

Clinical Laserthermia Systems AB (publ) | org.nr 556705-8903

In this folder "CLS" or the "Company"

INFORMATION ABOUT SUBSCRIPTION OF UNITS

Important information

This folder is an introduction to the rights issue in CLS (the "**Rights Issue**") and should be regarded as marketing material. The information folder is not and shall not be considered to constitute a prospectus in accordance with applicable laws and regulations. Invitation to shareholders and the public to subscribe for units in the Rights Issue takes place only through the prospectus that has been approved and registered by the Swedish Financial Supervisory Authority (the "**Prospectus**"), and which has been published on www.clinicallaser.se. The Swedish Financial Supervisory Authority's approval of the Prospectus shall not be construed as an approval of the new shares or warrants. In order for an investor to fully understand the potential risks and benefits associated with the decision to participate in the Rights Issue, any investment decision should only be made based on the information in the Prospectus. Investors are advised to read the Full Prospectus.

INTRODUCTION

Clinical Laserthermia Systems is a medical technology company that develops and sells products for minimally invasive image-guided laser treatment of prostate cancer, brain tumors, drug-resistant epilepsy and metastatic (spread) cancer. The product portfolio is marketed by CLS under the TRANBERG® brand and by the Company’s partner and global distributor, Clearpoint Neuro Inc., under the Clearpoint Prism™ brand. In combination with different transillumination systems, e.g. ultrasound (UL) and magnetic resonance imaging (MR), the market is offered integrated systems for image-guided laser ablation with high precision. The board assesses that there is a large global need for this type of treatment and the Company has since 2018 worked on developing a second generation of its technology platform which was launched in 2022. The new generation can be integrated with existing transillumination systems, mainly of the UL and MR type, and image-guided instrument navigation and positioning systems for use in the urology and neurosurgery market segments. In addition to urology and neurosurgery, CLS’s new generation TRANBERG® products are also adapted for another segment, namely oncology.

CLS B share (CLS B) is traded on the Nasdaq First North Growth Market.



Background & motive

According to the Board of Director’s assessment, the existing working capital is not sufficient for CLS current needs during the coming twelve-month period. In order to add working capital to strengthen the Company’s balance sheet and continue to support the commercial launch and market establishment of the Company’s products at a desirable pace, the Board of Directors decided on May 30, 2024, with the support of authorization from the annual general meeting on June 29, 2023, on a preferential rights issue of units. The Rights Issue will be carried out with preferential rights for existing shareholders, but the public is also given the opportunity to subscribe for units in the Rights Issue. The issue proceeds from the Rights Issue and subsequent exercise of warrants of series TO 7 B are intended to be used to, in collaboration with the Company’s exclusive partner Clearpoint Neuro, continue to support further development and increase the pace of commercialization of the Prism™ products within the neurosurgery market segment. With a fully subscribed Rights Issue and full use of warrants of series TO 7 B at the highest price, it is the Board of Directors assessment that the Company will, by a good margin, not need to seek additional capital in order to achieve the objective of a positive operating result in 2026.

In light of the above, the Company is now carrying out a preferential rights issue of units, where one (1) unit consists of one (1) B share and one (1) warrant of series TO 7 B free of charge. The public is also given the opportunity to subscribe units in the Rights issue. Approximately 65 per cent of the Rights Issue is covered by guarantee commitments from external investors. Guarantee commitments are not secured by advance transaction, bank guarantee or the like.

To secure the Company’s liquidity needs until the completion of the Rights Issue, the Company has entered into agreements on bridge loans of a total of SEK 12.5 million on market terms.

Rights Issue proceeds



In order to meet the capital requirement, CLS is now carrying out the Rights Issue, which, if fully subscribed, can initially provide the Company with approximately SEK 59 million before issue costs. The issue proceeds are intended to finance the following activities:

1. *Repayment of bridge loan – (circa 20 percent)*

2. *Operating costs linked to quality work and certification, pre-clinical testing, product adaptations, premises costs, personnel costs, legal, trademark and patent costs – (circa 30 percent)*

3. *Continued commercial launch and market establishment – (circa 35 percent)*

4. *Ongoing clinical development and new clinical collaborations – (circa 15 percent)*



Strategy & objectives

In 2023, CLS entered an expanded commercial phase with the introduction of the ClearPoint Prism® Neuro Laser Therapy System with Thermoguide™ Workstation in the US market, with a commercial focus on MR image-guided treatment of brain lesions. The outcome of the limited launch carried out in 2023 was very positive and together with Clearpoint Neuro requested product optimizations are carried out and a full market launch in the US is planned in the second half of 2024, with an opportunity for expansion into Europe via planned CE marking in 2026.

This rapid positive development in the USA means that CLS plans to increase the company’s investment in the neurosurgery market and the collaboration with Clearpoint Neuro. This is done in the form of a gathering of forces, where this investment is given priority over the activities within the Urology segment during the next 12-18 months in order to more quickly increase the company’s sales revenue, keep costs down and maintain the goal of achieving a positive operating result in 2026.



CLS aims to achieve a positive operating result (EBITDA) during the financial year 2026. To achieve this, the Company estimates that sales of around SEK 70m are required during the same year. The table below presents the Company's goals and ambitions for the period, which are linked to the activities that the Rights Issue, as well as the redemption of warrants of series TO 7 B, are intended to finance.

NORTH AMERICA	2024	Full market launch via Clearpoint Neuro of the Prism Neuro Laser Therapy System with Thermoguide Workstation for 3T MR image-guided LITT treatment of brain lesions	WITHIN NEUROSURGERY
	2024-25	Production of clinical evidence for planned CE marking, according to the MDR, and market approval of the Prism Neuro Laser Therapy System with Thermoguide Workstation for MR image-guided LITT treatment of brain lesions.	
	2025	Expansion of addressable market through US-FDA 510(k) market clearance for use of Prism Neuro Laser Therapy System with Thermoguide Workstation on 1.5T field strength MR scanners.	
	2024-25	Further optimizations of HW and SW features, functionality and overall product quality in the Prism Neuro Laser Therapy System with Thermoguide Workstation.	
	2024-25	Increase the company's revenue from sales of the Prism Neuro Laser Therapy System with Thermoguide Workstation towards the set goal of total sales revenue of SEK 70 million in 2026, according to plan.	
EUROPE	2024-25	Production of clinical evidence in Europe for upcoming CE marking in 2026 of the Prism Neuro Laser Therapy System with Thermoguide Workstation for MR image-guided LITT treatment of brain lesions.	
NORTH AMERICA	2024-25	Manuscript and publication of evidence for CLS UL-based TRANBERG treatment systems from studies of focal FLA treatment of localized prostate cancer to support continued commercialization.	WITHIN UROLOGY
	2025	Reclassification of CLS category 3 reimbursement code in the USA, for US image-guided focal FLA treatment of localized prostate cancer, for increased level of reimbursement.	
	2025	Plan for clinical evidence generation with the aim of obtaining a category 1 reimbursement code in the USA, for US image-guided focal FLA treatment of localized prostate cancer, with a competitive reimbursement level.	
	2024-25	Increase the company's revenue from sales of the TRANBERG Thermal Therapy System towards the set goal of total sales revenue of SEK 70 million in 2026, according to plan.	
EUROPE	2024-25	Manuscript for publication of evidence for the CLS UL-based TRANBERG Thermal Therapy System from studies of focal FLA treatment of localized prostate cancer to support continued commercialization.	
	2025	Include TRANBERG Thermal Therapy System for US image-guided FLA in upcoming pan-European multicenter study of focal therapy as treatment of localized prostate cancer.	
	2025	Plan for clinical evidence generation to obtain broad reimbursement in Europe, for US image-guided focal FLA treatment of localized prostate cancer, with competitive reimbursement level.	
	2024-25	Increase the company's revenue from sales of the TRANBERG Thermal Therapy System towards the set goal of total sales revenue of SEK 70 million in 2026, according to plan.	
ASIA-PACIFIC REGION	2024	Launch of CLS US-based and MR-based TRANBERG treatment systems and full service agreement for focal FLA treatment of localized prostate cancer in urology practices and radiology departments starting in Singapore.	
	2025	Market approval and expansion of sales and distribution of CLS UL-based and MR-based TRANBERG treatment systems and full-service agreements in the Asia-Pacific region, outside of Singapore.	
	2024-25	Increase the company's revenue from sales of TRANBERG treatment systems towards the set goal of total sales revenue of SEK 70 million in 2026, according to plan.	
	2025	Ensure certificates and CE marking of CLS products according to MDR.	OTHER
	2024-25	Continue securing IP assets linked to CLS products and production to ensure scalability in the company's growth.	
	2024-25	Enter into agreements with suppliers of critical components, materials to secure production capacity and supply security in the supply chain.	
	2024-25	Recruit and partner to ensure the operations, skills and resources necessary to achieve CLS's commercial objectives in Europe, US and Asia-Pacific.	
	2024-25	Continue the implementation of cost reduction programs.	

THE RIGHTS ISSUE IN SUMMARY

The Rights Issue	The rights issue comprises a maximum of 9,422,048 Units, where each Unit consists of one (1) B share and one (1) warrant of series TO 7 B free of charge. The subscription price amounts to SEK 6.25 per Unit, corresponding to SEK 6.25 per new B-share which, provided that the rights issue is fully subscribed, amounts to approximately SEK 59 million before deductions for issue costs. One (1) existing A-share and/or B-share in the Company on the record date entitles to six (6) Unit Rights. Five (5) Unit Rights entitles you to subscribe for one (1) Unit, which corresponds to an exchange ratio where 5 existing shares entitle you to subscribe for 6 new B shares.
Trading in unit rights	Trading in unit rights will take place on Nasdaq First North Growth Market during from and including 12 June 2024 up to and including 20 June 2024.
Subscription period	Subscription of units in the Rights Issue shall take place from and including 12 June 2024 up to and including 26 June 2024. After the expiration of the subscription period, unused unit rights will be void and will thereafter lose their value.
Trading in BTU (Sw. betald tecknad unit)	Trading in BTU will take place on Nasdaq First North Growth Market from and including 12 June 2024 until the Rights Issue has been registered with the Swedish Companies Registration Office. This registration is expected to take place around week 28, 2024.
Subscription price	The subscription price is SEK 6.25 per unit, corresponding to a subscription price of SEK 6.25 per share. The warrants are issued free of charge. Brokerage is not paid.
Issuer volume	The Rights Issue will amount to a maximum of 9,422,048 B-shares and a maximum of 9,422,048 warrants series TO 7 B, initially amounting to approximately SEK 59m before deduction of issue costs.
Warrants of series TO 7 B	One (1) warrant will entitle the holder to subscribe for one (1) new B-share in the Company at a subscription price corresponding to 70 percent of the volume-weighted average price of the Company's share on Nasdaq First North Growth Market during a period of ten (10) trading days before, and including, 7 November 2024, however not lower than the share's quota value of approximately SEK 2.31 and not higher than SEK 9. The redemption period will run between November 11 and 22, 2024. If the rights issue is fully subscribed and the warrants are fully exercised, the Company will receive an additional SEK 22-85 million in issue proceeds before deduction of issue costs, depending on the final redemption price for the new shares issued as a result of the exercised warrants.
Number of shares before the Rights Issue	7 851 707
Short name, ISIN code B-share	SE0022049920, CLS B
Guarantee commitments	SEK 38m, corresponding to circa 65 per cent of the Rights Issue.



Investor meetings may be organized during the subscription period. Invitation to these will be presented on the CLS website www.clinicallaser.se.

Issue proceeds from redemption of warrants of series TO 7 B



The subscription price in the subsequent redemption of warrants amounts to seventy (70) percent of the average volume-weighted price for the Company's share during a period of 10 trading days ending two banking days before the exercise period begins. The subscription price must not exceed SEK 9.00 per share and not fall below the share's quota value of approximately SEK 2.31 per share. Upon a fully subscribed Rights Issue and upon full exercise of warrants of series TO 7 B at the lowest and highest prices, the Company can be provided with approximately SEK 22-85 million before issue costs. The issue proceeds are intended to finance the following activities:

1. *Operating costs linked to quality work and certification, pre-clinical testing, product adaptations, premises costs, personnel costs, legal, trademark and patent costs – (circa 40 percent)*
2. *Continued commercial launch and market establishment – (circa 40 percent)*
3. *Ongoing clinical development and new clinical collaborations – (circa 20 percent)*

IMPORTANT INFORMATION

This information folder is an introduction to the Rights Issue and should be considered as marketing material. The information folder is not and shall not be considered a prospectus in accordance with applicable laws and regulations. Invitation to shareholders and the public to subscribe for units in the Rights Issue takes place only through the Prospectus that has been approved and registered by the Swedish Financial Supervisory Authority. The complete Prospectus has been published and is available on CLS website, www.clinicallaser.se. The Prospectus and application forms can also be obtained free of charge from Nordic Issuing AB's website www.nordic-issuing.se. The Swedish Financial Supervisory Authority's approval of the Prospectus shall not be construed as an approval of the new shares or warrants. In order for an investor to fully understand the potential risks and benefits associated with the decision to participate in the Rights Issue, any investment decision should only be made based on the information in the Prospectus. Investors are advised to read the full Prospectus. In the event that this information folder does not correspond to the Prospectus, the Prospectus shall prevail.

Shares or other securities in CLS may not be offered or sold, directly or indirectly, in or into the United States or to persons residing there. Moreover, the Rights Issue is not made to persons resident

in Australia, Belarus, Canada, Hong Kong, Japan, New Zealand, Russia, Singapore, South Africa, South Korea, Switzerland, or to persons whose participation would require additional prospectuses, registration or other measures than those imposed by Swedish law. The Prospectus may not be distributed in any country or any jurisdiction where the distribution of the Rights Issue would require such measures or would be in conflict with the applicable regulation of such jurisdiction. Application for subscription of units in violation of the restrictions above may be considered void. Persons who receive copies of the Prospectus are required to inform themselves about, and comply with, such restrictions. Any failure to comply with the restrictions described may result in a violation of securities regulations.

RISK FACTORS

An investment in securities involves certain risks, see the section "Risk factors" in the Prospectus. When investors make an investment decision, they must rely on their own assessment of the Company and the securities, including the present facts and risks, and investors may not rely on information other than that stated in the Prospectus and any supplements to the Prospectus. Before making an investment decision, potential investors should hire their own professional advisers as well as carefully evaluate and consider the investment decision.

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