

Welcome to the 4Q23 webinar

February 23, 2024



modulight

Speaking at today's webinar



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This is Modulight

We fight cancer with science and technology

- We are a biomedical company that designs and manufactures laser devices for the treatment of cancer and eye diseases and for genetics
- We also manufacture products for other high-value applications such as flow cytometry, quantum computing and digital press

Today's agenda

- 2023 in brief
- R&D pipeline
- Our technology
- Geographical expansion
- Financial highlights
- Customer base and events
- Revenue model
- Outlook
- Summary
- Q&A



MSKCC, New York, December 2023

2023 in brief

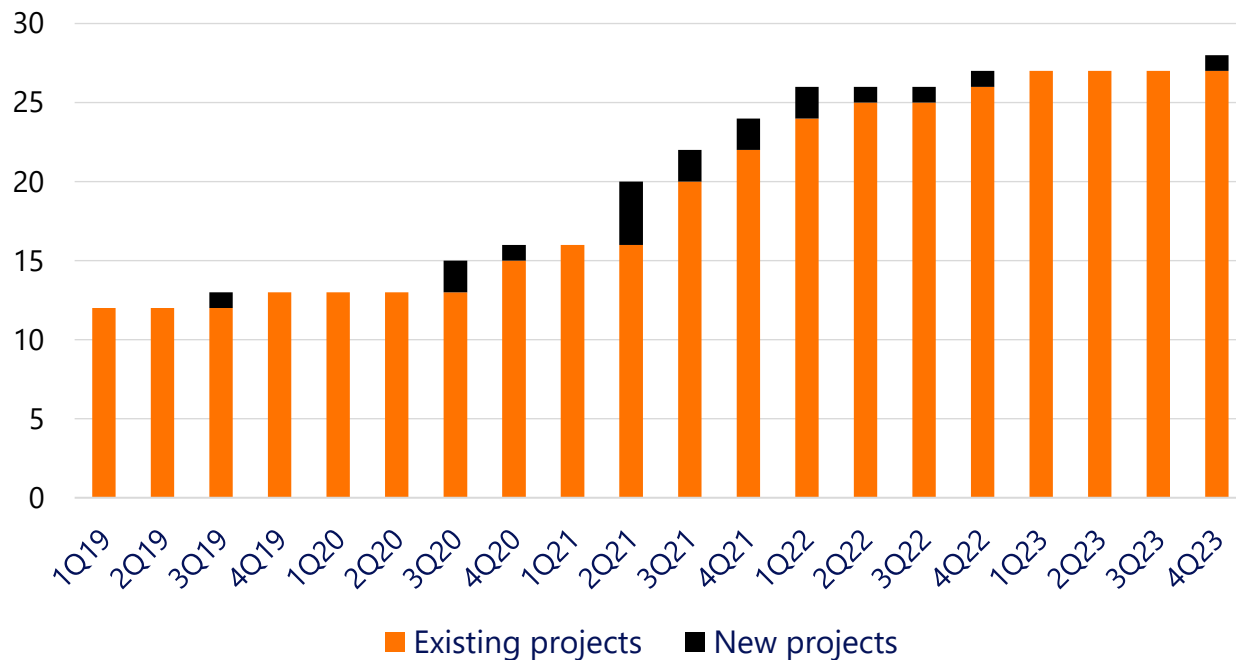
- R&D pipeline grew to 28 (27) projects
- Several customer projects reached Phase 3
- Geographical expansion in the United States progressed
- Good start in Europe and Asia in developing commercial network for wider use of the technology with several distributor partners
- Revenue decreased to EUR 4,025 thousand due to delays in projects and transition to PPT business model
- EBITDA EUR -8,539 thousand, impacted by weak revenue development, investment program and investments in new projects and competence
- Headcount (FTE) at end of year was 70 (62)



A few of our customers progressed to Phase 3 of drug development

Solid R&D pipeline

Number of projects with commercialization potential



- Several projects reached Phase 3 with a large population
- 28 projects (+1 vs. 3Q23)
- Revenue potential from several projects in the pipeline estimated to be significant
- Good progress with new customers in dental, retina imaging & microscopy

Unique technology

- Projects with experts in the field show confidence in our unique technology
- Example: a customer who has used our technology since 2014
 - Project has now progressed to Phase 3 clinical trials with a large population
 - P3 is purely based on our technology
 - The customer has since then started several trials for multiple indications with our platform – most recently early this year
- Technology validated also in a study published in Science Advances



Geographical expansion

- US: expanded operations
 - Product Support Center on the East Coast
 - Sales director in Silicon Valley
 - Number of new medical equipment installations
- Europe and Asia: several distributor partners
 - Several business cases with all three different distribution partners in Europe
 - Customers include several big technology companies in Europe / local US company subsidiaries
- Japan: promising development with 3 different pharmaceutical companies
- Deployment of ML6710i and ML7710 platform devices progresses with PPT & multiple customers



Financial highlights October–December 2023

Revenue

EUR
1,019
thousand

EBITDA

EUR
-2,992
thousand
-294% of
revenue

EBIT

EUR
-5,060
thousand
-497% of
revenue

- Revenue -20% YoY due to project delays and PPT model implementation
- Total costs increased due to investments in developing operations
 - Increased number of personnel
 - New production equipment
- Total materials and external services for manufacturing decreased 0.6M€
- Operating expenses decrease 0.3M€
- Net CF improving quarterly by 1M€
- Share of costs related to investments are decreasing, effects seen next year

Financial highlights January–December 2023

Revenue

EUR
4,025
thousand

EBITDA

EUR
-8,539
thousand

-212% of
revenue

EBIT

EUR
-12,132
thousand

-301% of
revenue

- Revenue -12% YoY due to delays in projects in commercialization phase
- Costs increased due to investments in developing operations
 - Increased number of personnel
 - New production equipment
- Share of costs related to investments are decreasing, effects seen next year

Key figures

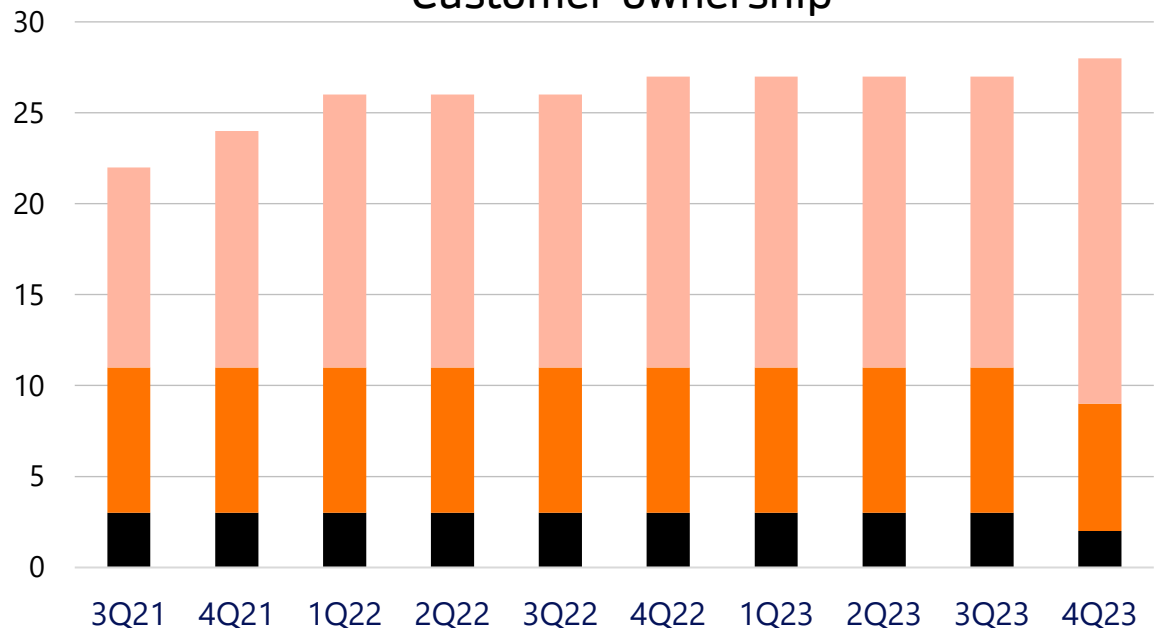
Group EUR 1,000 unless otherwise noted	10-12/2023	10-12/2022	7-12/2023	7-12/2022	1-12/2023	1-12/2022 ¹⁾
Revenue	1,019	1,268	1,425	2,499	4,025	4,599
EBITDA	-2,992	-2,000	-5,529	-3,342	-8,539	-5,936
EBITDA - %	-293.6%	-157.7%	-388.0%	-133.7%	-212.1%	-129.1%
Operating result (EBIT)	-5,060	-2,501	-8,134	-4,313	-12,132	-7,792
Operating result (EBIT) - %	-496.5%	-197.2%	-570.8%	-172.6%	-301.4%	-169.4%
Earnings for the period	-4,967	-2,235	-8,030	-4,183	-11,861	-8,552
Earnings per share (EPS, EUR)	-0.12	-0.05	-0.19	-0.10	-0.28	-0.20
Acquisition of fixed and intangible assets	-949	-4,860	-2,990	-8,530	-9,735	-13,694
Free cash flow from operating activities	-3,942	-6,861	-8,520	-11,873	-18,274	-19,630
Cash and cash equivalents ²⁾	25,131	43,870	25,131	43,870	25,131	43,870
Net debt ²⁾	-18,586	-35,586	-18,586	-35,586	-18,586	-35,586
Gearing ratio ²⁾	-33.4%	-52.7%	-33.4%	-52.7%	-33.4%	-52.7%
Equity ratio ²⁾	87.1%	86.3%	87.1%	86.3%	87.1%	86.3%
Headcount (FTE) ²⁾	70	62	70	62	70	62

1) Audited

2) Figure refers to the end of the review period

Modulight's customer base

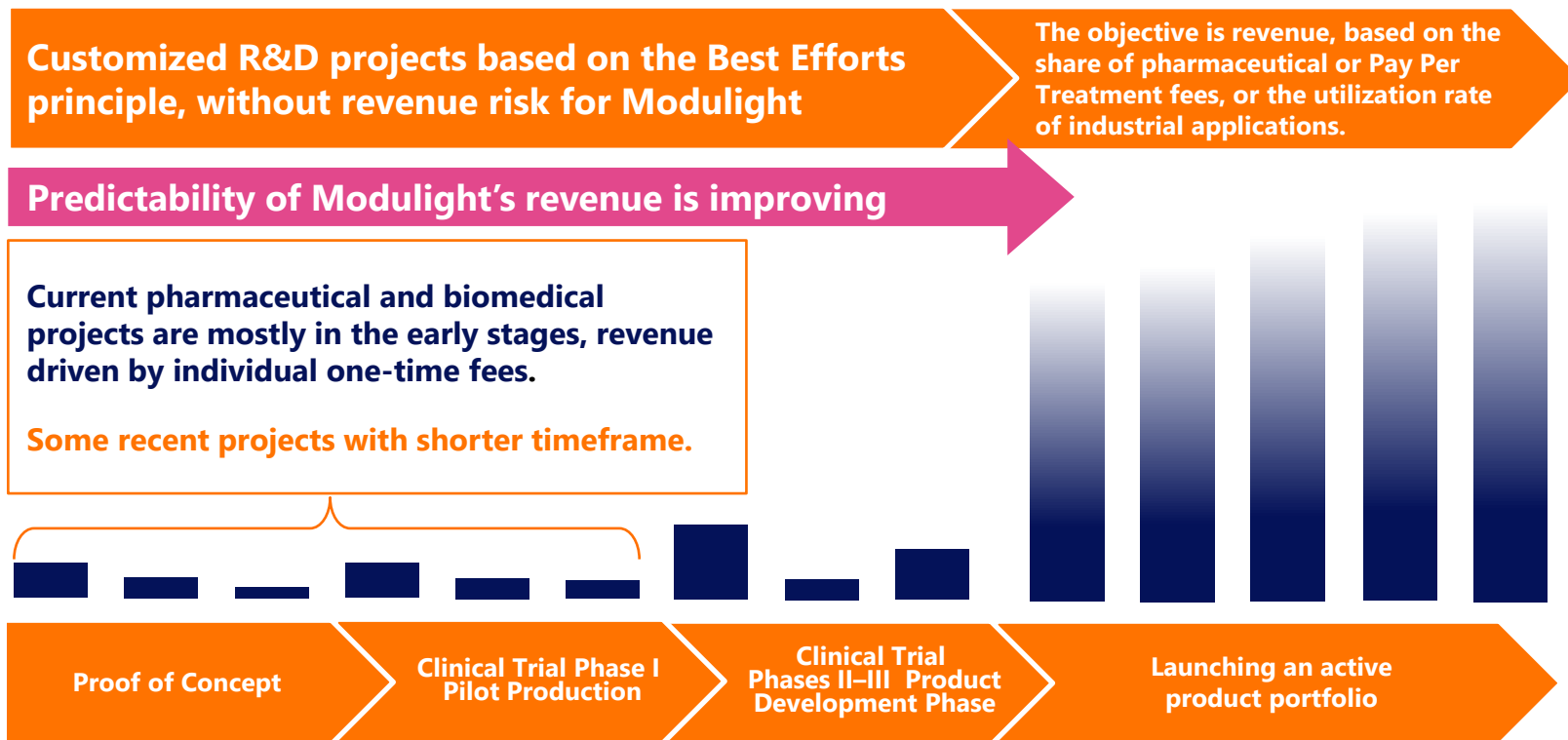
Customer ownership



■ Hospitals and research institutions ■ Private company ■ Listed company

- 7% are research companies
- 25% are privately owned
- 68% of customers are listed companies
- 61% are established companies
- 36% have over 1bn revenue, +2 projects vs. 3Q23

Revenue model



Pay Per Treatment business model update

- Our objective is to offer the Pay Per Treatment (PPT) business model to almost all new customers
- Customers start to see benefits faster as high-profile reference users are established
- Initiated an ISO 27001 certification of our information security processes
- This accelerated information security audits and will prove in advance to customers the information security of our SaaS business
- Some existing customers implemented the PPT business model in 2023

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.

US healthcare market economics

- To support the implementation of pay-per-treatment business models, we have studied & analysed the costs related to current standard of care in the US with KPMG for 11 indications in oncology and ophthalmology For cancer diseases, weighted average for standard of care cost per patient is \$320K, while in ophthalmology it is \$107K
- About 2M new cancer cases in US in 2023
- The company expects that the use of its form of treatment with the PPT business model and technology not only improves the patient outcomes and access to treatment, but also lowers the total cost of treatment.
- Below are the patient numbers and costs of treatment for certain cancers in the United States. The studied indications do not represent the company's entire R&D pipeline.

	Brain cancer	Ophthalmology		Ocular oncology		Urology		Lung cancer		Gastrointestinal cancer		Conclusion
	Glioblastoma	Polypoidal Choroidal Vasculopathy (PCV)	Choroidal neovascularization (CNV)	Choroidal melanoma	Choroidal metastasis	Bladder cancer (NMIBC & MIBC)	Upper track urothelial carcinoma (UTUC)	Non-small cell lung cancer (NSCLC)	Small cell lung cancer (SCLC)	Pancreatic cancer	Hepatocellular carcinoma (HCC)	
Annual incidence Estimated annual new cases, US	13,000	20,000	150,000	2,000	5,000	80,000	5,000	200,000	40,000	64,000	42,000	Total annual incidence 621,000
Standard of care treatment (SOC) The most typical therapy, US	Surgery-radiation-chemotherapy	Anti-VEGF	Anti-VEGF	Radiation	Chemotherapy-immunotherapy	TURBT surgery-chemotherapy-BCG immunotherapy	Laser ablation (low-grade) / surgery (high-grade)	Immunotherapy	Immunotherapy	Chemotherapy	Immunotherapy & Anti-VEGF-Multi-TKI	-
Median cost of treatment path for SOC \$/patient over treatment path, US	\$200K	\$125K	\$105K	\$100K	\$350K	\$120K	\$125K	\$420K	\$320K	\$275K	\$360K	Average \$262K ²
Median treatment path Years	1	15	10	5	1.5	5	5	2	1.5	1.5	2	Average 4.7 ²
Estimated market size for treatment path (annual) ¹ Annual incidence x median cost, \$B, US (annual=divided by years)	\$2.6B (\$2.6B)	\$2.5B (\$0.2B)	\$15.8B (\$1.6B)	\$0.2B (\$0.04B)	\$1.8B (\$1.2B)	\$9.6B (\$1.9B)	\$0.6B (\$0.1B)	\$84B (\$42B)	\$12.8B (\$8.5B)	\$18.6B (\$12.4B)	\$15.1B (\$7.6B)	Total market size \$162.5B (\$77.4B)



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Note: 1) Note estimated market size only for new annual cases and only for illustrative purposes; 2) Weighted average by annual incidence

Note that the table is not an exact or a complete list of indications considered as R&D pipeline projects.

Outlook

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 macroeconomic and geopolitical uncertainty will still impact its financial performance in the short term.

Summary

- R&D pipeline grew to 28 projects, progress with new customers in dental, retina imaging & microscopy – most importantly several projects in pipeline progressed to phase 3 & pilot production.
- Geographic expansion progressing in US, Europe and Asia
- Cloud technology & cloud-based service development progressing with Pay Per Treatment (PPT) deployed to increasing number of customers and high-profile hospitals and first patients treated
- Technology development / investment program (2019-2022) has been key reason for some new customers coming in
- With project delays and PPT business model implementation, targets not reached
- Revenue EUR 4.0 million
- One-off costs grew mainly due to commissioning of new equipment, and EBITDA was EUR -8.5 million
- Commissioning-related costs started to decrease towards end of year, full impact visible in 2024
- Initiated an ISO 27001 certification of our information security processes to speed up implementation of the PPT business model



**Thank you!
Questions?**

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Thank you

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