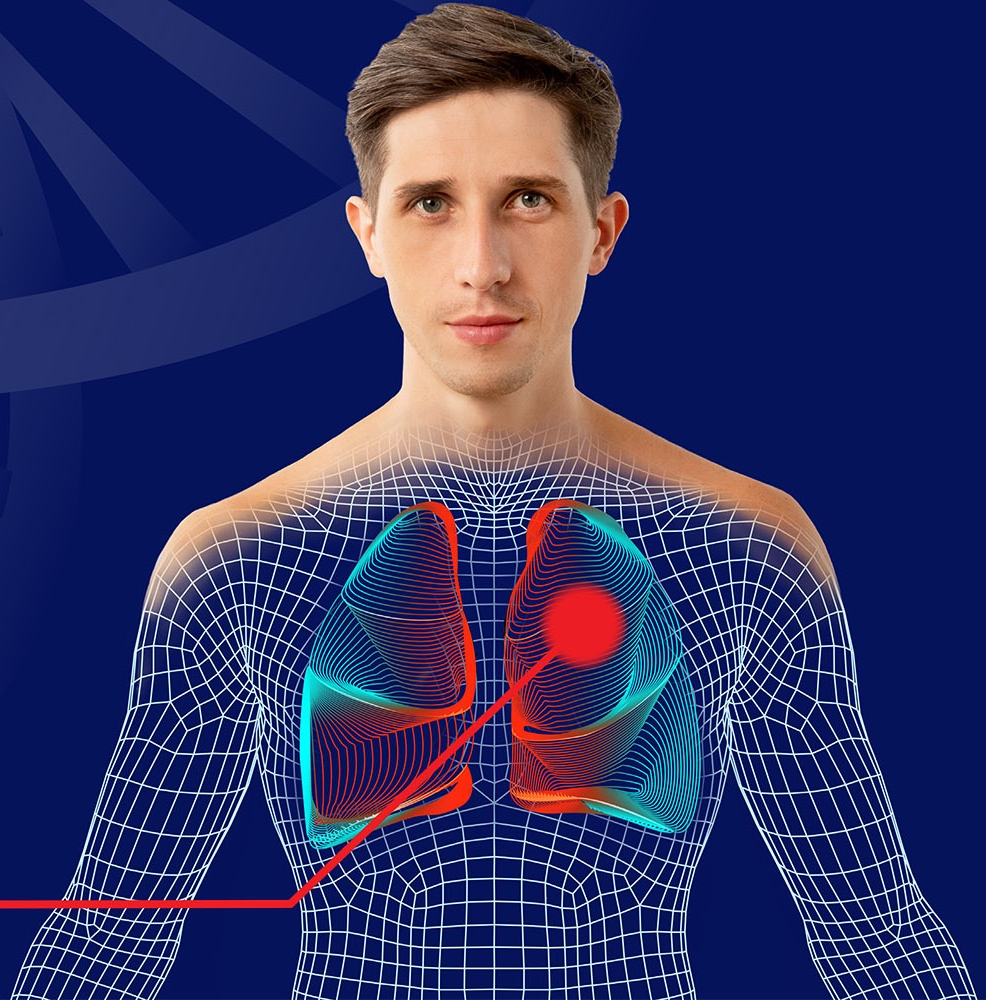


# Financial Statements Webinar 2021

*Welcome!*

modulight

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# Today's agenda

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- Modulight in brief
- Our strategy and targets
- Key takeaways from 2021
- Project pipeline
- Q&A



# Modulight in brief

## Modulight provides lasers and optics for demanding applications

### Medicine- ja Biomedicine

- *Oncology* (cancer diseases) products
- *Ophthalmology products*
- *Genetics* and diagnostics products

### Other high-value add applications

- Modulight provides laser solutions for selected synergistic high customer value applications
- Quantum computing
- Communications
- Digital press
- Environmental monitoring & sensing

### Services

- Data Analytics and Cloud Services for improved treatment
- Lifecycle support with Recurring Service Plans
- Regulatory Design and Approval Services
- Pay-per-use Services
- On-site or Online Training and Calibration
- Regulatory and Feature Software Updates

44 %

EBITDA, % average  
2018-2021

24

Projects with  
commercialization  
potential

10+

in total more than ten  
international pharmaceutical  
companies, Fortune 500 listed  
companies, cancer research  
centers and universities as  
clients.

20+

years of experience in  
medical applications, the  
development and  
manufacture of lasers and  
optics.

# We do laser and optics for a better life

## Photoimmunotherapy combines photodynamic therapy and immunotherapy



## Further application areas of laser-based treatments

Using laser light to detect different types of tissue and locate cancer cells

Utilizing cloud-based diagnostics data storage to improve therapeutic result in further treatment

## Benefits of photoimmunotherapy

- ✓ Non-invasive and non-burdening treatment modality
- ✓ Treatment can be given numerous times
- ✓ Cost-effective especially compared to certain biological oncology drugs
- ✓ Able to access places which normal surgery or radiotherapy do not reach
- ✓ Great tool as a part of combinatory therapies as it does not prevent the use of other therapies
- ✓ Suitable for multiple indications and supporting several other drugs

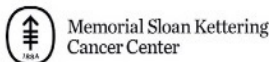


# A significant customer base,

consisting of well-known pharmaceutical and technology companies

## Medicine and Biomedicine

Modulight's customer base on medical and biomedical industries include well-known hospitals, universities and cancer research centers, multinational pharmaceutical companies, as well as companies focusing on diagnostics and laboratory technology.



## Other high-value add applications

Modulight's customer base on other high-value add applications include multinational telecommunications companies and information technology companies, as well as environmental monitoring & sensing and industrial measurement services companies.

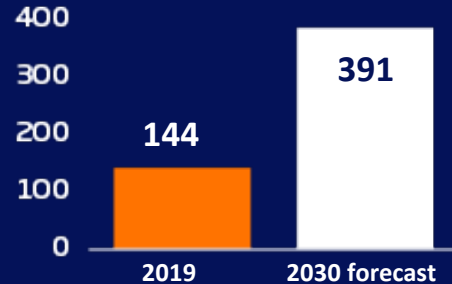


# Significant business opportunities

offered by the pharmaceutical market, supported by synergistic business opportunities related to industrial applications

## Oncology (cancer diseases)

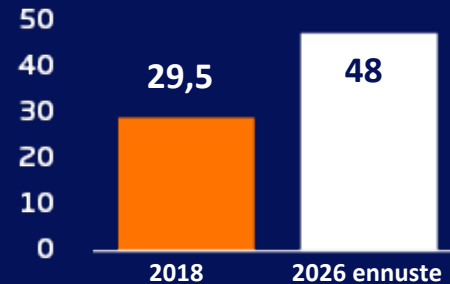
Market size billion. \$ <sup>1</sup>



Main growth factor: Aging population worldwide

## Ophthalmological diseases

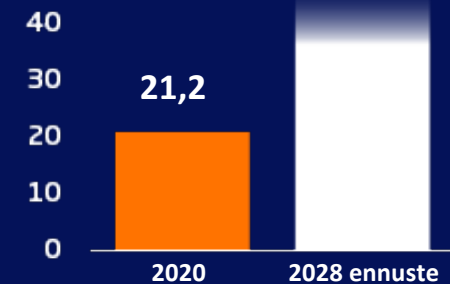
Market size billion \$ <sup>2</sup>



Main growth factor: Continued increase in ophthalmic diseases with an aging population and increasing R&D investment

## Genetics and Diagnostics

Market size billion \$ <sup>3</sup>

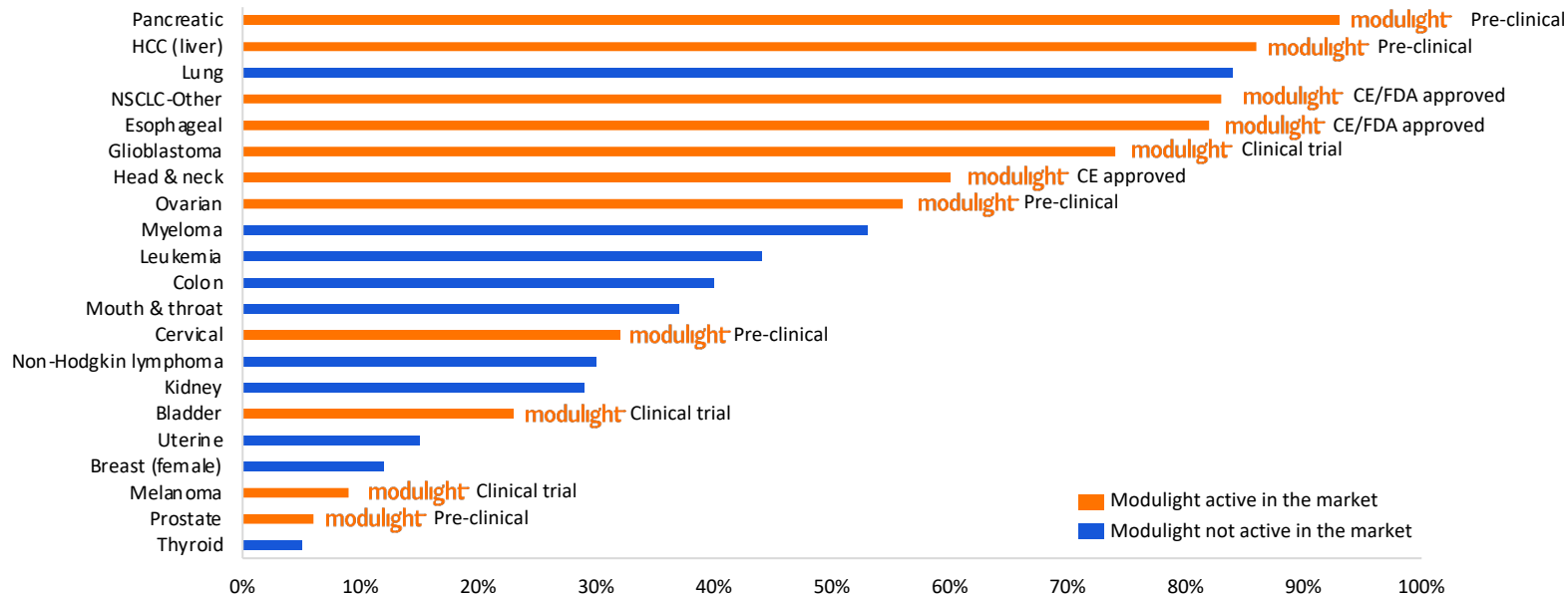


Main growth factor: The need for personalized drug treatments for cancer<sup>4</sup>

<sup>1</sup>Frost & Sullivan, Global Oncology Drug Market, 2021 <sup>2</sup>Fortune Business Insights: Global Ophthalmic Disease Therapeutics Market, 2019 <sup>3</sup>Grand View Research: Next Generation Sequencing Market Size, Share and Trends Analysis Report, 2021 (Sekvensointimarkkina 4 miljardia dollaria, kasvuennuste 14,4 % yhdistettyä vuotuista kasvuvauhtia vuodet 2020–2028); Endoscopes Market Size, Share and Trends Analysis Report, 2021 (Endoskooppien markkina 10,8 miljardia dollaria vuonna 2020, kasvuennuste 8% yhdistettyä vuotuista kasvuvauhtia vuodet 2021–2028); Flow cytometry Market Size, Share and Trends Analysis Report, 2021 (Virtausytometrian markkina 6,3 miljardia dollaria vuonna 2020. Kasvuennuste keskimäärin 8,9 % vuosittain 2021–2027). <sup>4</sup>Spear BB, Heath-Chiozzi M, Huff J. Clinical application of pharmacogenetics. Trends Mol Med. 2001 May;7(5):201-4. doi: 10.1016/s1471-4914(01)01986-4. PMID: 11325631; PMC, Personalized Medicine at FDA: The Scope and Significance of Progress in 2020.

# Significant potential in indications with high unmet need

McKinsey study shows high unmet need in several tumor types<sup>1)</sup>



Modulight is targeting indications where the need for new treatment options is high

# Synergy opportunities for other applications

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Communication



Digital press



Quantum Computing



AR/VR-technology



Environmental sensing



3D-sensing





# Business objectives and dividend policy

## Long Term Objectives

### Business Objective:

Proceed to large-scale commercial deployment<sup>1</sup> with company's three customers by the end of 2023

### Financial Objectives:

Maintain strong revenue growth

Maintain strong profitability

## Dividend Policy

In the coming years, Modulight will focus on financing the growth and business development. The company will adhere to this very stringent dividend policy, tied to the Company's results and financial standing. The Company expects to distribute no dividends or distributes them to a very limited extent in the near to mid-term.

1) Most of Modulight's current turnover comes from products under development and the Company determines that extensive commercial deployment has taken place when the company's turnover for the product / customer in question exceeds EUR 10 million.

# Growth Strategy

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## Strategic Key Factors

### Increasing production capacity

With an ongoing EUR 23 million investment program, Modulight has decided to increase its capabilities and production capacity, in order to meet the increased demand.

### Geographical expansion

Modulight aims to expand its business in key regions in the United States, and in selected markets in Asia, such as in China and in Japan.

### Expanding the product range other indications

Modulight plans to expand its product range to include other indications, and plans to expand the use of its medical device platform.

### Opportunities for expansion in the field of cloud analytics

Modulight intends to develop its cloud-based analytics services to further improve the therapeutic efficacy and final treatment results provided with the company's equipment.

### Continuous investments in laser technology

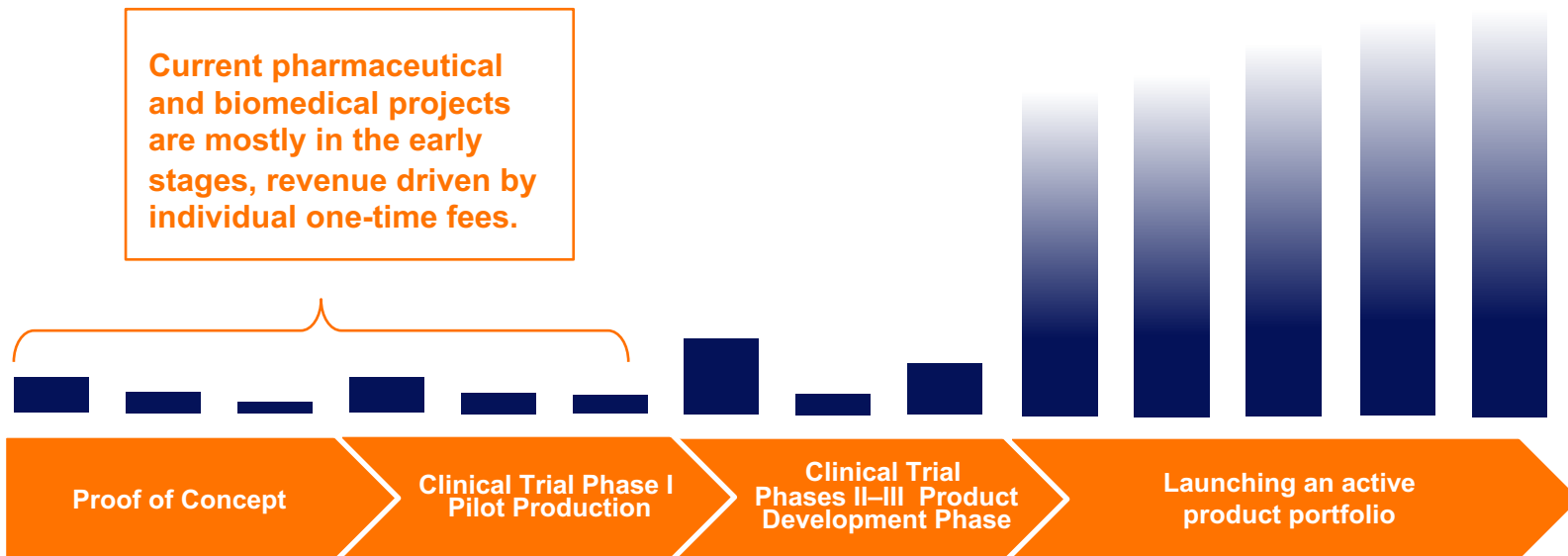
Modulight's strategy is to continue investing in high-power single-laser technology to further improve its position in relation to its competitors.

# Revenue model

Customized R&D projects based on the Best Efforts principle, without revenue risk for Modulight

The objective is revenue, based on the share of pharmaceutical or treatment fees, or the utilization rate of industrial applications.

Current pharmaceutical and biomedical projects are mostly in the early stages, revenue driven by individual one-time fees.



# Record number of new projects, but headwinds

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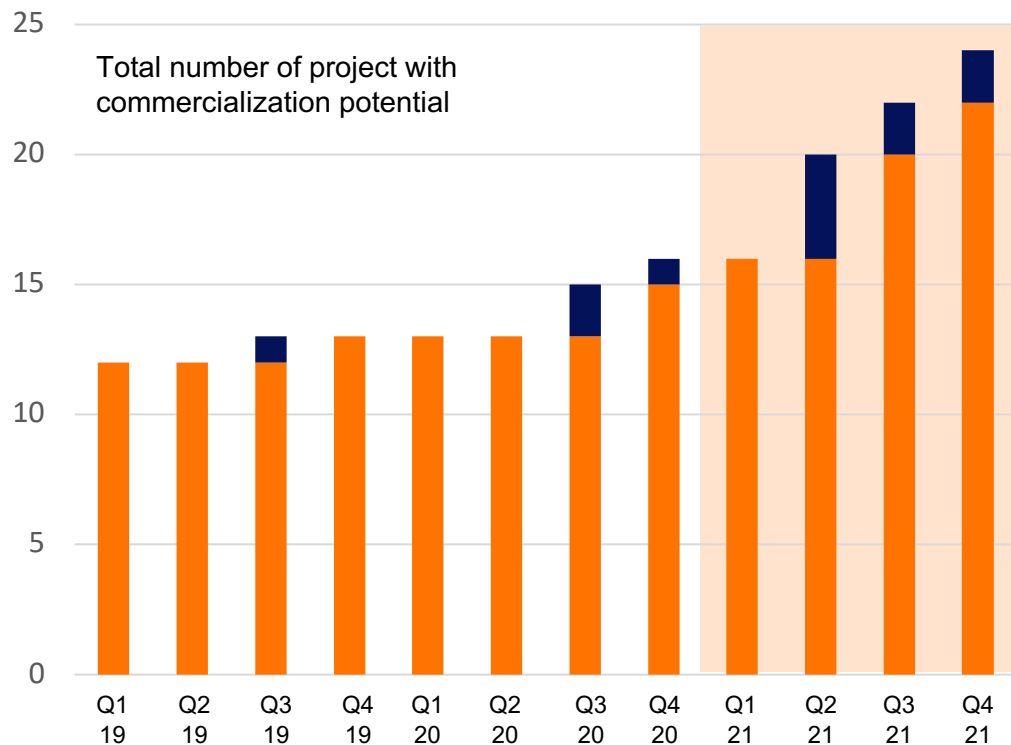
- ❑ **A record number of new projects**
  - ❖ Modulight initiated a record-number of new projects with significant customers
  - ❖ Successful recruiting of new employees, especially for R&D
  - ❖ Investment program progressing according to plan, program was expanded
  - ❖ Several improvements in technology platforms, 6 new patents and patent applications
  - ❖ On-site audits related to photodynamic laser therapy (PDT) solution scheduled for 2022 (FDA, CE)
- ❑ **COVID-19 impacted project schedules and revenue**
  - ❖ Employees ability to visit customers and cooperate with them in hospitals and research facilities was limited
- ❑ **Operational profitability remained high, but significant non-recurring items impacted 2021**
  - ❖ EUR 4.0 million write-off related to accounts receivables after period-end
  - ❖ EUR 4.1 million listing related costs in Q3
  - ❖ Excluding non-recurring items our adjusted EBITDA was 49 (58) % of revenue, adjusted EBIT was 36 (47) % of revenue
- ❑ **Before targeted extensive 2023 commercial roll-outs, volatility expected to remain significant**
- ❑ **Rapidly widening R&D portfolio helps mitigates risks**

# Key figures 2021

Key Figures <sup>1)</sup> (thousand euro, unless stated otherwise)	07-12/2021	07-12/2020	01-12/2021 <sup>2)</sup>	01-12/2020 <sup>2)</sup>
Net Sales	<b>4 511</b>	6 390	<b>9 071</b>	10 062
EBITDA	<b>-2 690</b>	3 862	<b>461</b>	5 787
EBITDA-%	<b>-59.6 %</b>	60.4 %	<b>5.1%</b>	57.5 %
Operating result	<b>-3 351</b>	3 347	<b>-753</b>	4 712
Operating result %	<b>-74.3 %</b>	52.4 %	<b>-8.3 %</b>	46.8 %
Financial result	<b>-7 076</b>	2655	<b>-5 061</b>	3 732
Earnings per share (EUR)	<b>-0.19</b>	0.09	<b>-0.15</b>	0.12
Investments in intangible and tangible assets	<b>6 428</b>	1 384	<b>9 617</b>	2 068
Free cashflow from operating activities	<b>-9 118</b>	2 479	<b>-9 156</b>	3 719
Cash and bank receivables (in the end of period)	<b>62 978</b>	1 784	<b>62 978</b>	1 784
Net debt	<b>-53 415</b>	3 924	<b>-53 415</b>	3 924
Gearing ratio	<b>-70.1 %</b>	41.1 %	<b>-70.1 %</b>	41.1 %
Equity ratio	<b>87.0 %</b>	48.6 %	<b>87.0 %</b>	48.6 %
Staff at the end of the period (FTE)	<b>52</b>	39	<b>52</b>	39




# A rapidly widening R&D portfolio in 2021



**In 2021 we initiated a record-number (8) of new projects with significant customers**

- A rapidly widening R&D portfolio mitigates the inherent risks with bioscience projects and increases our long-term commercial potential
- All projects progressed in 2021

 New projects during the quarter

# Significant progress with several projects

“We have successfully continued our efforts to offer to provide new treatments for e.g. glioblastoma (an aggressive form of brain cancer), eye melanoma, lung cancer, and bladder cancer.”

## CASE EXAMPLE

### Treating age-related eye diseases

- Modulight is developing a photodynamic laser therapy (PDT) solution in collaboration with a **major pharmaceutical company listed on the New York Stock Exchange (NYSE)**.
- PDT is a treatment for eye diseases.
- It uses a laser and a special medicine that works when exposed to a certain type of light.
- It is done to treat age-related macular degeneration (AMD), which is impacting a growing number of elderly people and can lead to loss of vision.

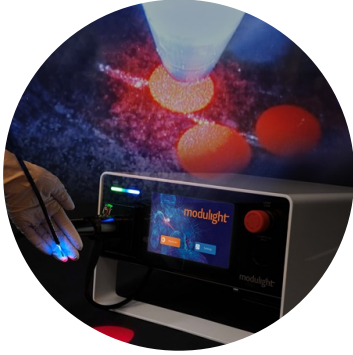
#### Next step:

- FDA (US) and CE (Europe) on-site audits scheduled for 2022



# Examples of new projects started in 2021

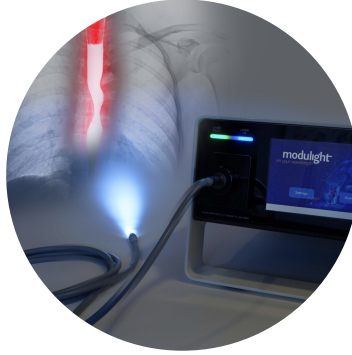
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**Customer:** US based start-up, listed on Nasdaq

**Indication:** Using clinical laser for treating bladder cancer

*The same customer has already been using it for ophthalmology (eye medicine). Also, a competing customer is using our same platform for bladder cancer as well.*



**Customer:** US based privately held biotech company

**Indication:** Using clinical laser for treating esophageal cancer (a muscular tube connecting the throat with the stomach)

*Another customer is already using the same platform for the same indication*



**Customer:** US based privately held company

**Indication:** Using clinical laser in cortical hemodynamics (dynamics of blood flow) to measure precise patterns of brain activity.

*Same laser platform is being used for cancer treatments and genetics.*

# Strengths

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1

Over 20 years of experience in medical and laser technology

2

Scalability and better therapeutic performance enabled by cloud-based laser platforms.

3

A significant clientele consisting of well-known pharmaceutical and technology companies.

4

Significant business opportunities offered by the pharmaceutical market, supported by synergistic business opportunities related to industrial applications.

5

Strong financial performance.

# Thank you! Questions?

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modulight

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