various high value add applications such as quantum computing. Thus, the company's handprint, i.e. the positive impact on society, is significant in relation to the company's size, and correspondingly, the footprint is small. The negative impacts of the operations are mainly caused by commuting and business travel, the energy used to heat the property and material purchases for the workplace canteen.

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 daily work and an ongoing process. The sustainability program supports systematic work, taking into account economic and social responsibility as well as environmental responsibility. Sustainability is ensured in all operations, and it is communicated and reported in an open and transparent manner.

Approach to business and sustainability

Modulight has defined its essential social, economic, and environmental responsibility themes based on the needs and expectations of its stakeholders. To promote responsibility and sustainable development, Modulight has set goals and the metrics that follow them, as well as measures to achieve the goals, and compiled the information in its sustainability program. The implementation of the program is coordinated by the Steering Group, and it is monitored by the Management Team and the Board of Directors, which is ultimately responsible for developing the business in an even 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 correct and sufficient information about sustainability objectives and themes, so that they can contribute to the development of products and operations to be more sustainable. Information is shared through internal and external channels, and achievements are regularly reported to all stakeholders.

We have defined our essential social, economic, and environmental responsibility themes based on the needs and wishes of our stakeholders.

Modulight's sustainability is governed by the following systems and guidelines:

- Code of Conduct
- Management systems: ISO 9001:2015, ISO 14001:2015, ISO 13485:2016 and ISO27001:2022
- 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



Sustainability program

THEMES	KPIs	GOALS	RESULTS 2023 (2022)
Passion for work			
Team spirit	Employee satisfaction	Employee satisfaction survey result > 4 (scale 1-5)	4.0 (4.1)
Well-being at work	Employee turnover	Annual attrition below 8%, balance between work and leisure time	3.3 (5.4)
Excellent leadership	Absences due to sickness	Sick leaves less than 3% of total working hours in a year	0.7% of hours worked during the year (0.9%)
Renewal			
Competence development	Education and training hours	Adequate training provision	Statutory training 222 hours
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.	28 (27)
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	Even gender balance, more than 10 different nationalities
Responsibility outside and inside the supply chain	Suppliers' commitment to ethical guidelines	Suppliers identified as critical have signed the ethical guidelines	52% of critical suppliers have signed the ethical guidelines (0%)
Being part of the societies	Co-operation with universities and local communities, co-operation in product development	Active and mutually beneficial co-operation with reliable partners	Active cooperation, IPA 2023 conference in Tampere, Finland
Liability of products	Product liability and safety	Zero medical devices related incidents	0 (0)
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 revenue Carbon neutrality by 2025	Investment in a geothermal system, 100% renewable energy (100%)
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	0 (0)
Travelling and offices	Energy used for heating of premises	Reduce energy used for heating by 30% by 2025	Heating 807 MWh (694)
Economic responsibility			
Increasing long-term value	Sales, market value and EBITDA-%	Growing market value, high-quality products	Revenue EUR 4 M (EUR 4.6M), EBITDA% -212 (-129), market value EUR 50 M (EUR 81M)
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 the following are the most important in terms of our 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 to increase people's awareness of the potential of laser technology in cancer prevention and health promotion. The company offers its personnel, 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 work community that offers all its employees equal development opportunities. 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 strives for sustainable and productive economic growth and employment. Its ambition is to develop technology and new innovations that serve its customers. As an employer and contractual partner, Modulight maintains high standards in terms of employees' rights.



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 the 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.

Meaningful work in a good team

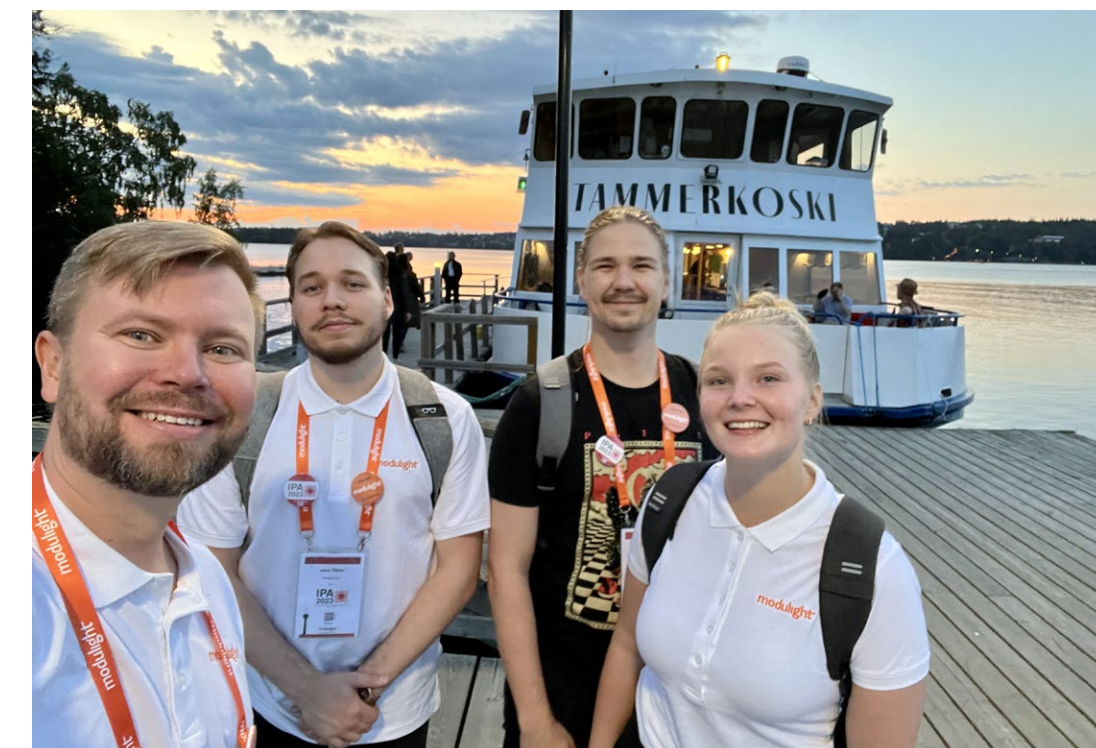
Modulight is a work community with competent and enthusiastic workers and with an interest in continuous development and improvement. Modulight calls its personnel the “Laser family”, which describes the strong team spirit within the international company.



At the end of 2023, Modulight had 70 employees (2022: 62), an increase of 13%. Personnel turnover remained at a low level at 3.3% (5.4%). Likewise, the sickness absence rate remained below the target of 3% and was 0.7% (0.9%) of all hours worked for the year. Modulight's personnel expenses in 2023 totaled EUR 5.8 million (2022: 5.0).

Modulight's social responsibility emphasizes passion for work, continuous renewal and respectful treatment of everyone. 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 projects developing health and quantum technology. Respectful treatment of fellow human beings is a starting point in the working community, which cannot be compromised under any circumstances. Product safety and reliability are also considered as part of social responsibility.

Competition for skilled workers is fierce, but the company's excellent reputation as an employer supports recruitment, and excellent job satisfaction reduces the need for recruitment. In addition to meaningful tasks and good team spirit,



Modulight's business requires special expertise, and the staff's level of education is high.

well-being at work focuses on leadership and a good work-life balance. In the 2023 personnel survey, the job satisfaction value was 4.0 on a scale of 1-5 (2022: 4.1).

Modulight's mission in promoting cancer research and treatment brings strong relevance to the work, which is reflected in the commitment of the personnel to the company.

Meaningful work

Modulight's business requires special expertise, and the personnel's level of education is high. About 90 percent of Modulight's employees have a university degree, and there are also several experts with doctoral dissertations in the Laser family. On the other hand, many students have started their working career at Modulight either through a thesis or an internship. The development of personnel, the promotion of career paths and the provision of training opportunities are of great importance in ensuring the motivation and well-being of the personnel, but also in maintaining Modulight's product development and innovation ability.

Modulight actively cooperates with international research institutes and scientific communities. The company's experts

actively participate in health technology-related projects and industry discussions at international seminars, trade fairs, meetings, and organizations. In this way, they share their expertise and at the same time get the necessary information to develop Modulight's offering.

The target is zero accidents

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 special attention has been 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 goal of zero accidents at work, all potential health and safety risks are requested to be reported immediately. During 2023, there were no serious accidents at work, and the sickness absence rate was 0.7% of all hours worked (in 2022: 0 accidents at work, sickness absence rate 0.9%).

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.

Equal opportunities for everyone

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. Day-to-day activities are guided by Code of Conduct, which are part of the induction process. The Code prohibits inappropriate behavior, discrimination, bullying and harassment. Modulight also adheres to these principles when working with customers and partners. In case of suspicion, the company has a Whistleblowing channel where one can anonymously report inappropriate behavior.

Product safety

Modulight's risk management process for medical devices has been fully implemented in accordance with the ISO 14971 standard. Designing safe and efficient products considers applicable standards, such as electrical safety and laser safety standards, and appropriate product testing is performed to ensure product compliance.

Through a summer job to the Laser family

Noora Poutanen joined the Laser family in May 2023. Her biomedical studies at Tampere University were in the final stages when Modulight was looking for summer trainees. "Many on the campus knew Modulight and had only good experiences with the company. I am interested in laser technology and its use in, for example, cancer treatments," says Noora.

In Noora's opinion, the reception of the new employee was very warm, and colleagues provided support for tasks and answers to questions. During the summer, she was able to do versatile tasks. "I was in the Service team maintaining and testing equipment and doing research work in the biolaboratory. I also got to participate in trade fairs", Noora praises.

When autumn came, Noora's work continued at Modulight. "Now I work more with cells in the laboratory. My studies are also progressing, and I will graduate within a year. At the moment, I'm surveying the topic of the thesis", says Noora. As a work community, the Laser family receives great praise. "The colleagues and the atmosphere are the best. It's nice to come here, and the house's own lunch restaurant is absolutely luxurious," concludes Noora.



CASE

Employees at year end

70 (62)

Job satisfaction

4.0 (4.1) on a scale of 1-5

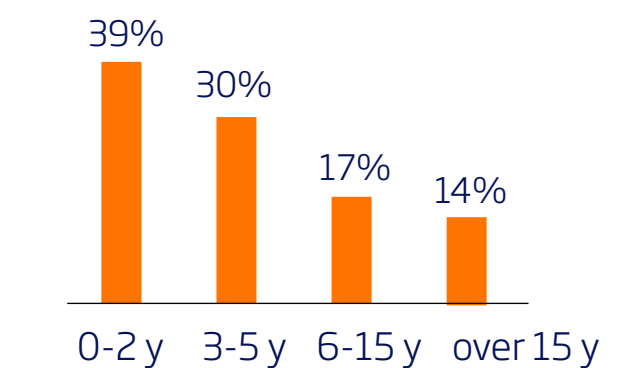
Absence due to sickness 2023

0.7 (0.9%)

Personnel expenses

EUR **5.8** million (5.0)

LENGTH OF WORKING CAREER IN YEARS, %



Towards emission-free production

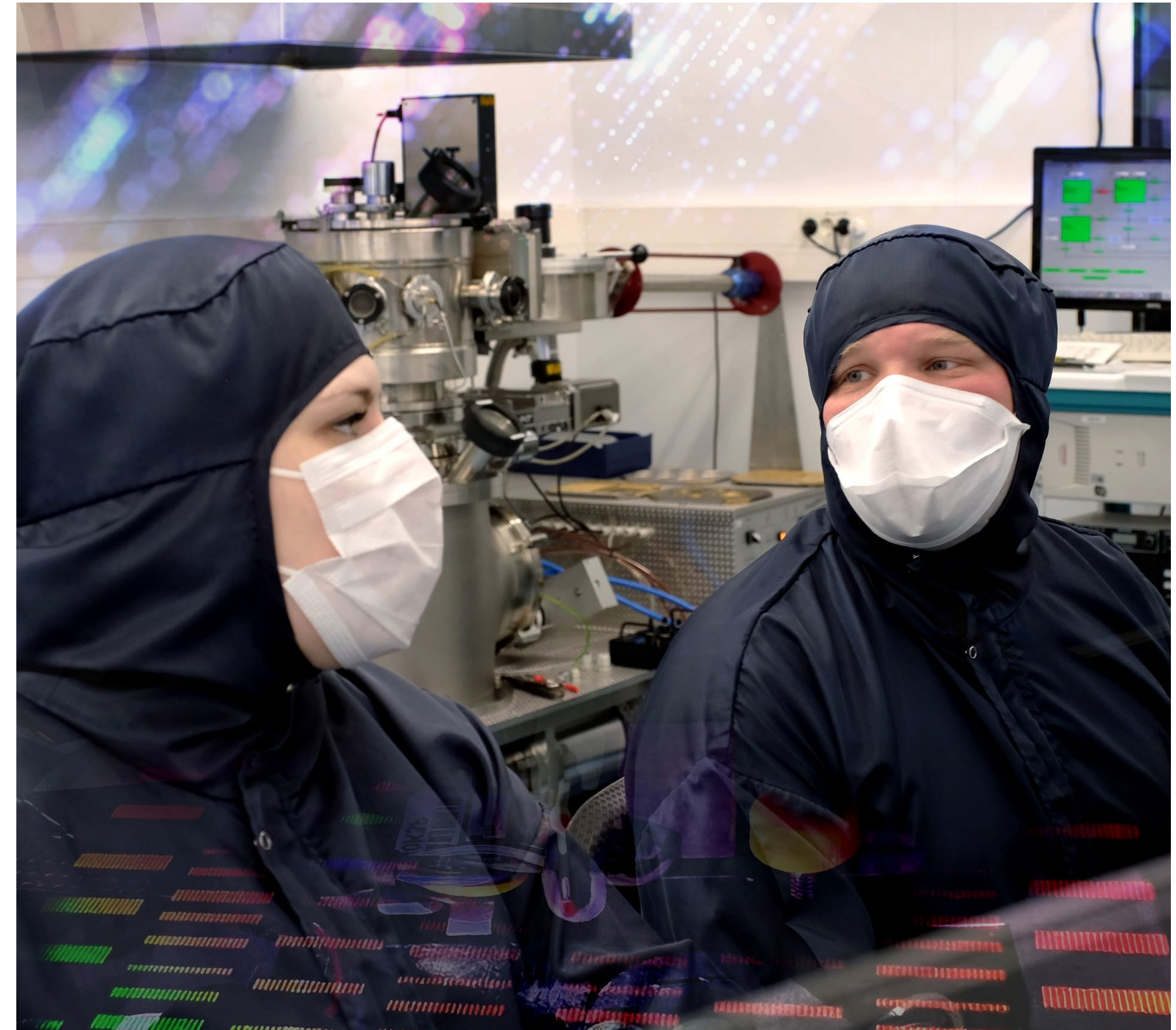
Modulight's environmental impact is relatively small in relation to the company's production and operations, but following the principle of continuous development, efforts are being made to reduce it relatively. As its key environmental themes, Modulight has defined the energy efficiency in products and production, high standards of material management and reducing the environmental impact of its operations.

Modulight's production plant is located next to the office in Tampere. The production facility has been modernized and expanded. Thanks to these actions, production efficiency has improved, and the product range has expanded. Modulight has calculated its carbon footprint excluding Scope 3 emissions during the use of products. According to the calculation, total emissions in 2023 were 725 t CO₂e (606 t CO₂e in 2022). The increase in emissions was mainly caused by increased business travel, which accounted for 53% of total emissions in 2023. Modulight compensates the emissions of its own operation by participating in the Gold Standardised wind power project in Madhya Pradesh, India. Modulight estimates that the most significant emissions come from the supply chain, and the share of own operations is only less than a tenth of the total emissions.

The energy intensity of Modulight's production, as well as of the life cycle of the products, is low. Emissions from

production are mainly caused by heating and electricity consumption of the production and office space, as well as gases used in production. District heating has been used for heating, and the source of electricity is wind-certified renewable electricity. During 2023, a large investment was started, where a geothermal system was installed in the production and office premises. The system will be taken into use in 2024, so the emissions caused by heating will decrease significantly already during the year.

The most significant single source of emissions was business travel, especially flying, which is a necessity for Modulight in reaching the international customer base and creating customer relationships. Of course, unnecessary travel is avoided, and low-emission ways of traveling are preferred when possible. Naturally, some of the discussions and meetings are organized remotely. In everyday commuting, many employees prefer cycling, walking, and public transport,



because Modulight's office is located in Hervanta, Tampere, with good traffic connections.

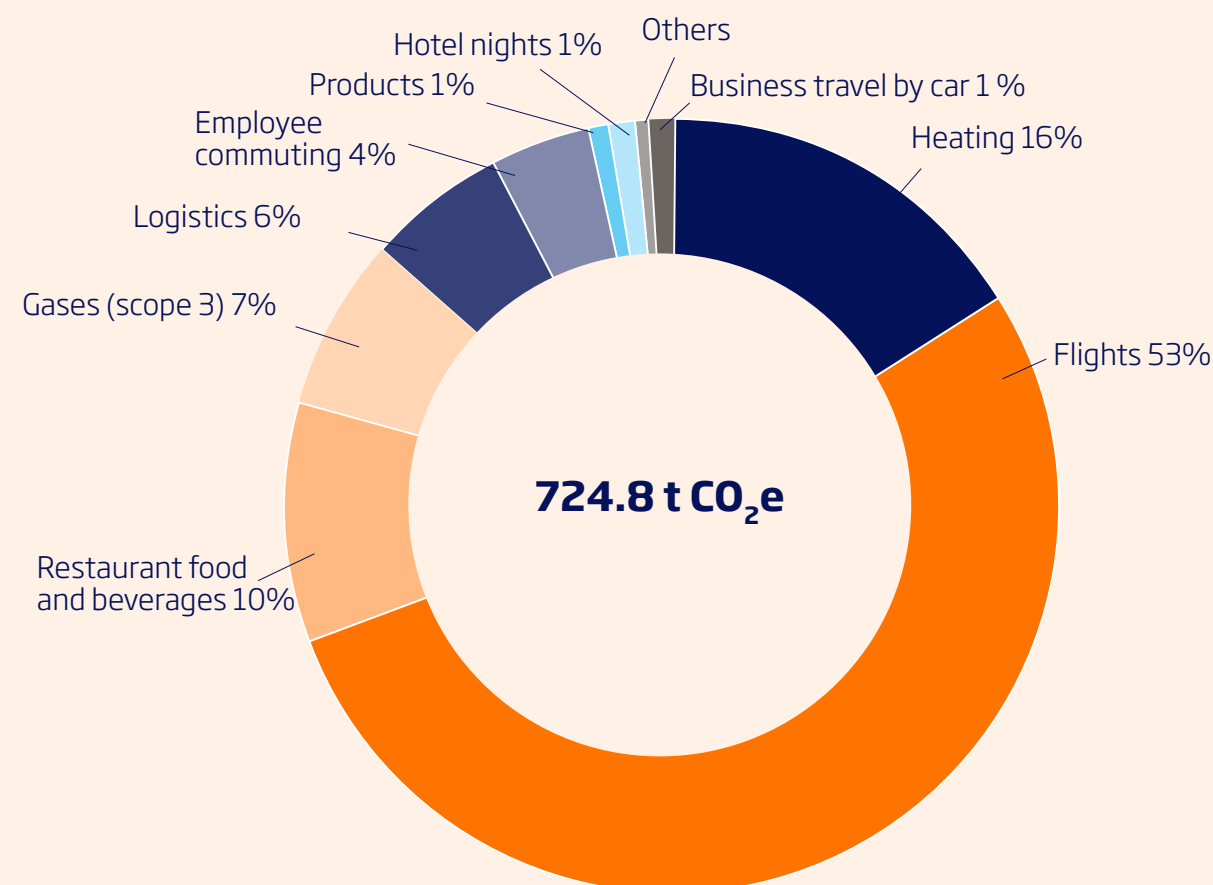
The amounts of raw materials are small

The raw materials used by Modulight are metals, chemicals, and semiconductors. The precious metals used, such as gold and platinum, are 100 percent recycled. Nitrogen is also used in production, both as a pure gas and in liquid form. For example, the metals used in the semiconductor process have been 100% recycled for more than 20 years.

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. Relatively little waste is generated, and recycling is also at a high level. Efforts are made to minimize the consumption of harmful chemicals, for example by reusing them as much as possible. Unusable chemicals are delivered for proper disposal when they can no longer be used. The amount of waste and effluents is very small, as they only cause less than one percent of total emissions. Modulight also has the WWF Finland Green Office certificate, which shows the company's long-term work in reducing the carbon footprint and consumption of natural resources.

CO₂e EMISSIONS IN 2023



	tCO ₂ e
Scope 1	
Company cars	7
Fuel oil	1
Gases in production	0
Scope 2	
Heating (district heating), 694 MWh	116
Electricity, 1,553 MWh	0
Scope 3	
Flights	383
Restaurant food and beverages	75
Gases	48
Logistics	45
Employee commuting	26
Products	11
Hotel nights	10
Business travel by car	3
Water	1
Maintenance	0
Waste	0

Modulight's production plant starts using geothermal energy



The reduction of the impact of carbon dioxide emissions on the climate requires action. In the spring of 2023, Modulight made a far-reaching and responsible decision to give up district heating for heating its business and production premises and to invest in a geothermal system. The project was started right from the beginning of the autumn.

The investment is estimated to pay for itself in approximately 10 years. Carbon dioxide emissions from district heating have been about a fifth of Modulight's total emissions, so the

change will significantly reduce the environmental impact of the operations. Geothermal heat pumps use a relatively small amount of electrical energy compared to the heating energy produced, but when Modulight uses fossil-free wind electricity certified according to the guarantee of origin system, the calculated emissions from heating drop to zero.

CASE

Value for all stakeholders

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 the needs of customers are at the heart of the business. Competitive remuneration is guaranteed for the employees and fair compensation for the delivered products and services for the partners. Modulight supports the society by providing jobs and meeting its tax obligations, but also by sharing its own expertise with research and educational institutions.

To ensure growth and profitability, Modulight follows its strategy, which is 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 increasing its market value and its attractiveness as an investment target. The dividend policy is therefore very moderate.

Standards support risk management

Ensuring the quality of products and production is a significant factor in developing profitability. So is reliable management, organized in accordance with the Finnish Limited Liability Companies Act. In its risk management, 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.

Technology protected by patents

Modulight's product development is also globally unique, because the company develops products and technologies at the interface of three deep areas of expertise: drugs and treatments for cancer and eye diseases, cloud-connected medical devices, and semiconductor and laser technologies. The solutions developed with pharmaceutical companies and other customers are based on Modulight's own product platforms and technologies, which are also actively protected by patents. The IPR portfolio is mainly built around cloud-connected treatment and diagnostic devices and

related technologies, including business models and analytics. The company aims to protect its technology primarily in the United States and expands protection to Europe and Asia as needed.

Modulight has four valid US patents for a cloud-based remotely controlled medical laser device. In addition to these, the company has several patent families in the evaluation phase. These active patent families are related to, for example, fluorescence imaging, optical treatment monitoring, therapeutic, flow cytometry, gene sequencing, treatment accessibility, photoactivated drug delivery, and some special semiconductor processes.

Supplier Code of Conduct

Modulight's business is based on fair competition, zero tolerance for corruption and bribery, and preventing money

laundering. The company adheres to strict anti-corruption practices and careful controls. In its usual risk management, Modulight has not identified any specific risk of corruption or bribery. In addition to laws, regulations and operational guidelines, the company's operations are guided by internal Code of Conduct.

Controlling the supply chain and ensuring its ability to deliver is part of risk management and ensuring continuity. Modulight works closely with its suppliers, striving for continuous improvement. The goal for 2023 was to get most of critical suppliers to commit to Modulight's Code of Conduct, and the goal was achieved, as approximately half of the suppliers defined as critical have now committed to the Code.

Market value

EUR **50** million

Earnings per share

-0.28 EUR

Equity ratio ,%

87.1

IPA23 world conference in Tampere

As the International Photodynamic Association (IPA) had given the responsibility for organizing the conference for experts and scientists in photodynamic therapy in July to Modulight, Tampere was naturally chosen as the meeting venue. Nearly 250 researchers or clinicians from 26 different countries participated in the week-long conference. Hundreds of presentations were given by dozens

of top experts in the field. The purpose of the biennial event is to share research results and new discoveries in the field of medicine and technology in the fight against cancer.

The scientific content of the congress was selected by the international organization of the field. During the week, participants learned about the basics of photodynamic therapy and the tech-

nology that supports clinical work in cancer treatment. One of the main speakers at the conference was Professor Tayyaba Hasan of Harvard Medical School, who talked about the role of photodynamic therapy as a treatment of cancer. Modulight's own researchers were involved in the week's presentations, and the participants also got to test Modulight's laser devices.

The conference was a great success, and its chairman and University of Toronto professor Lothar Lilge was satisfied with the arrangements: "It has been a pleasure to cooperate with the Modulight staff to make this event possible. I truly appreciate everyone's enormous effort."



CASE

BOARD OF DIRECTORS' REPORT AND FINANCIAL STATEMENTS

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Report of the Board of Directors for January 1–December 31, 2023

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 has been involved in developing various laser-based treatment methods for indications in oncology (cancer treatment) and ophthalmology (treatment of eye diseases).

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, 2023, the company had 70 employees (FTE), and the company's net sales in 2023 were EUR 4.0 million. The company's share is traded on the First North Growth Market Finland marketplace maintained by Nasdaq Helsinki Ltd.

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, Modulight's technology can be utilized in other high-value-add applications, such as quantum computing and flow cytometry.

The total oncology market is growing significantly as the population ages in the Western countries, the incidence of cancers increases and personalized pharmacotherapy solutions become more common in the treatment of cancer diseases. The ophthalmology treatment market is also continuing to grow as eye diseases increase due to the ageing of the population and the development of new treatments. In addition, the fields of genetics and diagnostics offer growth opportunities for Modulight, as well as new applications of the technology, such as dentistry.

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

Strategy and targets

Modulight's growth targets for the strategy period 2023–2025 are based on the following strategic actions:

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 2023

- At the end of the year, the total number of R&D projects was 28 (27 at the end of 2022). For several customers, product development projects have progressed to Phase 3 of drug development. The development of the product development pipeline reinforced the versatility of the company's unique technology.
- Geographical expansion in the United States progressed. The company also got off to a good start in Europe and Asia in developing its commercial network for wider use of the technology with several distributor partners.
- In February 2023, Modulight established a Product Support Center in the state of New York on the East Coast of the United States.

- In May 2023, Modulight's Board of Directors decided on a new stock option program for key persons of the company. The options entitle holders to subscribe for a total of up to 500,000 new shares in the company or shares held by the company between 31 December 2025 and 31 December 2028.
- In July 2023, Modulight organized the International Photodynamic Association's World Congress in Tampere, Finland, attended by approximately 250 participants from 26 different countries.
- In September 2023, the potential of Modulight's technology was confirmed by a customer project that progressed to Phase 3 and a study in co-operation with the University of Maryland published in Science Advances, a top scientific journal.

Financial development

Revenue

The Group's revenue in 2023 was EUR 4,025 (4 599) thousand. Revenue decreased 12% from the comparison period. The weak revenue development was due to project delays and the implementation of the pay per treatment (PPT) business model in line with the strategy.

Profitability and result

The Group's EBITDA in 2023 was EUR -8,539 (-5,936) thousand or -212 (-129) % of revenue. Profitability was burdened by weak revenue development, non-recurring costs related to the investment program, and investments in new product development projects and personnel competence. Operating result (EBIT) was EUR -12,132 (-7,792) thousand or -301 (-169) % of revenue. Earnings for the financial period were EUR -11,861 (-8,552) thousand and earnings per share (EPS) were EUR -0.28 (-0.20).

Balance sheet, financing and investments

In 2023, the Group's investments amounted to EUR 9,735 (13,694) thousand. Free cash flow from operating activities was EUR -18,274 (-19,630) thousand and cash flow from operating activities EUR -7,281 (-4,105) thousand. Most of the total cash flow was related to investments in line with the company's strategy. Cash flow from operating activities was significantly affected by the implementation of the company's growth strategy.

On December 31, 2023, the Group's cash and cash equivalents were EUR 25,131 (43,870) 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, 2023, net debt was EUR -18,586 (-35,586) thousand, and net gearing was -33 (-53) %. Equity ratio was 87 (86) %. Return on equity in 2023 was -21 (-12) %.

KEY FIGURES, GROUP

EUR 1,000 unless otherwise noted	1-12/2023	1-12/2022	1-12/2021
Revenue	4,025	4,599	9,071
EBITDA	-8,539	-5,936	461
EBITDA-%	-212.1%	-129.1%	5.1%
Operating result (EBIT)	-12,132	-7,792	-753
Operating result (EBIT) margin %	-301.4%	-169.4%	-8.3%
Earnings for the period	-11,861	-8,552	-5,061
Earnings per share (EPS, EUR)	-0.28	-0.20	-0.15
Acquisition of fixed and intangible assets	-9,735	-13,694	-9,617
Free cash flow from operating activities	-18,274	-19,630	-9,156
Cash and cash equivalents ¹⁾	25,131	43,870	62,978
Net debt ¹⁾	-18,586	-35,586	-53,415
Gearing ratio ¹⁾	-33.4%	-52.7%	-70.1%
Equity ratio ¹⁾	87.1%	86.3%	87.0%
Headcount (FTE) ¹⁾	70	62	52

¹⁾ The figure refers to the situation at the end of the period.

On December 31, 2023, the total amount of accounts receivable was EUR 915 (3,019) thousand. The company considers the risks related to accounts receivable as reasonable.

Personnel and management

On December 31, 2023, the number of employees (FTE) was 70 (62) and the average number of employees during January-December 2023 was 70 (61). Personnel expenses in 2023 totaled EUR 5,757 (5,009) thousand.

On December 31, 2023, the members of Modulight Corporation's Management Team were Seppo Orsila (CEO), Anca Guina (Finance Director), Ulla Haapanen (Marketing Director), Juha Lemmetti (Director, R&D), Kati Reiman (People & Culture Director), Jari Sillanpää (Director, Sales & Services), Petteri Uusimaa (Chief Technology Officer) and Ville Vilokkinen (Director of Operations).

At the end of the financial period, the members of Modulight Corporation's Board of Directors were Jyrki Liljeroos (Chairman), Pia Kantola, Timur Kärki, Anne Koutonen and Seppo Orsila.

Research and development

Modulight develops products and technologies at the interface of three deep areas of expertise: drugs and treatments for cancer and eye diseases, cloud-connected medical devices, and semiconductor and laser technologies. In 2023, capitalized development expenses amounted to EUR 3,349 (3,031) thousand, i.e. 19 (23)% of total operating expenses.

The solutions developed together with pharmaceutical companies and top universities are based on Modulight's own product platforms and technologies, which are also actively protected by patents. Modulight builds its patent portfolio mainly around cloud-connected treatment and diagnostic devices and related technologies, including business models and analytics. The company aims to protect its technology primarily in the United States and extends the protection to Europe and Asia as needed.

The company holds four valid U.S. patents. The patents create a strong technological basis for the implementation of PPT business models that are part of the company's strategy, for example. In addition to these, the company has a total of 12 US and PCT patent families in the evaluation phase. These active patent families are related to, for example, fluorescence imaging, optical treatment monitoring, theranostics, flow cytometry, gene sequencing, usability of treatment, photoactivated drug donation and certain semiconductor processes.

Sustainable development

The focus of Modulight's work is on medical technology products that improve people's lives and help fight serious diseases. In addition, Modulight manufactures products for various high value-add applications, such as quantum computing. Thus, its handprint, i.e., positive impact on society is significant in relation to the company's size, 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.

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 has identified its key sustainability themes based on the needs and wishes of its stakeholders. The sustainability themes have been divided into social, economic and environmental responsibility. In order to promote responsibility and sustainable development, Modulight has set targets and key performance indicators, as well as measures to achieve the targets, and compiled the information in its responsibility program. 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 of all people. Product safety and product reliability are also an important part of social responsibility.

Modulight calls its personnel the "Laser family", which describes the strong team spirit among the personnel. 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.

Modulight's number of personnel (FTE) grew 13% in 2023 and was 70 at the end of the year (2022: 62). Personnel turnover remained low at 3.3% (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 wellbeing reduce personnel turnover. As a result, job satisfaction is at a high level. The annual ESS survey conducted during 2023 gave an overall satisfaction score of 4.0 on a scale of 1 to 5 (2022: 4.1). Modulight's personnel expenses in 2023 amounted to EUR 5.8 million (2022: 5.0).

Modulight is proud of its diversity: there are more than ten different nationalities and a fairly even gender balance in the workforce: the share of female employees is 40% and that of male employees 60%. Efforts are being made to achieve a diverse composition of the Management Team and the Board of Directors whose competences support the needs of the company. In 2023, three of the eight members of the Management Team were women, and correspondingly, there were two women and three men on the Board of Directors. At the Annual General Meeting in spring 2023, Anne Koutonen was elected as a new member of the Board of Directors.

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

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

Competence development

Personnel development, promoting career paths and providing training opportunities are essential in ensuring personnel motivation and well-being, but also in maintaining Modulight's product development and innovation capabilities. About 90 percent of Modulight's employees have a university degree, and there are also several PhD experts in the Laser family. On the other hand, many students have started their careers at Modulight either through a thesis or an internship.

Modulight offers its personnel a wide range of training and development opportunities. A significant opportunity for skills development comes through a wide range of projects including product development. The company monitors the number of statutory trainings, and in 2023, 222 hours were dedicated to training.

Modulight is also involved in international communities that focus on cancer prevention. In July 2023, the company organized the International Photodynamic Association (IPA) World Congress 2023. The five-day congress brought together in Tampere nearly 250 medical researchers and clinicians from 26 different countries. During the week, the participants learned about the basics of photodynamic therapy and technology supporting clinical work in cancer treatment.

In addition, the company actively collaborates with universities and research institutes. An example of this is a study conducted by Modulight and the University of Maryland, the results of which were published in Science Advances in autumn 2023. The study showed the benefits of Modulight's

ML7710 laser device not only in treating cancer patients, but also in prolonging the life cycle of drugs. Cooperation with the University of Maryland continues, including a project funded by the US Food and Drug Administration (FDA) to validate Modulight's solution for quality assurance of other drugs and markers used in photoimmunotherapy and fluorescence imaging.

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 requested to be immediately reported.

In 2023, there were no serious accidents at work, neither in 2022, and the number of sickness absences was 0.7% (2022: 0.9%) with the target being less than three percent of all hours worked.

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 daily operations 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 2023, no violations of the above-mentioned laws, regulations or policies were confirmed, nor in 2022.

As part of its social responsibility, Modulight is involved in charitable activities and supports the local children's cancer clinic, local universities and junior sports teams.

Environmental responsibility

Energy efficiency in products and production, high standards of materials management and reducing the environmental impact of own operations are key environmental themes. 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.

Modulight has calculated its carbon footprint. The calculations cover Scope 1, 2 and Scope 3 GHG emissions, excluding the products' in-use emissions. In 2023, total emissions were calculated to be 725 t CO₂e (in 2022, 606 t CO₂e), and Modulight compensates them fully through participation in a Gold Standard certified wind power project in Madhya Pradesh in India.

The most significant single source of emissions was business travel, which caused CO₂e emissions of 396 tons. Air travel is from time to time necessary for Modulight, as the

company's 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.

In reducing carbon dioxide emissions, Modulight has concentrated on the energy efficiency of production and the energy sources used. The majority of emissions, 116 t CO₂e, was caused by heating Modulight's facilities. In 2023, a major investment was started to switch from district heating to geothermal heat. The investment will be taken into use in 2024, so emissions from Modulight's own operations will decrease even further. The electricity purchased in 2023 continued to consist entirely of wind-certified renewable electricity.

Modulight also holds WWF Finland's Green Office certificate, which demonstrates the company's work in reducing its carbon footprint and consumption of natural resources.

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 or recycled appropriately. The amount of waste and effluent is very small, as they cause less than four percent of emissions.

Economic responsibility

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 is available on the company's website.

On December 31, 2023, the members of Modulight Corporation's Management Team were Seppo Orsila (CEO), Anca Guina (Finance Director), Ulla Haapanen (Marketing Director), Juha Lemmetti (Director, R&D), Kati Reiman (People & Culture Director), Jari Sillanpää (Director, Sales & Services), Petteri Uusimaa (Chief Technology Officer) and Ville Vilokkinen (Director of Operations).

At the end of the financial period, the members of Modulight Corporation's Board of Directors were Jyrki Liljeroos (Chairman), Pia Kantola, Timur Kärki, Anne Koutonen and Seppo Orsila.

Anti-corruption activities

Modulight's business is based on fair competition, zero tolerance for corruption and bribery and the prevention of money laundering. The company 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 operating principles, the company's operations are guided by its Code of Conduct. Partners are also required to follow similar operating principles. The goal for 2023 was to obtain commitment to Modulight's Code of Conduct from major vendors, and the goal was achieved, as approximately half of the vendors identified as critical have now committed to the Code.

Risks

Modulight has included sustainability risks as part of its usual risk management, and they are presented in the Report of the Board of Directors under Risks and uncertainties.

Resolutions of the Annual General Meeting

The Annual General Meeting of Modulight Corporation was held on May 2, 2023. The Annual General meeting adopted the company's financial statements for the financial period from January 1-December 31, 2022, and discharged the members of the Board of Directors and the CEO from liability for the financial period of 2022. Additionally, the Annual General Meeting approved the Board of Directors' proposal that the result for the year 2022 of EUR -8,557 thousand would be transferred to retained earnings and that dividend would not be paid.

The Annual General Meeting resolved that the Board of Directors consists of five members. Jyrki Liljeroos, Seppo Orsila, Pia Kantola and Timur Kärki were re-elected as members of the Board and Anne Leskelä (Koutonen) was elected as a new member. In its inaugural meeting after the Annual General Meeting, the Board elected Jyrki Liljeroos as the Chair of the Board. Jyrki Liljeroos (Chair), Pia Kantola and Timur Kärki were elected as members of the Remuneration Committee of the Board of Directors.

The Annual General Meeting adopted the Remuneration Report for the Governing Bodies.

Authorized Public Accounting firm Moore Idman Oy was elected as the auditor of the company for a term that will end at the end of the next Annual General Meeting. Jari Palo-niemi, Authorised Public Accountant, will be the auditor with principal responsibility.

The Annual General Meeting resolved that the company's Articles of Association are amended to enable arranging a General Meeting as a hybrid meeting. In addition, it was resolved that a General Meeting can be arranged without a meeting venue as an alternative for a physical meeting.

The Annual General Meeting decided to authorize the Board of Directors to decide upon the acquisition of a maximum of 4,261,694 of the company's own shares and/or accepting the same number of the company's own shares as a pledge, in one or several tranches, by using the company's unrestricted equity. The maximum total of shares that will be acquired and/or accepted as a pledge corresponds to approximately 10% of all shares in the company as of the date of the notice to the Annual General Meeting. Shares can be acquired and/or accepted as a pledge e.g., in order to execute a transaction or implement share-based incentive schemes or for other purposes as decided by the Board of Directors or otherwise for the purposes of further assignment, retention or cancellation. The Board of Directors is authorized to decide on all other terms and conditions that will apply to the acquisition and/or acceptance as a pledge of the company's own shares. The authorization is valid until the closing of the next Annual General Meeting, however, no longer than June 30, 2024.

The Annual General Meeting resolved to authorize the Board of Directors to resolve on the issuance of shares as well as the issuance of option rights and other special rights entitling to shares referred to in Chapter 10, section 1 of the Finnish Limited Liability Companies Act, in one or several tranches, either against payment or without payment. The number of shares to be issued, including the shares received on the basis of the option rights and other special rights, may not exceed 4,261,694 shares, which amounts

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	3,420,400	8.03%
4	Varma Mutual Pension Insurance Company	3,276,074	7.69%
5	Ville Vilokkinen	3,039,750	7.13%
6	Petri Melanen	2,173,500	5.10%
7	Pekko Sipilä	1,630,125	3.83%
8	Mika Saarinen	1,630,125	3.83%
9	TIN Funds	1,155,625	2.71%
10	Didner & Gerge Funds	918,827	2.16%
11	Mandatum Life Insurance Company	826,467	1.94%
12	Ancuta Guina	670,320	1.57%
13	Juha Lemmetti	553,140	1.30%
14	Jyri Merivirta	500,000	1.17%
15	Jyrki Liljeroos	460,950	1.08%
16	Kalle Palomäki	414,855	0.97%
17	Protean Funds Scandinavia	368,613	0.86%
18	Hubert Jouve	347,645	0.82%
19	Kati Reiman	293,580	0.69%
20	Aktia Asset Management	240,000	0.56%

Option program	Total number of options	Unused options	Subscription price EUR	Subscription period
2021	852,758	790,394	6.49	Dec 31, 2023–Dec 31, 2025
2023	500,000	500,000	2.43	Dec 31, 2025–Dec 31, 2028

to approximately 10% of all shares in the company as of the date of the notice to the Annual General Meeting. The Board of Directors may decide to either issue new shares or to assign company shares that are held by the company. The authorization remains in force until the end of the next Annual General Meeting, however not for longer than until June 30, 2024. This authorization revokes any existing, unused authorizations to decide on a share issue and the issuance of option rights or other special rights entitling to shares.

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, 2023, the number of the company's shares was 42,616,936 (42,616,936). At the end of the financial period, the company owned 51,123 (0) equity 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 4.34 (12.05) and the lowest price EUR 1.02 (1.72). The weighted average price of the share during the financial period was EUR 2.29 (4.62). The closing price on December 29, 2023 was EUR 1.17 (1.89). On December 31, 2023, the Group's market value was EUR 49,862 (80,461) thousand.

On December 31, 2023, Modulight Corporation had 11,977 (11,143) shareholders. The members of the Board of Directors, the President and CEO and the Management Team held 41.2 (42.2) % of the shares, and the 20 largest shareholders held 80.6 (85.9) % of the total number of shares. Modulight Corporation's 20 largest shareholders on 31 December 2023 are presented in the table on the left.

Option programs

Modulight has offered its personnel stock option programs as part of the incentive and commitment program.

On May 12, 2023, the Board of Directors of Modulight Corporation decided on a new stock option program for key persons of the company, which will be marked with the symbol 2023. Up to 500,000 2023 Options may be issued, and they entitle holders to subscribe for a total of up to 500,000 new shares in the company or shares held by the company. Subscription rights for the shares under the 2023 Options will arise within four years from the end of their subscription period so that 20 percent of the 2023 Options can be used to subscribe for shares on December 31, 2025, 30 percent on December 31, 2026, and 50 percent on December 31, 2027. The subscription period for all shares to be issued under the 2023 Options will end on December 31, 2028 at the latest.

At the end of 2023, the company had two option programs. The total number of unused options on December 31, 2023, was 1,290,394. No options were subscribed in 2023. However, 62,364 stock option rights under the 2021 option plan that came into the possession of the company were cancelled.

Outstanding option programs are presented in the table on page 24.

Related party transactions

There were no related party transactions in the financial year 2023.

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, supply chains, availability of materials, the development of the healthcare sector and availability of skilled labor. In addition, there are risks associated with the company's intellectual property rights, as well as obtaining market authorizations for products. The general global political situation 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, focusing 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 the company may be subject to cyber security breaches. Modulight has implemented the ISO 27001 security certification, which was audited at the end of 2023. The certificate was received in February 2024.

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 accounts receivable 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.

Outlook for 2024

Modulight has not issued guidance for revenue or profitability in 2024. 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 2024. However, the company expects that changes in the operating environment caused by macroeconomic and geopolitical uncertainty will still impact its financial performance in the short term.

Board of Directors' proposal for the distribution of distributable funds

On December 31, 2023, the distributable equity of the Group's parent company Modulight Corporation was EUR 46,960 (59,920) thousand. The company's Board of Directors proposes to the Annual General Meeting that no dividend be distributed for the financial year 2023.

Annual General Meeting 2024

The Annual General Meeting of Modulight Corporation is scheduled to be held on May 2, 2024. Modulight's Board of Directors will convene the Annual General Meeting separately at a later date.

Financial statements January 1–December 31, 2023

Consolidated income statement (FAS)

EUR 1,000	2023	2022	EUR 1,000	2023	2022
REVENUE	4,025	4,599			
Change in inventory	304	777			
Manufacturing for own use	3,349	3,031			
Other operating income	1,171	1,047			
Raw materials and services					
Raw materials and consumables					
Purchases during reporting period	-2,693	-2,488			
Change in inventory	-2	346			
External services	-571	-643			
Total raw materials and services	-3,266	-2,784			
Personnel expenses					
Wages and salaries	-4,792	-4,165			
Social security services					
Pension expenses	-851	-747			
Other social security services	-115	-97			
Total personnel expenses	-5,757	-5,009			
Depreciation and amortization					
Depreciation and amortization according to plan	-3,593	-1,857			
Other operating expenses				-8,365	-7,596
OPERATING PROFIT(-LOSS)				-12,132	-7,792
Financial income and expenses					
Other interest and financial income				246	25
Interest and financial expenses				26	-784
Total financial income and expenses				272	-759
PROFIT (-LOSS) BEFORE APPROPRIATIONS AND TAXES				-11,860	-8,552
Income taxes				-1	
PROFIT (-LOSS) FOR THE REPORTING PERIOD				-11,861	-8,552

Consolidated balance sheet

EUR 1,000	Dec 31, 2023	Dec 31, 2022
ASSETS		
Non-current assets		
Intangible assets		
Development expenditure	8,916	7,745
Total intangible assets	8,916	7,745
Fixed assets		
Buildings and structures	3,326	3,146
Machinery and equipment	21,266	10,514
Other fixed assets	285	6,245
Total fixed assets	24,877	19,906
Total non-current assets	33,793	27,651
Current assets		
Inventory		
Raw materials and consumables	1,560	1,562
Finished products	993	689
Total inventory	2,553	2,252
Receivables		
Short-term receivables		
Sales receivable	915	3,019
Other receivables	1,359	885
Prepayments and accrued income	211	632
Total short-term receivables	2,485	4,537
Financial securities	24,721	42,320
Cash and cash equivalents	409	1,549
Total current assets	30,169	50,658
TOTAL ASSETS	63,962	78,309

EUR 1,000	Dec 31, 2023	Dec 31, 2022
EQUITY AND LIABILITIES		
Equity		
Share capital	80	80
Reserve for invested unrestricted equity	75,317	75,334
Retained earnings	-7,809	709
Earnings for the reporting period	-11,861	-8,552
Total equity	55,727	67,571
Liabilities		
Non-current liabilities		
Loans from financial institutions	4,543	6,606
Total non-current liabilities	4,543	6,606
Current liabilities		
Loans from financial institutions	2,002	1,678
Advances received	55	172
Accounts payable	569	1,318
Other liabilities	136	128
Accrued expenses	930	836
Total current liabilities	3,692	4,132
Total liabilities	8,235	10,738
TOTAL EQUITY AND LIABILITIES	63,962	78,309

Consolidated cash flow statement

EUR 1,000	Dec 31, 2023	Dec 31, 2022
Cash flow from operating activities		
Operating profit	-12,132	-7,792
Depreciation and amortization	3,593	1,857
Net financial expenses	272	- 759
Change in working capital	986	2,590
Taxes paid	-1	
Cash flow from operating activities (A)	-7,281	-4,105
Cash flow from investing activities		
Investments in tangible and intangible assets	-15,695	-9,184
Advance payments	5,960	-4,510
Cash flow from investing activities (B)	-9,735	-13,694
Cash flow from financing activities		
Change in interest-bearing debts	-1,739	-1,279
Acquisition (-) / disposal (+) of treasury shares	-16	
Cash flow from financing activities (C)	-1,755	-1,279
Net cash flow (A+B+C)	-18,772	-19,078
Cash at the beginning of the period	43,870	62,978
Exchange rate differences	33	- 30
Cash at the end of the period	25,131	43,870

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.

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.

Fund investments have been recorded at the lower of their acquisition value or fair value at the balance sheet date.

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.

Accounts receivable, 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 for 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, the company's 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 cloud services can be applied to both product areas even though they have been initially designed for medical and biomedical applications.

The company's intention is that clients in the medical and biomedical fields benefit from a 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 equipment and services. In this phase, the fixed fee per project is approximately between EUR 10,000 and EUR 150,000 for universities and between EUR 100,000 and EUR 1,000,000 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 customer, including e.g., testing and documentation related to device approvals, installation of research equipment, and training of research personnel. 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 500,000 and even more than EUR 5,000,000. The company also usually charges a service fee equal to approximately 25% of the customer's cumulative device purchases.

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 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 production ramp up, development of business and service models, and management of new 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 license/service fee equals approximately 25% of the customer's cumulative investments.

In the active product portfolio go-to-market phase, customer-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, commercial introduction could be carried out using product platforms already in 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., pay per treatment fees, licensing of the treatment or monitoring and usage control of drugs or consumables, and analytic services aimed at improving the treatment result. The services regarding other high value add applications may also 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 would be 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 would equal to approximately 25% to 35% of the customer's cumulative investments, in addition to which the company expects to earn 2% to 20% of the customer's revenue from licensing.

Especially in the medical and biomedical sector, the company is moving to a pay per treatment (PPT) model, where its customers pay for treatments performed instead of purchasing the device. According to the company's estimate, depending on the indication and market area, the price of one treatment session will be approximately EUR 1,000-10,000, which typically corresponds to approximately 1-10% of the total cancer treatment costs. In the PPT model, revenue recognition is delayed compared to device sales, but the company estimates that it is more even in nature, and invoicing is typically done on a monthly or quarterly basis based on the number of treatments performed. In addition to pay-per-treatment pricing, the PPT business model can also have other components, such as monthly invoicing for device maintenance and services. The company aims to switch to a PPT model with its customers already in the clinical trial phase.

Depreciation according to plan

Fixed assets have been valued at acquisition cost less planned depreciation. Depreciation of development costs begins when income starts to accrue from the capitalised item or when there is a change in expected income expectations. Depreciation of tangible assets begins at the time of their introduction.

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

There have been no changes in the depreciation principles during the financial year.

Notes related to subsidiaries and associates

Companies consolidated in the consolidated financial statements (Group structure December 31, 2023)

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

Notes to the consolidated income statement

Revenue by market area

% of total revenue	2023	2022
Finland	5	7
Rest of the world	95	93
Total	100	100

Material items in other operating income

EUR 1,000	2023	2022
Subsidies and grants received	1,171	1,047
Total	1,171	1,047

Manufacturing for own use

EUR 1,000	2023	2022
Manufacturing for own use, intangible assets	3,349	3,031
Total	3,349	3,031

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

EUR 1,000	2023	2022
Salaries and fees	4,768	4,141
Pension expenses	851	747
Voluntary pensions	24	24
Other personnel expenses	115	97
Total	5,757	5,009

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)	2023	2022
White-collar	66	56
Blue-collar	4	5
Total	70	61

Management salaries and fees

EUR 1,000	2023	2022
CEO, Board of Directors, Management Team	1,350	1,274

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

EUR 1,000	2023	2022
Interest expenses	-154	-130
Other financial income	246	25
Other financial expenses	179	-654
Total	272	-759

Notes to the consolidated balance sheet items*Intangible assets*

Development costs (EUR 1 000)	2023	2022
Acquisition cost 1 Jan	17,748	14,717
Additions for the financial year	3,349	3,031
Deductions for the financial year		
Acquisition cost 31 Dec	21,097	17,748

Development costs (EUR 1 000)	2023	2022
Depreciation according to plan		
Accumulated depreciation 1 Jan	-10,003	-9,228
Depreciation for the financial year	-2,178	-775
Accumulated depreciation 31 Dec	-12,182	-10,003
Book value in the financial statements 31 Dec	8,916	7,745

Activated development costs consist of 10 product development projects. Four 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 one new project.

Tangible assets

Buildings and structures (EUR 1,000)	2023	2022
Acquisition cost 1 Jan	6,400	5,991
Additions for the financial year	411	409
Deductions for the financial year		
Acquisition cost 31 Dec	6,811	6,400
Depreciation according to plan		
Accumulated depreciation 1 Jan	-3,254	-3,088
Depreciation for the financial year	-231	-165
Accumulated depreciation 31 Dec	-3,485	-3,254
Book value in the financial statements 31 Dec	3,326	3,146

Machinery and equipment (EUR 1,000)	2023	2022
Acquisition cost 1 Jan	15,943	10,198
Additions for the financial year	11,934	5,744
Deductions for the financial year		
Acquisition cost 31 Dec	27,877	15,943
Depreciation according to plan		
Accumulated depreciation 1 Jan	-5,428	-4,512
Depreciation for the financial year	-1,183	-916
Accumulated depreciation 31 Dec	-6,611	-5,428
Book value in the financial statements 31 Dec	21,266	10,514

Other fixed assets (EUR 1,000)	2023	2022
Acquisition cost 1 Jan	6 245	
Additions for the financial year		6 245
Deductions for the financial year	-5 960	
Acquisition cost 31 Dec	285	6 245
Book value in the financial statements 31 Dec	285	6 245

Other fixed assets consist of prepayments for fixed asset investments.

Material items included in other receivables

EUR 1,000	2023	2022
Business Finland	1,209	519
VAT receivables	149	366
Total	1,359	885

Material items included in repayments and accrued income

EUR 1,000	2023	2022
Cost accruals	81	118
Prepayments	130	514
Total	211	632

Material items included in financial securities

EUR 1,000	2023	2022
Cash and bank receivables	409	1,549
Fund units	24,721	42,320
In total	25,131	43,870

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

Notes to liabilities in the balance sheet

Changes in equity items

Restricted equity (EUR 1,000)	2023	2022
Share capital 1 Jan	80	80
Share capital 31 Dec	80	80
Total restricted equity 31 Dec	80	80
Unrestricted equity (EUR 1,000)	2023	2022
Reserve for invested unrestricted equity 1 Jan	75,334	75,334
Increases in the invested unrestricted equity fund	-16	
Reserve for invested unrestricted equity 31 Jan	75,317	75,334
Profit (loss) for the previous financial years 1.1.	-7,843	739
Exchange rate differences	34	-30
Profit (loss) for the previous financial years 31.12.	-7,809	709
Profit for the financial period	-11,861	-8,552
Total non-restricted equity 31 Dec	55,647	67,491
Total equity 31 Dec	55,727	67,571

Material items included in other liabilities

EUR 1,000	2023	2022
Withholding debt	130	124
Other liabilities	6	5
In total	136	128

Material items included in accrued expenses

EUR 1,000	2023	2022
Accruals for salaries	167	186
Holiday pay accrual	644	536
Cost accruals	119	115
In total	930	836

Long-term debt

Liabilities maturing after more than five years:

EUR 1,000	2023	2022
Loans from financial institutions	0	800

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)	2023	2022
Collateral provided for own debt		
Loans from financial institutions	6,545	8,284
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 ¹⁾	23	23
Total securities provided	6,242	6,242

¹⁾ 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 2023 the rent was EUR 11,398.

Other off-balance sheet liabilities (EUR 1,000)	2023	2022
Leasing liabilities		
Payable in the next financial year	16	32
Payable later	22	39
Total other off - balance sheet liabilities	38	71

Company shares

The company's share capital on December 31, 2023 was divided into 42,616,936 shares. All shares have equal voting rights and the right to the company's assets and dividend. At the end of the financial year, Modulight Corporation held a total of 51,123 treasury shares.

Notes on auditor's fees (Moore Idman Oy)

EUR 1,000	2023	2022
Audit fees	24	22
Total auditor fees	24	22

Calculation formulas for key figures

Key figures	Definition	Reason for the use
Growth of revenue, %	$(\text{Revenue for the period} - \text{revenue for the previous reference period}) / \text{Revenue for the previous period}$	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.
EBITDA, %	$\text{EBITDA} / \text{Revenue}$	Operating margin is an indicator to measure the operational performance of the company.
Operating result	Operating result as presented in the income statement	Operating result is an essential indicator for the understanding of the company's financial performance.
Operating result, %	$\text{Operating result} / \text{Revenue}$	Operating result is an essential indicator for the understanding of the company's financial performance.
Earnings per share	$\text{Earnings for the period} / \text{weighted average number of outstanding shares during the period}$	Indicator describes the distribution of operating result to individual shares.
Acquisition & scrapping on fixed and intangible assets	Acquisition & scrapping of fixed and intangible assets as presented in the statement of cash flow	Indicator produces more information on the cash flow needs for operational investments.
Free cash flow operating activities	$\text{EBITDA} - \text{Acquisitions \& scrapping of fixed and intangible assets as presented in the statement of cash flow}$	Indicator gives information of the cash flow which the company is able to generate after operational investments.
Net debt	$\text{Interest-bearing debt} - \text{Cash and cash equivalents (at the end of the period)}$	Net debt is an indicator to measure the total external debt financing of the company.
Gearing ratio	$(\text{Interest-bearing debt} + \text{Cash and cash equivalents (at the end of the period)}) / \text{Equity}$	Indicator for the management to track the company's level of equity.
Equity ratio	$\text{Equity} / \text{Total equity}$	Indicator for the proportion of the company's assets that have been financed with equity.
Return on equity, %	$100 \times \text{Earnings for the period} / \text{Adjusted average equity}$	Indicator for the company's ability to generate profits in relation to equity belonging to the owners.

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 January 1–31 December 2023

Parent company income statement (FAS)

EUR 1,000	2023	2022	EUR 1,000	2023	2022
Revenue	4,026	4,598	Other operating expenses	-8,226	-7,603
Change in inventory	304	777	Operating profit (loss)	-11,986	-7,819
Manufacturing for own use	3,349	3,031	Financial income and expenses		
Other operating income	1,178	1,047	Other interest income and financial income	186	25
Raw materials and services			Interest and other financial expenses	26	-763
Raw materials and consumables			Total financial income and expenses	212	-738
Purchases during financial year	-2,693	-2,488	Profit (loss) before appropriations and taxes	-11,773	-8,557
Change in inventory	-2,287	346	Income taxes		
External services	-571	-662	Profit (loss) of the financial year	-11,773	-8,557
Total raw materials and services	-3,266	-2,804			
Personnel expenses					
Wages and salaries	-4,792	-4,165			
Social security expenses					
Pension expenses	-851	-747			
Other social security expenses	-115	-97			
Total personnel expenses	-5,757	-5,009			
Depreciation, amortization and reduction in value					
Depreciation and amortization according to plan	-3,593	-1,857			

Parent company balance sheet (FAS)

EUR 1,000	31 Dec, 2023	31 Dec, 2022
ASSETS		
Non-current assets		
Intangible assets		
Development expenditure	8,916	7,745
Total intangible assets	8,916	7,745
Fixed assets		
Buildings	3,326	3,146
Machinery and equipment	21,266	10,514
Other fixed assets	290	6,250
Total fixed assets	24,882	19,911
Total non-current assets	33,798	27,656
Current assets		
Inventory		
Raw materials and consumables	1,560	1,562
Finished products	993	689
Total inventory	2,553	2,252
Sales receivables		
Short-term receivables		
Accounts receivable	876	2,863
Receivables, group companies	328	431
Other receivables	1,359	885
Prepayments and accrued income	172	627
Total short-term receivables	2,736	4,805
Financial securities	24,721	42,320
Cash and cash equivalents	377	1,446
Total current assets	30,387	50,823
TOTAL ASSETS	64,185	78,479

EUR 1,000	31 Dec, 2023	31 Dec, 2022
LIABILITIES		
Equity		
Share capital	80	80
Reserve for invested unrestricted equity	75,317	75,334
Retained earnings	-7,668	889
Earnings from the period	-11,773	-8,557
Total equity	55,956	67,745
Liabilities		
Non-current liabilities		
Loans from financial institutions	4,543	6,606
Total non-current liabilities	4,543	6,606
Current liabilities		
Loans from financial institutions	2,002	1,678
Advances received	55	172
Accounts payable	564	1,314
Other liabilities	136	128
Accrued expenses	930	836
Total current liabilities	3,687	4,128
Total liabilities	8,230	10,734
TOTAL EQUITY AND LIABILITIES	64,185	78,479

Notes to the parent company's financial statements

Domicile: Tampere, Finland

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, Finland.

Copies of the financial statements are available at the headquarters 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.

Accounts receivable, 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 for this product/customer.

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, the company's 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 cloud services can be applied to both product areas even though they have been initially designed for medical and biomedical applications.

The company's intention is that clients in the medical and biomedical fields benefit from a 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 equipment and services. In this phase, the fixed fee per project is approximately between EUR 10,000 and EUR 150,000 for universities and

between EUR 100,000 and EUR 1,000,000 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 customer, including e.g., testing and documentation related to device approvals, installation of research equipment, and training of research personnel. 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 500,000 and even more than EUR 5,000,000. The company also usually charges a service fee equal to approximately 25% of the customer's cumulative device purchases.

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 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 production ramp up, development of business and service models, and management of new 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 license/service fee equals approximately 25% of the customer's cumulative investments.

In the active product portfolio go-to-market phase, customer-specific products are intended to be in active use. These products can either be new products or product life-time extensions through the introduction of new laser components or features. The company expects that in certain cases, commercial introduction could be carried out using product platforms already in 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., pay per treatment fees, licensing of the treatment or monitoring and usage control of drugs or consumables, and analytic services aimed at improving the treatment result. The services regarding other high value add applications may also 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 compa-

ny'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 customer's cumulative investments, in addition to which the company expects to earn 2% to 20% of the customer's revenue from licensing.

Especially in the medical and biomedical sector, the company is moving to a pay per treatment (PPT) model, where its customers pay for treatments performed instead of purchasing the device. According to the company's estimate, depending on the indication and market area, the price of one treatment session will be approximately EUR 1,000-10,000, which typically corresponds to approximately 1-10% of the total cancer treatment costs. In the PPT model, revenue recognition is delayed compared to device sales, but the company estimates that it is more even in nature, and invoicing is typically done on a monthly or quarterly basis based on the number of treatments performed. In addition to pay-per-treatment pricing, the PPT business model can also have other components, such as monthly invoicing for device maintenance and services. The company aims to switch to a PPT model with its customers already in the clinical trial phase.

Depreciation according to plan

Fixed assets have been valued at acquisition cost less planned depreciation. Depreciation of development costs begins when income starts to accrue from the capitalised item or when there is a change in expected income expectations. Depreciation of tangible assets begins at the time of their introduction.

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

There have been no changes in the depreciation principles during 2023.

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 December 31, 2023):

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

Notes to the income statement

Revenue by market area

% of total revenue	2023	2022
Finland	5	7
Rest of the world	95	93
Total	100	100

Material items included in other operating income

EUR 1,000	2023	2022
Subsidies and grants received	1,171	1,047
Other income	7	
Total	1,178	1,047

Manufacturing for own use

EUR 1,000	2023	2022
Manufacturing for own use, intangible assets	3,349	3,031
Total	3,349	3,031

Salaries, fees, pension expenses and other personnel expenses

EUR 1,000	2023	2022
Salaries and fees	4,768	4,141
Pension expenses	851	747
Voluntary pensions	24	24
Other personnel expenses	115	97
Total	5,757	5,009

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 or actual obligation is limited to the amount that has been agreed to be paid in the plan.

Average number of employees during the financial year (FTE)	2023	2022
Staff	66	56
Employees	4	5
Total	70	61

Management salaries and fees

EUR 1,000	2023	2022
CEO, Board of Directors, Management Team	1,350	1,274

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

EUR 1,000	2023	2022
Interest expenses	-154	-130
Other financial income	186	25
Other financial expenses	180	-632
Total	212	-738

Notes to the balance sheet items*Intangible assets*

Development costs (EUR 1 000)	2023	2022
Acquisition cost 1 Jan	17,748	14,717
Additions for the financial year	3,349	3,031
Deductions for the financial year		
Acquisition cost 31 Dec	21,097	17,748
Depreciation according to plan		
Accumulated depreciation 1 Jan	-10,003	-9,228
Depreciation for the financial year	-2,178	-775
Accumulated depreciation 31 Dec	-12,182	-10,003
Book value in the financial statements 31 Dec	8,916	7,745

Activated development costs include 10 product development projects. Four 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 one new project.

Tangible assets

Buildings and structures (EUR 1,000)	2023	2022
Acquisition cost 1 Jan	6,400	5,991
Additions for the financial year	411	409
Deductions for the financial year		
Acquisition cost 31 Dec	6,811	6,400
Depreciation according to plan		
Accumulated depreciation 1 Jan	-3,254	-3,088
Depreciation for the financial year	-231	-165
Accumulated depreciation 31 Dec	-3,485	-3,254
Book value in the financial statements 31 Dec	3,326	3,146

Machinery and equipment (EUR 1,000)	2023	2022
Acquisition cost 1 Jan	15,943	10,198
Additions for the financial year	11,934	5,744
Deductions for the financial year		
Acquisition cost 31 Dec	27,877	15,943
Depreciation according to plan		
Accumulated depreciation 1 Jan	-5,428	-4,512
Depreciation for the financial year	-1,183	-916
Accumulated depreciation 31 Dec	-6,611	-5,428
Book value in the financial statements 31 Dec	21,266	10,514

Other fixed assets (EUR 1,000)	2023	2022
Acquisition cost 1 Jan	6,250	1,739
Additions for the financial year		4,510
Deductions for the financial year	-5,960	
Acquisition cost 31 Dec	290	6,250
Book value in the financial statements 31 Dec	290	6,250

Other fixed assets include prepayments for fixed asset investments (EUR 285 thousand) and shares in subsidiaries (EUR 5 thousand).

Receivables from group companies

Current receivables

EUR 1,000	2023	2022
Modulight USA, Inc.	328	431

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

Material items included in other receivables

EUR 1,000	2023	2022
Business Finland	1,209	519
VAT receivables	149	366
Total	1,359	885

Material items included in prepayments and accrued income

EUR 1,000	2023	2022
Cost accruals	48	102
Prepayments	124	524
Total	172	627

Material items included in financial securities

EUR 1,000	2023	2022
Cash and bank receivables	377	1,446
Fund units	24,721	42,320
In total	25,099	43,767

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)	2023	2022
Share capital 1 Jan	80	80
Share capital 31 Dec	80	80
Total restricted equity 31 Dec	80	80

Unrestricted equity (EUR 1,000)	2023	2022
Reserve for invested unrestricted equity 1 Jan	75,334	75,334
Increases in the invested unrestricted equity fund		
Reserve for invested unrestricted equity 31 Dec	-16	
	75,317	75,334
Profit (loss) for the previous financial years 1 Jan		
Dividends distributed during the financial year	-7,668	889
Profit (loss) for the previous financial years 31 Dec	-7,668	889
Profit of the financial period	-11,773	-8,557
Total non-restricted equity 31 Dec	55,876	67,665
Total equity 31 Dec	55,956	67,745

Calculation of distributable funds (EUR 1,000)	2023	2022
Total non-restricted equity 31 Dec	55,876	67,665
Activated development costs in the balance sheet 31 Dec	-8,916	-7,745
Distributable funds 31 Dec	46,960	59,920

Other liabilities

EUR 1,000	2023	2022
Withholding tax debt	130	124
Other liabilities	6	5
In total	136	128

Material items included in accrued expenses

EUR 1,000	2023	2022
Accruals for salaries	167	186
Holiday pay accrual	644	536
Cost accruals	119	115
In total	930	836

Long-term debt

Liabilities maturing after more than five years

EUR 1,000	2023	2022
Loans from financial institutions	0	800

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)	2023	2022
Collateral provided for own debt		
Loans from financial institutions	6,545	8,284
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 ¹⁾	23	23
Total securities provided	6,242	6,242

¹⁾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 2023, the rent was EUR 11,398.

Other off-balance sheet liabilities (EUR 1,000)	2023	2022
Leasing liabilities		
Payable in the next financial year	16	32
Payable later	22	39
Total other off - balance sheet liabilities	38	71

Company shares

The company's share capital on December 31, 2023 is divided into 42,616,936 shares. All shares have equal voting rights and the right to the company's assets and dividend. At the end of the financial year, the company had a total of 51,123 treasury shares acquired in the financial period of 2023.

Notes on auditor's fees (Moore Idman Oy)

EUR 1,000	2023	2022
Audit fees	24	22
Total auditor fees	24	22

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, 2024

Jyrki Liljeroos
Chairman of the Board

Pia Kantola
Member of the Board

Timur Kärki
Member of the Board

Anne Koutonen
Member of the Board

Seppo Orsila
Member of the Board
CEO

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

In Tampere, March 15, 2024

Moore Idman 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 financial year 1 January-December 31, 2023. The financial statements comprise the balance sheets, the income statements and notes for the Group and for the parent company as well as the consolidated cash flow statement.

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, 2024

Moore Idman 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.)



Anne Koutonen

Member of the Board, 2023-
Born 1962,
M.Sc. Economics



Seppo Orsila

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

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

People & Culture Director
2022-
Member of the Management
Team 2019-
Born 1978
Bachelor of Business
Administration



Jari Sillanpää

Director, Sales & Services
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

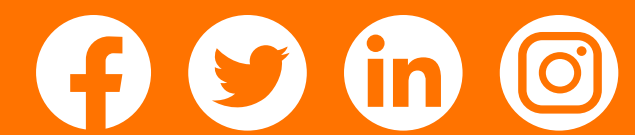
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We use an environmentally certified printing house

The Nordic environmental mark tells impartially about the environmental friendliness of the product and service - without forgetting the safety and quality of the product. It guides us towards responsible, environmentally conscious consumption.

The brand can only be found on the best products and services in terms of the environment and health. The Nordic environmental mark shows that the product is a good environmentally friendly choice. In order for a product or service to receive the Nordic environmental mark, it must meet the criteria based on sustainable thinking. The green symbol is available for about 60 product groups that think environmental labeling is necessary and useful. The Nordic environmental mark is a highly respected brand. There are approximately 10,000 swan-branded products in Finland.