

Optomed, a Finnish medical technology company, is planning an initial public offering and listing on Nasdaq Helsinki Ltd

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Optomed Ltd (which will be renamed Optomed Plc, "Optomed" or the "Company"), one of the leading providers of handheld fundus cameras, announces today that it is planning an initial public offering ("IPO") and a listing of its shares on the official list of Nasdaq Helsinki Ltd ("Nasdaq Helsinki") (the "Listing").

Optomed is a Finnish medical technology company and one of the leading providers of non-mydratric handheld fundus cameras.¹ Optomed develops and commercializes modern, handheld and easy-to-use fundus cameras that are suitable for any clinic for diagnosing and tracking the progression of ocular diseases affecting the fundus, such as diabetic retinopathy, the leading cause of vision loss in working-age adults². The Company comprises two complementary and synergistic business segments: Devices and Software. Optomed combines handheld devices with screening software and automated grading capabilities through Artificial Intelligence with the aim to transform the diagnostic process of blinding eye-diseases. Optomed's proprietary optical technology is protected by the Company's 52 international patents. Optomed's products are sold in more than 60 countries and its customers include international healthcare organizations, hospitals and global medical technology companies (OEMs) and distributors. The Company employs 105 professionals as at 30 September 2019, is headquartered in Finland and has a subsidiary in China. In 2018, Optomed's revenue amounted to EUR 12.7 million and pro forma revenue, including the acquisition of Commit; Oy amounted to EUR 14.5 million of which the Devices segment represented 52 percent and the Software segment represented 48 percent.

The planned IPO is expected to consist of both a primary offering by the Company and a secondary offering by certain shareholders in the Company.

Seppo Kopsala, CEO and the founder of Optomed:

"I am very proud that, as a result of our long-term and hard work Optomed has developed into one of the leading equipment suppliers in the fast growing handheld fundus camera segment³. In addition to current opportunities, we can expand to a much larger market as we combine our devices with software and artificial intelligence in a way that enables also non-specialist staff to perform screenings at local healthcare centers.

Our target is to provide innovative and affordable screening solutions to reach all patients in need of such solutions globally. The planned offering would support our targets by enhancing our competitiveness and increasing the awareness of handheld fundus cameras and their potential in preventing avoidable blindness caused by diabetes."

Petri Salonen, Chairman of Optomed's Board of Directors:

"In addition to the aging population growth and rising life expectancy, the number of diabetics and people with blinding eye diseases is increasing worldwide. However, most vision problems could be avoided if detected early enough. Optomed's high-quality products and innovative screening solutions can already now improve the efficiency of the screening process and reduce the societal costs of blinding diseases.

We believe one of the most exciting and significant changes in healthcare is the breakthrough of artificial intelligence. That is why we aim to be one of the pioneering companies bringing artificial intelligence to eye disease screenings worldwide. Optomed's target is to deliver an average annual organic revenue growth above 20% in the long-term. The planned IPO would improve Optomed's ability in pursuing its growth strategy and broadening its ownership base."

¹Zion Market Research: Global Fundus Cameras Market (2018). The management estimates that the Company's leading position is based on the share of revenue in the handheld fundus camera market that is generated from sales of cameras manufactured by the Company and sold to end-users by the Company's OEM customers, distributors and directly by the Company.

² International Diabetes Federation. IDF Diabetes Atlas. Eight edition (2017)

³ Zion Market Research: Global Fundus Cameras Market (2018).

Optomed's business

Optomed comprises two synergistic business segments: Devices segment and Software segment, offering a complete solution for managing, screening and diagnosing diabetic retinopathy. By offering handheld devices, software solutions and automated Artificial Intelligence grading, Optomed has built up a complete system suitable for all types of healthcare professionals and units in different markets to be able to perform diabetic retinopathy screenings. The Devices segment's customer offering comprises both Optomed-branded handheld fundus cameras and fundus cameras sold under the OEM customers' brands. The Optomed Software segment develops and sells special healthcare software solutions to healthcare organizations. These software solutions include systems for workflow, chronic disease screening, and resource and quality management within radiological or surgical departments. In addition, the segment also distributes off-the-shelf products from selected partners to supplement its own solutions.

Optomed's key strengths and competitive advantages

The Company believes that it benefits from the following key strengths and competitive advantages:

- Optomed is one of the leading players in the growing and transforming handheld fundus camera market.
- Provider of proprietary technology with targeted value propositions for different markets and healthcare systems.
- Asset-light organisation through outsourced production and distribution, with a well-defined sales strategy and extensive distribution network.
- Experienced management to promote the transformation of the fundus screening market.
- Future growth potential from expansion into new markets and end-customer segments.

Optomed's financial targets, dividend policy and future outlook

The Company's Board of Directors has adopted the following financial targets for Optomed:

- **Revenue growth:** Optomed's medium-term, from 2020 onwards, target is to deliver a double digit annual organic revenue growth. In the long-term Optomed's target is to deliver an average annual organic revenue growth above 20 percent
- **Adjusted EBITDA-margin:** Optomed's target in the medium-term is to prioritise investments in the organisation to support growth and achieve an adjusted EBITDA-margin above 30 percent in the long-term
- **Dividend policy:** Optomed is in expansion phase and will therefore prioritise growth over dividends in coming years

The Company expects the global market for handheld fundus cameras to develop favourably and believes that the increase in awareness of diabetic retinopathy supports the Devices and Software businesses. The Company's growth for the full year 2019 is expected to be low single digit growth, compared to 2018.

The statements set forth above include forward-looking statements and are not guarantees of Optomed's financial performance in the future. Optomed's actual results and financial position could differ materially from those expressed or implied by these forward-looking statements as a result of numerous factors.

Optomed's financial highlights

In 2018, Optomed's revenue reached EUR 12.7 million increasing by 84.6% compared to 2017. The growth was mainly related to the acquisition of the software company Commit; Oy and organic growth of device sales. Unaudited pro forma revenue for 2018, giving effect to the Commit; Oy acquisition, was EUR 14.5 million. Pro forma net sales are presented giving effect to the acquisition, as if it had been effected on 1 January 2018, instead of the actual acquisition date of 26 March 2018. Optomed's gross profit amounted to EUR 9.1 million in 2018, representing 71.1% of revenue. Optomed's EBITDA amounted to EUR 1.1 million and the adjusted EBITDA amounted to EUR 1.4 million corresponding to 10.9% of revenue in 2018.

Optomed's revenue increased by EUR 2.6 million, or 32.4 percent in the nine months ended 30 September 2019 from EUR 8.0 million in the nine months ended 30 September 2018 to 10.6 million in the nine months ended 30 September 2019. The increase was primarily due to growth in the Devices segment and the Software segment included for the whole period, compared to the nine months period ended 30 September 2018 when the Software segment was included as of April 2018. The growth in the Devices segment was primarily due to increased sales from the OEM and distributor sales

channels, driven by Optomed's expansion of new distributors in Russia, the Asia-Pacific region and in the Middle East. The growth from the OEM and distributor sales channels was to some extent offset by the decrease in sales in China.

Key Figures

In EUR thousand, unless otherwise indicated	1 January to 30 September		1 January to 31 December		
	2019	2018	2018	2017	2016
	(unaudited)		(unaudited, unless otherwise indicated)		
Revenue.....	10,649	8,045	12,733 ¹	6,899 ¹	6,609 ¹
Organic growth, % ²	6.8	-	8.0	4.6	-
Gross profit ²	7,199	5,525	9,054	4,069	3,772
Gross margin, % ²	67.6	68.7	71.1	59.0	57.1
EBITDA ²	(885)	95	1,062	(1,784)	(1,865)
EBITDA margin, % ²	(8.3)	1.2	8.3	(25.9)	(28.2)
Adjusted EBITDA ^{2,3}	19	286	1,388	(1,784)	(1,865)
Adjusted EBITDA margin, % ^{2,3}	0.2	3.6	10.9	(25.9)	(28.2)
Items affecting comparability ²	(904)	(191)	(326)	-	-
Operating result.....	(2,563)	(1,201)	(748) ¹	(2,827) ¹	(2,611) ¹
Operating margin, %.....	(24.1)	(14.9)	(5.9)	(41.0)	(39.5)
Adjusted operating result ^{2,3}	(1,659)	(1,010)	(422)	(2,827)	(2,611)
Adjusted operating margin, % ^{2,3}	(15.6)	(12.6)	(3.3)	(41.0)	(39.5)
Loss for the period.....	(2,817)	(1,776)	(1,327) ¹	(2,887) ¹	(2,758) ¹
Earnings per share, EUR ²	(6.93)	(4.58)	(3.41)	(8.53)	(8.15)
Cash flow used in operating activities.....	(1,839)	(1,451)	(76) ¹	(766) ¹	(810) ¹
Net Debt / Adjusted EBITDA (LTM), times ^{2,3}	6.4	N/A	5.9	(2.5)	(0.9)
R&D expenses ²	1,186	1,020	1,273	800	387

¹ Audited

² Alternative performance measures. The Company presents alternative performance measures as additional information to financial measures presented in the consolidated statement of income, consolidated statement of financial position, consolidated statement of cash flows and in the notes disclosures prepared in accordance with IFRS. In the Company's view, the alternative performance measures provide management, investors, securities analysts and other parties with significant additional information related to the Company's results of operations, financial position and cash flow.

³ Adjustments are material items outside ordinary course of business including restructuring costs, net gains or losses from sale of business operations or other non-current assets, strategic development projects, external advisory costs related to capital reorganisation, impairment charges on non-current assets incurred in connection with restructurings, compensation for damages and transaction costs related to business acquisitions.

Information on the IPO

The contemplated IPO is expected to consist of both a primary offering by the Company and a secondary offering by certain shareholders in the Company. The Company and its current shareholders would be subject to customary lock-up arrangements. Optomed's shareholders include inter alia Cenova Capital (China), a subsidiary of Halma Plc, Robert Bosch Venture Capital GmbH, Aura Capital group, Suomen Teollisuussijoitus Oy, Seppo Kopsala, Mankato Capital Ltd, Cliff Swallow Investment Ltd, Uppland Kapital AB, Markku Virta and David Oak.

The objective of the contemplated IPO and Listing is to improve the Company's ability to successfully pursue its growth strategy and invest in its business in order to remain at the forefront of developing complete screening solutions against blinding eye diseases and expand into new markets. The contemplated IPO and Listing on Nasdaq Helsinki will also allow Optomed to obtain access to capital markets and broaden its ownership base with both domestic and foreign investors, which would increase the liquidity of the shares. Furthermore, the IPO is expected to strengthen Optomed's recognition and brand awareness among customers, business partners and investors, and thus enhance Optomed's competitiveness and the awareness of handheld fundus cameras. The increased liquidity would also enable Optomed to use the shares more effectively as a means of consideration in potential acquisitions and remuneration of personnel.

In connection with the IPO, the objective would be to raise gross proceeds of approximately EUR 20 million before fees and expenses in relation to the share issue.

Carnegie Investment Bank AB is acting as the sole global coordinator and bookrunner in the contemplated IPO, and Swedbank AB (publ) in co-operation with Kepler Cheuvreux as the joint bookrunner (together with the sole global

coordinator, the “Managers”). Hannes Snellman Attorneys Ltd is acting as the legal advisor to the Company. White & Case LLP is acting as the legal adviser to the Managers.

Press event

Optomed will host a press event today, 8 November 2019, at Nasdaq Helsinki (Fabianinkatu 14, Helsinki) at 10:00 a.m. EET

Further enquiries

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Optomed in Brief

Optomed is a Finnish medical technology company and one of the leading providers of handheld fundus cameras. Optomed combines handheld screening devices with software and artificial intelligence with the aim to transform the diagnostic process of blinding eye-diseases such as rapidly increasing diabetic retinopathy. In its business Optomed focuses on eye-screening devices and software solutions related R&D in Finland and sales through different channels in over 60 countries. The company has an extensive portfolio of 52 international patents protecting the technology. In 2018, Optomed’s revenue reached EUR 12.7 million and pro forma net sales with the acquisition of Commit; Oy amounted to EUR 14.5 million. At the end of September 2019, Optomed employed 105 professionals.

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The IPO timetable, including the date of admission of the shares to the official list of the Nasdaq Helsinki Ltd, may be influenced by a range of circumstances such as market conditions. There is no guarantee that the IPO will proceed and that the Listing will occur and you should not base your financial decisions on the Company’s intentions in relation to the IPO and Listing at this stage. Acquiring investments to which this announcement relates may expose an investor to a significant risk of losing all or part of the amount invested. Persons considering making such an investment should consult an authorised person specialising in advising on such investments. This announcement does not constitute a recommendation concerning the IPO. The value of shares can decrease as well as increase. Potential investors should consult a professional adviser as to the suitability of the IPO for the person concerned.

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