



# 2023

**HALF-YEAR REPORT**

January-June 2023

**modulight**

# Positive development continued, start-up of local operations in USA progressed well

The figures in brackets refer to the corresponding period of the previous year. This half-year report is unaudited.

## Highlights in April-June 2023

- ❑ Product development projects and customer relationships progressed well, and the number of customer meetings continued to grow.
- ❑ The R&D pipeline stayed on a record level and several projects progressed close to the commercialization phase.
- ❑ Revenue was EUR 1,107 (498) thousand.
- ❑ EBITDA was EUR -1,581 (-2,176) thousand. Profitability was impacted by the planned investments in developing and growing the business.
- ❑ EBITDA margin was -142.8 (-436.8) % of revenue.
- ❑ Operating result (EBIT) was EUR -2,095 (-2,610) thousand.
- ❑ Operating result (EBIT) margin was -189.2 (-524.2) % of revenue.
- ❑ Earnings per share was EUR -0.05 (-0.07).
- ❑ 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.

## Highlights in January-June 2023

- ❑ In January 2023, Modulight received a pre-market approval (PMA) from the U.S. Food and Drug Administration (FDA) for its laser device for the treatment of wet age-related macular degeneration (AMD) in the United States.
- ❑ Revenue was EUR 2,600 (2,100) thousand.
- ❑ EBITDA was EUR -3,010 (-2,594) thousand. Due to the execution of the growth strategy, the company's expenses in the first half of the year were significantly higher than before.
- ❑ EBITDA margin was -115.8 (-123.5) % of revenue.
- ❑ Operating result (EBIT) was EUR -3,998 (-3,480) thousand.
- ❑ Operating result (EBIT) margin was -153.8 (-165.7) % of revenue.
- ❑ Earnings per share was EUR -0.09 (-0.10).

## Key figures

| Group                                      |          |          |          |          |                         |
|--|----------|----------|----------|----------|-------------------------|
| EUR 1,000 unless otherwise noted           | 4-6/2023 | 4-6/2022 | 1-6/2023 | 1-6/2022 | 1-12/2022 <sup>1)</sup> |
| Revenue                                    | 1,107    | 498      | 2,600    | 2,100    | 4,599                   |
| EBITDA                                     | -1,581   | -2,176   | -3,010   | -2,594   | -5,936                  |
| EBITDA, %                                  | -142.8%  | -436.8%  | -115.8%  | -123.5%  | -129.1%                 |
| Operating result (EBIT)                    | -2,095   | -2,610   | -3,998   | -3,480   | -7,792                  |
| Operating result (EBIT), %                 | -189.2%  | -524.2%  | -153.8%  | -165.7%  | -169.4%                 |
| Earnings for the period                    | -2,093   | -3,145   | -3,831   | -4,370   | -8,552                  |
| Earnings per share (EPS, EUR)              | -0.05    | -0.07    | -0.09    | -0.10    | -0.20                   |
| Acquisition of fixed and intangible assets | -3,262   | -1,536   | -6,745   | -5,164   | -13,694                 |
| Free cash flow from operating activities   | -4,843   | -3,711   | -9,755   | -7,758   | -19,630                 |
| Cash and cash equivalents <sup>2)</sup>    | 32,661   | 53,802   | 32,661   | 53,802   | 43,870                  |
| Net debt <sup>2)</sup>                     | -25,122  | -44,917  | -25,122  | -44,917  | -35,586                 |
| Gearing ratio <sup>2)</sup>                | -39.4%   | -62.6%   | -39.4%   | -62.6%   | -52.7%                  |
| Equity ratio <sup>2)</sup>                 | 87.0%    | 86.1%    | 87.0%    | 86.1%    | 86.3%                   |
| Headcount (FTE) <sup>2)</sup>              | 74       | 72       | 74       | 72       | 62                      |

<sup>1)</sup> Audited

<sup>2)</sup> Figure refers to the end of the review period

## Outlook for 2023

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

## Seppo Orsila, CEO

The positive development of our business continued in the second quarter. Product development projects and discussions with new partners progressed well, and the number of customer meetings continued to grow. With the market authorization we received in the United States, the development of SaaS-based business models and the start-up of local operations progressed well.

Our revenue grew, and our profitability improved compared to the weak figures in the corresponding period last year. Our revenue in the second quarter of 2023 was EUR 1.1 million. It increased by 122 percent compared to the same period a year ago but decreased 26 percent compared to the first quarter of this year. Our operating margin (EBITDA) was EUR -1.6 million (EUR -2.2 million). Our profitability was impacted by our planned investments in business development and growth.

Our R&D pipeline with 27 projects at different stages remained at a record level. Overall, the development of the projects was even more positive, and several projects progressed close to the commercialization phase. We estimate that their revenue potential is significant. As a result of the market authorization in the United States, the first patients were treated with our laser device for the treatment of wet age-related macular degeneration (AMD). In addition, discussions with a large dental company progressed well, and the start of cooperation was confirmed at the beginning of July.

We have expanded our comprehensive analysis of the potential of the product development pipeline, combining economic and medical information, and used the results in particular for the pricing of the Pay Per Treatment (PPT) payment model. We estimate that the price per treatment session is around €1,000 - €10,000, which typically represents 1-10% of the total cancer treatment costs. We believe that using our treatment with this pricing model would reduce the overall cost of treatment, in addition to the other benefits it brings to patients. We are now gradually implementing this pricing model and believe it will have a financial impact in the short term.

Our research and development work continued actively. We continued high-quality research, our patenting projects progressed, and we started a project that will further support the information security of our solutions even better and speed up our quality and product certification processes.

The development of SaaS-based business models has progressed well. The productization of the service and the introduction of a new operational model to the market will continue actively. Revenue from the SaaS model typically accumulates more evenly than from equipment sales and only after the service, i.e., the treatment session, has been performed.

Our ambition to expand our operations in the U.S. has progressed well since receiving the FDA approval and establishing the first product support center on the East Coast. We have been actively visiting customers in hospitals and have continued discussions especially about the PPT business model and developed our local organization.

The positive development is also indicated by the increase in customer meetings before the start of the summer holiday period. Our head office and production facilities in Tampere, Finland were also visited by many visitors during the global photodynamic therapy IPA conference we organized in July. The conference brought together some 250 leading experts and scientists in the field. The successful event arrangements and factory visits were a good opportunity for us to increase awareness of Modulight and expand our network. Discussions with our partners also confirmed that we are known in the industry for our excellent capabilities and long-term high-quality research.

We believe that actions in line with our growth strategy and our long-term investment program will contribute to the return of our business to strong, profitable growth.

## Progress of the R&D pipeline

The R&D pipeline, which the company considers the most important measure of its progress, stayed on the level of the first quarter of 2023, and at the end of June 2023, Modulight had a total of 27 (26) projects related to individual indications and applications. Several projects progressed, and the company estimates that their revenue potential is significant. The company also identified a promising opportunity to accelerate its cloud strategy in the short term based on U.S. clinician feedback.

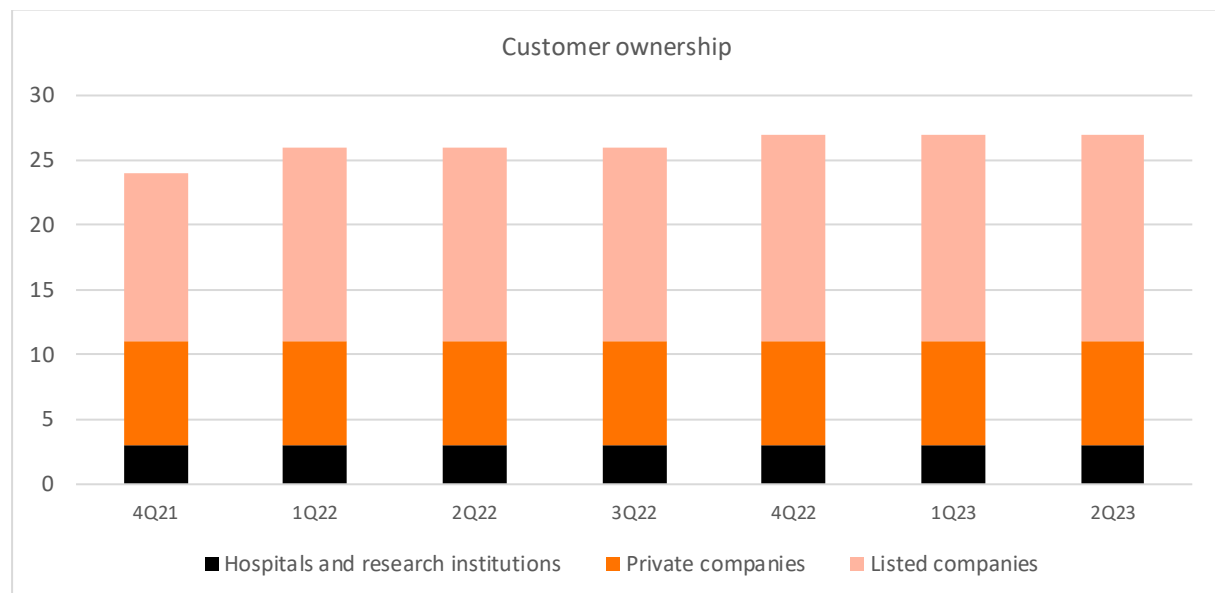
Ongoing projects progressed well in the first half of the year. A concrete indication of the progress of the R&D pipeline was the pre-market approval received in January 2023 for a laser device for the treatment of wet age-related macular degeneration (AMD) in the United States, which was expected already in 2021. The FDA pre-market approval is also of great importance to the company's cloud strategy. In addition, there was good progress in the clinical study of treatment of glioblastoma, which previously suffered from a shortage of test patients, but which was continued during the second quarter of the year. The company's new growth strategy also produces projects that are estimated to have significant short-term potential.

Several customers have progressed with their projects. This was reflected in a significant number of customer visits to assess the company's suitability as a critical supplier.

|                           | 2019 |    |    |    | 2020 |    |    |    | 2021 |    |    |    | 2022 |    |    |    | 2023 |    |
|---------------------------|------|----|----|----|------|----|----|----|------|----|----|----|------|----|----|----|------|----|
|                           | 1Q   | 2Q | 3Q | 4Q | 1Q   | 2Q | 3Q | 4Q | 1Q   | 2Q | 3Q | 4Q | 1Q   | 2Q | 3Q | 4Q | 1Q   | 2Q |
| Total number of projects* | 12   | 12 | 13 | 13 | 13   | 13 | 15 | 16 | 16   | 20 | 22 | 24 | 26   | 26 | 26 | 27 | 27   | 27 |

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

## Additional information about Modulight's customers



## Financial development

### Revenue

#### April-June 2023

Revenue in the second quarter of the year was EUR 1,107 (498) thousand. The year-on-year change in revenue was EUR 609 thousand or 122 %. The increase in revenue was due to the delivery of existing projects.

#### January-June 2023

Revenue in January-June was EUR 2,600 (2,100) thousand. The year-on-year change in revenue was EUR 500 thousand or 23.8 %. The increase in revenue was due to the delivery of existing projects.

### Profitability

#### April-June 2023

EBITDA in April-June 2023 was EUR -1,581 (-2,176) thousand, or -142.8 (-436.8) % of revenue. Operating result (EBIT) was EUR -2,095 (-2,610) thousand, or -189.2 (-524.2) % of revenue. Earnings for the reporting period were EUR -2,093 (-3,145) thousand, and earnings per share were EUR -0.05 (-0.07).

The better profitability than in the comparison period was due to the increased revenue. The company's expenses were also higher than in the comparison period, which was due to continuing the execution of our growth strategy.

### January-June 2023

EBITDA in January-June 2023 was EUR -3,010 (-2,594) thousand, or -115.8 (-123.5) % of revenue. Operating result (EBIT) was EUR -3,998 (-3,480) thousand, or -153.8 (-165.7) % of revenue. Earnings for the reporting period were EUR -3,831 (-4,370) thousand, and earnings per share were EUR -0.09 (-0.10).

The lower profitability than in the comparison period was due to increased operating costs. Due to the execution of the growth strategy, the company's expenses in the first half of the year were significantly higher than before.

On June 30, 2023, the total amount of trade receivables was EUR 2,629 (5,072) thousand. The company considers risks related to trade receivables as reasonable.

### Balance sheet, financing and investments

In January-June 2023, the company continued to invest in intangible and tangible assets. Investments amounted to EUR -6,745 (-5,164) thousand. Free cash flow from operating activities was EUR -9,755 (-7,758) thousand. Cash flow from operating activities was EUR -11,202 (-9,151) thousand. Most of the total cash flow was related to investments in line with the company's strategy. Free cash flow from operating activities was significantly affected by the company's decision to continue accelerating its growth strategy.

On June 30, 2023, the Group's cash and cash equivalents were EUR 32,661 (53,802) 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 June 30, 2023, net debt was EUR -25,122 (-44,917) thousand, and net gearing was -39.4 (-62.6) %. Equity ratio was 87.0 (86.1) %. In January-June 2023, return on equity was -5.8 (-5.9) %.

Capitalized development expenses were EUR 2,150 (1,215) thousand or 29.8 (19.8) % of total operating expenses.



## Personnel and management

On June 30, 2023, the number of employees (FTE) was 74 (72) and the average number of employees during January–June 2023 was 67 (59). Fluctuations in the number of personnel between quarters are mainly due to the change in the working hours of summer trainees in the summer months from part-time to full-time. Personnel expenses in January–June 2023 totaled EUR 2,907 (2,410) thousand.

On June 30, 2023, the members of Modulight's Management Team were Seppo Orsila (CEO), Petteri Uusimaa (CTO), Anca Guina (Finance Director), Ulla Haapanen (Marketing Director), Juha Lemmetti (Director, R&D), Kati Reiman (Director, SOPS & HR), Jari Sillanpää (Director, Business Development) and Ville Vilokkinen (Director of Operations).

## 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 was elected as a new member. Its inaugural meeting after the Annual General Meeting, Jyrki Liljeroos was elected 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 Paloniemi, 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 30 June 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 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 30 June 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 June 30, 2023, the number of the company's shares was 42,616,936 (42,616,936). At the end of the reporting period, the company owned none of its own shares.

The company's share is traded on the First North Growth Market Finland marketplace maintained by Nasdaq Helsinki Ltd. During the reporting period, the highest share price was EUR 4.34 (12.05) and the lowest price EUR 1.76 (4.20). The weighted average price of the share during the reporting period was EUR 2.87 (7.38). The closing price on June 30, 2023 was EUR 2.27 (4.33). On June 30, 2023, the Group's market capitalization was EUR 96,527 (184,531) thousand.

On June 30, 2023, Modulight Corporation had 12,277 (11,312) shareholders. The members of the Board of Directors, the President and CEO and the Management Team held 46.6 (46.6) % of the shares, and the 20 largest shareholders held 82.3 (87.5) % of the total number of shares. Modulight Corporation's 20 largest shareholders on June 30, 2023, are presented in the table below.

|    | Shareholder                             | Number of shares | % of shares and votes |
|----|---|------------------|-----------------------|
| 1  | Seppo Orsila                            | 6,205,500        | 14.56 %               |
| 2  | Petteri Uusimaa                         | 6,205,500        | 14.56 %               |
| 3  | Pekka Savolainen                        | 3,465,000        | 8.13 %                |
| 4  | Keskinäinen työeläkevakuutusyhtiö Varma | 3,276,074        | 7.69 %                |
| 5  | Ville Vilokkinen                        | 3,039,750        | 7.13 %                |
| 6  | Petri Melanen                           | 2,173,500        | 5.10 %                |
| 7  | Pekko Sipilä                            | 1,630,125        | 3.83 %                |
| 8  | Mika Saarinen                           | 1,630,125        | 3.83 %                |
| 9  | Didner & Gerge Fonder                   | 1,391,078        | 3.26 %                |
| 10 | TIN Fonder                              | 1,155,625        | 2.71 %                |
| 11 | Mandatum Henkivakuutusosakeyhtiö        | 835,017          | 1.96 %                |
| 12 | Ancuta Guina                            | 670,320          | 1.57 %                |
| 13 | Hubert Jouve                            | 649,045          | 1.52 %                |
| 14 | Juha Lemmetti                           | 553,140          | 1.30 %                |
| 15 | Jyrki Liljeroos                         | 460,950          | 1.08 %                |
| 16 | Kalle Palomäki                          | 414,855          | 0.97 %                |
| 17 | Jyri Merivirta                          | 400,000          | 0.94 %                |
| 18 | Protean Funds Scandinavia               | 368,613          | 0.86 %                |
| 19 | Kati Reiman                             | 293,580          | 0.69 %                |
| 20 | Jussi Koivunen                          | 267,758          | 0.63 %                |

## 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 31 December 2025, 30 percent on 31 December 2026 and 50 percent on 31 December 2027. The subscription period for all shares to be issued under the 2023 Options will end on 31 December 2028 at the latest.

At the end of June 2023, the company had two option programs. The total number of unused options is 1,352,758. No options were subscribed in January-June 2023.

Outstanding option programs are presented in the table below.

| Option program | Total number of options | Unused options | Subscription price EUR | Subscription period           |
|----------------|-------------------------|----------------|------------------------|-------------------------------|
| 2021           | 852,758                 | 852,758        | 6.49                   | Dec 31, 2023–<br>Dec 31, 2025 |
| 2023           | 500,000                 | 500,000        | 2.43                   | Dec 31, 2025–<br>Dec 31, 2028 |

## Assessment of short-term risks and uncertainties

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

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

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

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

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

The risks that most affected Modulight's performance January-June 2023 were related to macroeconomic and geopolitical risks and component shortages, which have affected the company's deliveries.

## Market overview and operating environment

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

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

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

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

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

## Strategy and targets

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

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

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

Modulight's main business targets are:

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

Modulight implements its strategy especially through the following programs:

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

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

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

## Financial reporting in 2023

In 2023, Modulight will publish the following financial reports:

- ❑ Business review January–September 2023: October 20, 2023

## Tables January 1-June 30, 2023

### Accounting principles for the half-year report

The financial figures are prepared in accordance with the Finnish Accounting Standards (FAS). The figures in this report are unaudited, unless otherwise mentioned. Full-year 2022 figures are audited.

### Consolidated income statement

| EUR 1,000   | 4-6/2023      | 4-6/2022      | 1-6/2023      | 1-6/2022      | 1-12/2022     |
|---|---------------|---------------|---------------|---------------|---------------|
| <b>REVENUE</b>  | <b>1,107</b>  | <b>498</b>    | <b>2,600</b>  | <b>2,100</b>  | <b>4,599</b>  |
| Change in inventory                                   | 81            | -56           | 151           | -20           | 777           |
| Manufacturing for own use                             | 1,196         | 630           | 2,150         | 1,215         | 3,031         |
| Other operating income                                | 349           | 279           | 615           | 545           | 1,047         |
| Raw materials and services                            |               |               |               |               |               |
| Raw materials and consumables                         |               |               |               |               |               |
| Purchases during reporting period                     | -682          | -909          | -1,270        | -1,416        | -2,488        |
| Change in inventory                                   | 90            | 525           | 128           | 866           | 346           |
| External services                                     | -264          | -119          | -471          | -236          | -643          |
| Total raw materials and services                      | -856          | -503          | -1,614        | -786          | -2,784        |
| Personnel expenses                                    |               |               |               |               |               |
| Wages and salaries                                    | -1,353        | -1,112        | -2,441        | -2,055        | -4,165        |
| Social security services                              |               |               |               |               |               |
| Pension expenses                                      | -231          | -190          | -426          | -361          | -747          |
| Other social security services                        | 1             | 42            | -40           | 6             | -97           |
| Total personnel expenses                              | -1,583        | -1,260        | -2,907        | -2,410        | -5,009        |
| Depreciation and amortization                         |               |               |               |               |               |
| Depreciation and amortization according to plan       | -514          | -435          | -988          | -886          | -1,857        |
| Other operating expenses                              | -1,875        | -1,764        | -4,005        | -3,239        | -7,596        |
| <b>OPERATING PROFIT(-LOSS)</b>                        | <b>-2,095</b> | <b>-2,610</b> | <b>-3,998</b> | <b>-3,480</b> | <b>-7,792</b> |
| Financial income and expenses                         |               |               |               |               |               |
| Other interest and financial income                   | 20            | 10            | 27            | 14            | 25            |
| Interest and financial expenses                       | -18           | -544          | 140           | -904          | -784          |
| Total financial income and expenses                   | 2             | -534          | 167           | -889          | -759          |
| <b>PROFIT (-LOSS) BEFORE APPROPRIATIONS AND TAXES</b> | <b>-2,093</b> | <b>-3,145</b> | <b>-3,831</b> | <b>-4,369</b> | <b>-8,552</b> |
| Income taxes  |               |               |               | -1            |               |
| <b>PROFIT (-LOSS) FOR THE REPORTING PERIOD</b>        | <b>-2,093</b> | <b>-3,145</b> | <b>-3,831</b> | <b>-4,370</b> | <b>-8,552</b> |

## Consolidated balance sheet

| EUR1,000                        | Jun 30, 2023  | Jun 30, 2022  | Dec 31, 2022  |
|---------------------------------|---------------|---------------|---------------|
| <b>ASSETS</b>                   |               |               |               |
| <b>Non-current assets</b>       |               |               |               |
| Intangible assets               |               |               |               |
| Development expenditure         | 9,569         | 6,320         | 7,745         |
| Total intangible assets         | 9,569         | 6,320         | 7,745         |
| Fixed assets                    |               |               |               |
| Buildings and structures        | 3,475         | 2,870         | 3,146         |
| Machinery and equipment         | 14,728        | 6,802         | 10,514        |
| Other fixed assets              | 5,635         | 4,100         | 6,245         |
| Total fixed assets              | 23,839        | 13,771        | 19,906        |
| <b>Total non-current assets</b> | <b>33,408</b> | <b>20,091</b> | <b>27,651</b> |
| <b>Current assets</b>           |               |               |               |
| Inventory                       |               |               |               |
| Raw materials and consumables   | 1,690         | 1,346         | 1,562         |
| Finished products               | 840           | 629           | 689           |
| Total inventory                 | 2,530         | 1,975         | 2,252         |
| Receivables                     |               |               |               |
| Short-term receivables          |               |               |               |
| Sales receivables               | 2,629         | 5,072         | 3,019         |
| Other receivables               | 1,318         | 1,584         | 885           |
| Prepayments and accrued income  | 639           | 770           | 632           |
| Total short-term receivables    | 4,587         | 7,426         | 4,537         |
| Financial securities            | 32,152        | 52,989        | 42,320        |
| Cash and cash equivalents       | 509           | 813           | 1,549         |
| <b>Total current assets</b>     | <b>39,778</b> | <b>63,204</b> | <b>50,658</b> |
| <b>TOTAL ASSETS</b>             | <b>73,185</b> | <b>83,295</b> | <b>78,309</b> |



| EUR 1,000                                | Jun 30, 2023  | Jun 30, 2022  | Dec 31, 2022  |
|--|---------------|---------------|---------------|
| <b>EQUITY AND LIABILITIES</b>            |               |               |               |
| <b>Equity</b>                            |               |               |               |
| Share capital                            | 80            | 80            | 80            |
| Reserve for invested unrestricted equity | 75,334        | 75,334        | 75,334        |
| Retained earnings                        | -7,850        | 714           | 709           |
| Earnings for the reporting period        | -3,831        | -4,370        | -8,552        |
| <b>Total equity</b>                      | <b>63,732</b> | <b>71,758</b> | <b>67,571</b> |
| <b>Liabilities</b>                       |               |               |               |
| Non-current liabilities                  |               |               |               |
| Capital loan                             |               |               |               |
| Loans from financial institutions        | 5,781         | 7,618         | 6,606         |
| <b>Total non-current liabilities</b>     | <b>5,781</b>  | <b>7,618</b>  | <b>6,606</b>  |
| Current liabilities                      |               |               |               |
| Capital loan                             |               |               |               |
| Loans from financial institutions        | 1,758         | 1,267         | 1,678         |
| Advances received                        | 158           | 166           | 172           |
| Accounts payable                         | 454           | 698           | 1,318         |
| Other liabilities                        | 117           | 102           | 128           |
| Accrued expenses                         | 1,186         | 1,686         | 836           |
| <b>Total current liabilities</b>         | <b>1,915</b>  | <b>3,918</b>  | <b>4,132</b>  |
| <b>Total liabilities</b>                 | <b>9,454</b>  | <b>11,537</b> | <b>10,738</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>      | <b>73,185</b> | <b>83,295</b> | <b>78,309</b> |

## Consolidated cash flow statement

| EUR 1,000                                      | 4-6/2023      | 4-6/2022      | 1-6/2023       | 1-6/2022      | 1-12/2022      |
|--|---------------|---------------|----------------|---------------|----------------|
| <b>Cash flow from operating activities</b>     |               |               |                |               |                |
| Operating profit                               | -2,095        | -2,610        | -3,998         | -3,480        | -7,792         |
| Depreciation and amortization                  | 514           | 435           | 988            | 886           | 1,857          |
| Net financial expenses                         | 2             | -534          | 167            | -889          | -759           |
| Change in working capital                      | 149           | 221           | -869           | 175           | 2,590          |
| Taxes paid                                     |               |               |                | -1            |                |
| <b>Cash flow from operating activities (A)</b> | <b>-1,430</b> | <b>-2,488</b> | <b>-3,712</b>  | <b>-3,309</b> | <b>-4,105</b>  |
| <b>Cash flow from investing activities</b>     |               |               |                |               |                |
| Investments in tangible and intangible assets  | -5,618        | -1,378        | -7,355         | -2,799        | -9,184         |
| Advance payments                               | 2,356         | -158          | 610            | -2,365        | -4,510         |
| <b>Cash flow from investing activities (B)</b> | <b>-3,262</b> | <b>-1,536</b> | <b>-6,745</b>  | <b>-5,164</b> | <b>-13,694</b> |
| <b>Cash flow from financing activities</b>     |               |               |                |               |                |
| Change in interest-bearing debts               | -325          | -333          | -745           | -678          | -1,279         |
| Dividends paid                                 |               |               |                |               |                |
| <b>Cash flow from financing activities (C)</b> | <b>-325</b>   | <b>-333</b>   | <b>-745</b>    | <b>-678</b>   | <b>-1,279</b>  |
| <b>Net cash flow (A+B+C)</b>                   | <b>-5,017</b> | <b>-4,357</b> | <b>-11,202</b> | <b>-9,151</b> | <b>-19,078</b> |
| Cash at the beginning of the period            | 37,674        | 58,185        | 43,870         | 62,978        | 62,978         |
| Exchange rate differences                      | 3             | -26           | -7             | -25           | -30            |
| <b>Cash at the end of the period</b>           | <b>32,661</b> | <b>53,802</b> | <b>32,661</b>  | <b>53,802</b> | <b>43,870</b>  |

## Changes in equity items and distributable funds

| EUR 1,000   | 1-6/2023      | 1-6/2022      |
|---|---------------|---------------|
| <b>Restricted equity</b>                                  |               |               |
| Share capital January 1                                   | 80            | 80            |
| Share capital increases                                   |               |               |
| Share capital June 30                                     | 80            | 80            |
| <b>Total restricted equity June 30</b>                    | <b>80</b>     | <b>80</b>     |
| <b>Unrestricted equity</b>                                |               |               |
| Reserve for invested unrestricted equity January 1        | 75,334        | 75,334        |
| Increases in the reserve for invested unrestricted equity |               |               |
| Reserve for invested unrestricted equity June 30          | 75,334        | 75,334        |
| Profit (-loss) for previous financial years January 1     | -7,843        | 739           |
| Translation difference                                    | -7            | -25           |
| Dividends distributed in the reporting period             |               |               |
| Profit (-loss) for previous financial years June 30       | -7,850        | 714           |
| Profit for the reporting period                           | -3,831        | -4,370        |
| <b>Profit for the reporting period</b>                    | <b>63,652</b> | <b>71,678</b> |
| <b>Total equity June 30</b>                               | <b>63,732</b> | <b>71,758</b> |

## Calculation formulas for key figures

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

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## Modulight in brief

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

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