

# 3Q21

January - September 2021

**BUSINESS REVIEW**

**modulight**



## R&D Pipeline, Revenue and EBIT growth continued

### January–September 2021 highlights

- ❑ Net sales increased by 18% to EUR to 6.7 million (5.7)
- ❑ EBITDA was EUR 4.2 million (3), 37% increase
- ❑ Operating profit (EBIT) was EUR 3.3 million (2.2), 51% increase
- ❑ Operating margin (EBIT-%) was 50% of net sales (39%)
- ❑ Negative result for the period due to IPO related costs (approx. 4M€)

(Figures in brackets refer to the corresponding period of the previous year)

### Key figures

(EUR 1,000)	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020
Revenue	2,137	1,991	6,697	5,664	10,062
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	1,025	1,121	4,183	3,043	5,787
EBITDA-%	48.0%	56.3%	62.5%	53.7%	57.5%
Operating result	716	841	3,322	2,203	4,712
Operating result-%	33.5%	42.2%	49.6%	38.9%	46.8%
Earnings from the period	-2,843	638	-821	1,716	3,732
Earnings per share (EUR)	-0.09	0.02	-0.03	0.06	0.12
Acquisition & scrapping of fixed and intangible assets	-3,088	-363	-6,277	-1,048	-2,068
Free cash flow from operating activities	-2,062	758	-2,093	1,995	3,719
Cash and cash equivalents (at the end of the period)	60,228	2,652	60,228	2,652	1,784
Net debt	-51,269	3,624	-51,269	3,624	3,924
Gearing ratio	-74.8%	43.7%	-74.8%	43.7%	41.1%
Equity ratio	80.3%	48.0%	80.3%	48.0%	48.6%
Staff during the period on average (FTE)	56	47	51	41	39

## Seppo Orsila, CEO

We are back to normal work after completing our listing to NASDAQ First North Growth Market. I want to thank to all new shareholders and partners for making our IPO a success. Overall, we have progressed well in executing our strategy after the summer, despite some delays related to COVID-19. Firstly, our ML7710 platform device's expansion to endoscopy is progressing very well and we received very positive feedback from the customer. We also completed a successful demonstration of a new first-in-its-kind method for cell sorting.

Our revenue as well as our profitability had a positive trend year-on-year. Our growth was driven by both new projects as well as continued business with existing customers. I would like to highlight two particularly interesting projects we have recently started – one with an existing customer for bladder cancer and another one with a new customer in genetics. Our pipeline developed positively, as we were able to push forward a record number of projects despite the holiday season and the IPO. In essence we have continued to execute well the most important areas of our strategy. We have also improved our competitiveness and built future growth by focusing on long-term projects.

For several years, we have systematically and successfully strived to increase the number of projects. We have several promising projects on-going, some in their early stages obviously, but nonetheless important seeds for our future commercial roll-outs. A quarter is a very short time for us. As the number of projects increases, we also expect our quarterly performance to begin to gradually stabilize. Our revenue recognition is based on deliveries and reaching milestones, which results in both sequential and seasonal variation, even if we continue to make steady underlying progress with our long-term strategy execution. We are pleased with how our new projects are developing, as well as with the positive trend in our existing pipeline. At the same time, we also want to highlight that due to the proportional size of certain projects, significant positive and negative fluctuations in our comparative quarterly performance are possible also in the mid-term.

While new projects are vital for feeding our future growth, I also want to highlight the necessity of investing in the development of our core technologies to both deliver additional value to our customers, as well as further increase our competitiveness. Equally important is the investment to our analytics and AI efforts to drive efficacy improvements. Last but not least, we look forward to restart geographic expansion investments as COVID-19 restrictions ease out.

We have continued the investments in our production facility including installing new equipment. While COVID-19 related travel restrictions and semiconductor component availability issues have caused some delays to some of our projects as certain important equipment installations are

impacted, we expect this to be a short-term issue with less impact in 2022. On the flip side we believe that customers are even more eager to setup long-term projects with fully vertically integrated companies like us who really manufacture the semiconductor lasers and thus provide customers supply chain security especially for long-term projects.

We have continued to successfully recruit new professionals into our laser family, especially to our engineering and production teams. We are also in the process of moving our production to three shifts. This is expected to mainly reduce projects cycle time as certain critical activities progress faster. This also increases our production capacity, while improving productivity through the improved utilization rate of expensive capital equipment. In summary we see years long continued positive development in people side in hirings and high engagement of the laser family which is concretely proven by very good results also in the recent employee satisfaction survey.

Travel restrictions have also caused delays for the clinical trials in some areas of the pipeline but as noted above we feel we have progressed relatively nicely overall. We see situation normalizing but assume some delays to continue next year. We are however extremely pleased to note that we have restarted at least limited business travel to both US and European treatment sites during the past weeks. Continuing this is extremely important to us as core part of our value creation is to work hand-in-hand with doctors, patients and other customer developers.

I am also very happy that formal multi-center clinical trials on glioblastoma have recruited patients and our platform is in key role. We still have a long journey and by no means certain but important milestone on our way to develop therapy for glioblastoma patients that have big unmet need even with best approved therapies existing.

Our IPO got very good reception on the market and has resulted in very positive feedback among customers. We are now viewed as a clearly more interesting partner for long-term projects based on spontaneous feedback from large customers. We expect this to open completely new opportunities on the mid-term.

## Events after the review period

The over-allotment option related to our IPO was executed by Danske Bank on 6 October 2021. In accordance with the over-allotment option, Danske Bank subscribed for 1,826,084 new shares in a directed share issue at the IPO offer price of EUR 6.49 per share, leading to gross proceeds of EUR 11.9 million for Modulight. After the new shares were subscribed by Danske Bank and registered,

Modulight acquired the new shares from Danske Bank without consideration and cancelled the acquired shares. After exercise of the over-allotment option, the total number of all shares in Modulight is 42,616,936.

## Financial reporting

Modulight will publish the full year 2021 financial statements release on 22 February 2022.

Tampere, 28 October 2021

Board of Directors

Modulight Corporation

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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, international pharmaceutical companies, and well-known cancer centers and universities. Modulight was founded in 2000 and is headquartered in Tampere, Finland.

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