

28 February 2020, Seppo Kopsala, CEO / Lars Lindqvist, CFO

Result presentation 2019

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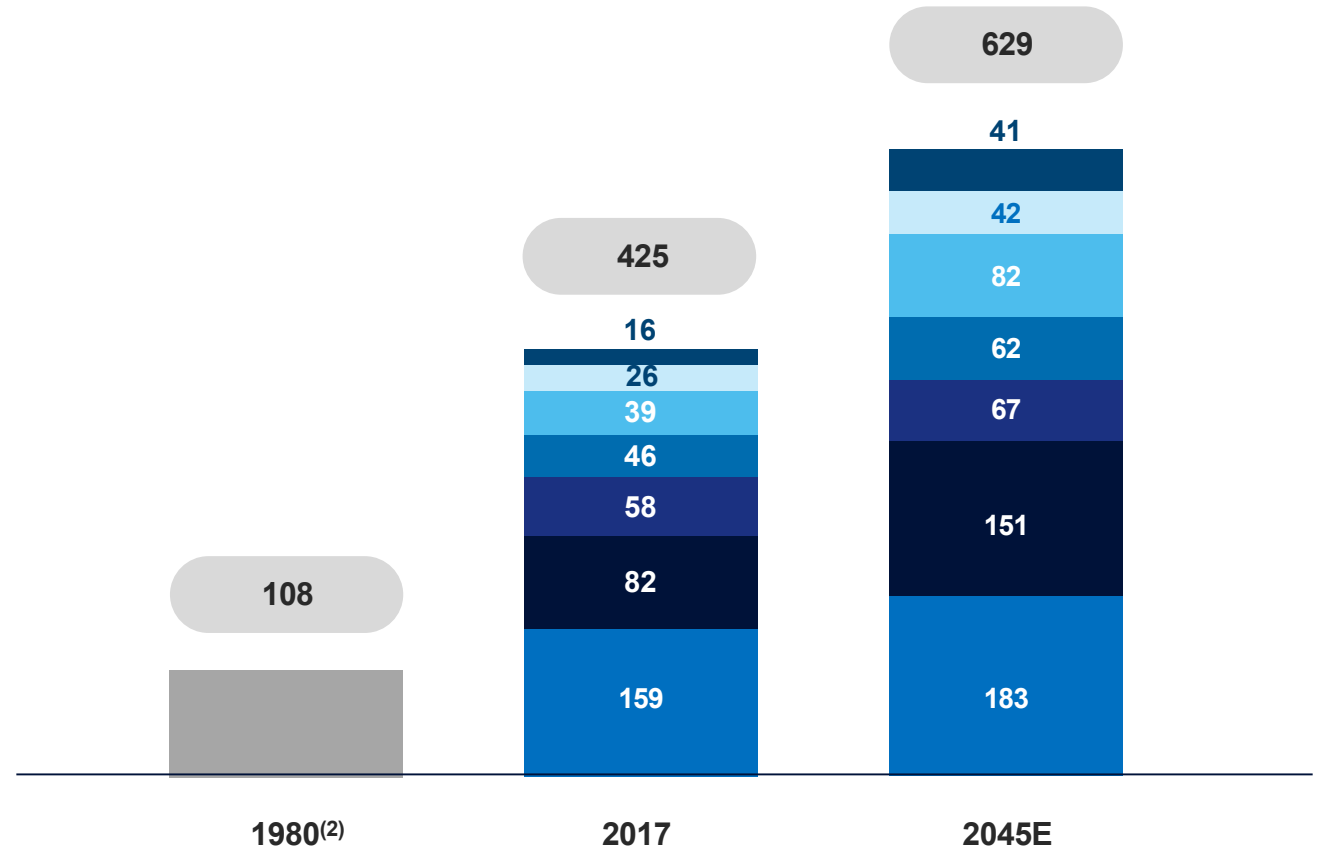
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Optomed offers our customers leading handheld fundus cameras and software solutions with integrated Artificial Intelligence (AI) for screening of blinding eye diseases

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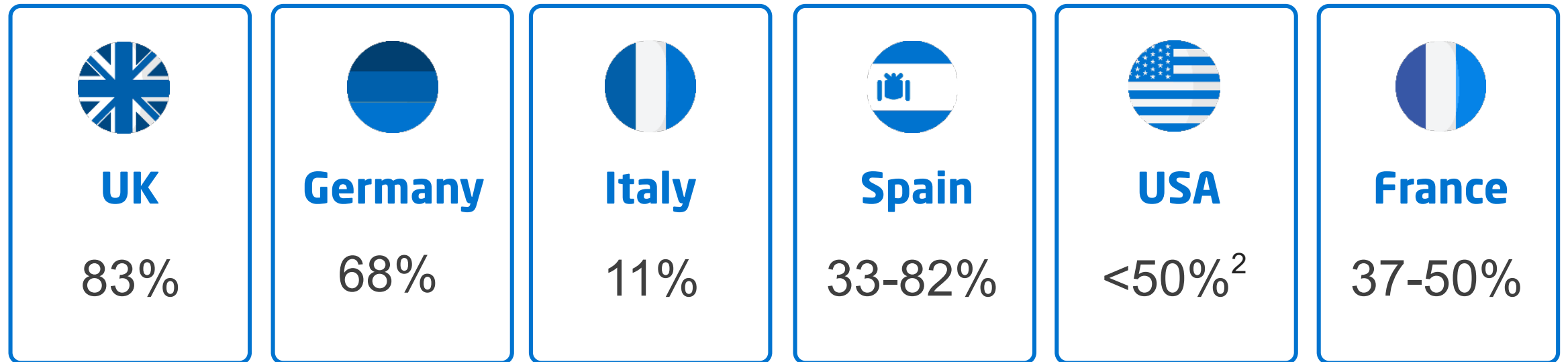
Diabetes is a growing chronic disease

Total number of adults with diabetes (20-79 years), millions⁽¹⁾



Need for increased screening coverage

% of diabetic screened systematically¹

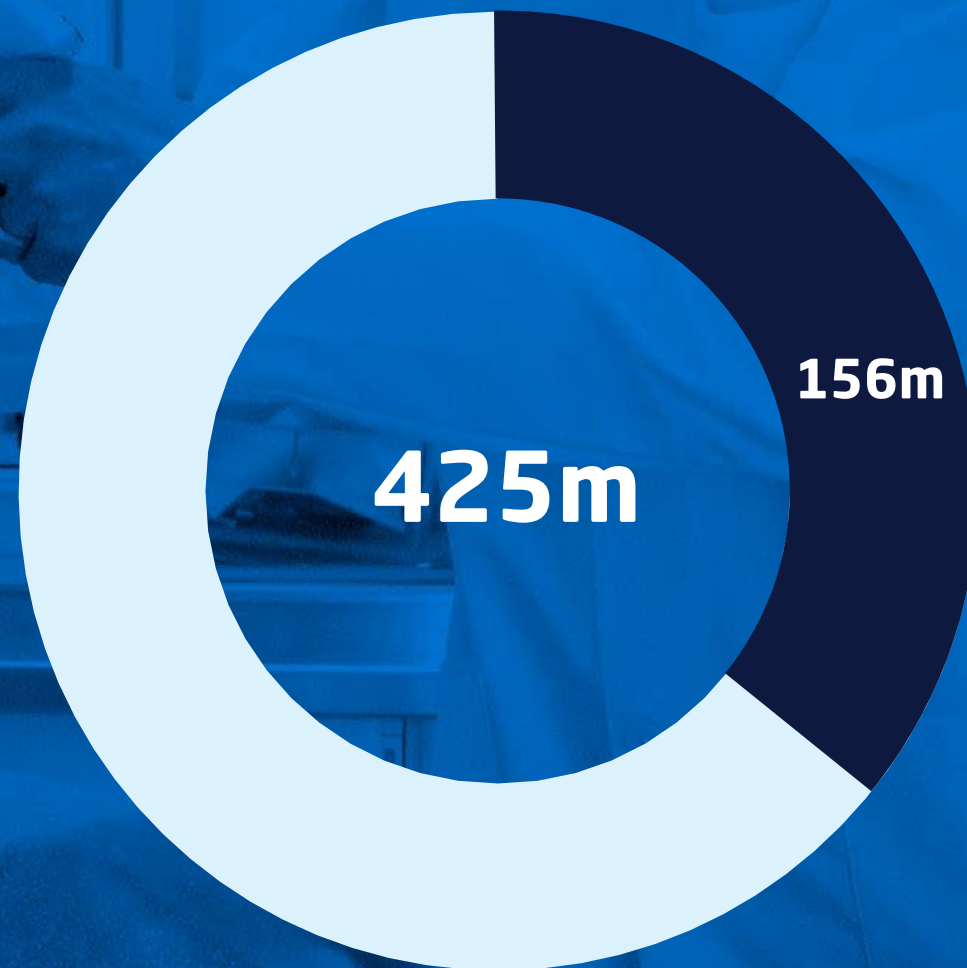


1) Source: *Retinal Diseases in Europe: Prevalence, incidence and healthcare needs*. University Eye Hospital Bonn (2017);

2) Source: *Disparities in Adherence to screening guidelines for diabetic retinopathy in the United States: A Comprehensive Review and Guide for Future Directions*, Fathy, C et.al

Need for portable solutions

156 million diabetics
expected to live in rural
areas by 2045¹



Optomed products and solutions



AI
Solutions



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Optomed's growth strategy

1.

Aim to grow in existing markets and enter new markets



2.

Target expansion into new customer segments



3.

Focus on bringing new products and solutions to the market



Execution of growth strategy



Artificial Intelligence (AI)

- Eye disease AI commercialization ongoing
- Integrated AI camera development and launch during 2020
- Development of new algorithms for cardiological and neurological diseases started



Market expansion

- US activities started, progress and details will be reported during 2020
- Expansion of distribution channels ongoing, opening new countries
- Various screening solution projects for primary care in pipeline



Highlights

October-December and Full Year 2019

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1.

Software segment performance was solid all year

2.

Strong sales in the Devices segment OEM and Distributor channels during the year

3.

Chinese private sector screening customer postponed orders from Q4-2019 to the second half of 2020 impacting both Q4 and full year revenue

4.

Successful IPO concluded in December 2019: solid cash position, strengthened balance sheet and equity ratio

5.

Growth actions including opening new markets and customer segments started

Q4 2019 Financial highlights (KEUR)

	Q4/2019	Q4/2018	Change %
Revenue	4,329	4,688	-7.7%
Gross profit ¹⁾	2,745	3,530	-22.2%
Gross margin ²⁾	63.4%	75.3%	
Adjusted EBITDA	-211	1,102	-119.1%
Adjusted EBITDA margin	-4.9%	23.5%	
Net profit/ loss	-58	449	-116.6%
Earnings per share	-0.01	0.06	-111.4%
Cash flow from operating activities	2,000	1,375K	52.9%
1) Of which grants	11	420	
2) Gross margin without grants	63.2%	66.3%	

FY 2019 Financial highlights (KEUR)

	FY2019	FY2018	Change %
Revenue	14,977	14,463	3.6%
Gross profit ¹⁾	9,944	10,398	-7.8%
Gross margin ²⁾	66.4%	71.9%	
Adjusted EBITDA	-196	1,661	-111.8%
Adjusted EBITDA margin	-1.3%	11.5%	
Net profit/ loss	-2,875	-1,327	-116.7%
Earnings per share	-0.32	-0.17	-90.4%
Cash flow from operating activities	161	-76	311.8%
1) Of which grants	254	889	
2) Gross margin without grants	64.7%	65,7%	

A man is shown from the chest up, holding a handheld medical device. The device has a small screen on the left side and a large lens on the right side. The man is looking through the lens. The entire image has a blue tint.

Devices segment highlights

October-December and Full Year 2019

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1.

In 2019, OEM business of the Devices segment performed well and during Q4 we executed initial shipments to a new OEM customer, Topcon

2.

The key driver for the revenue decrease in Q4 was a Chinese key customer postponing orders to 2020

3.

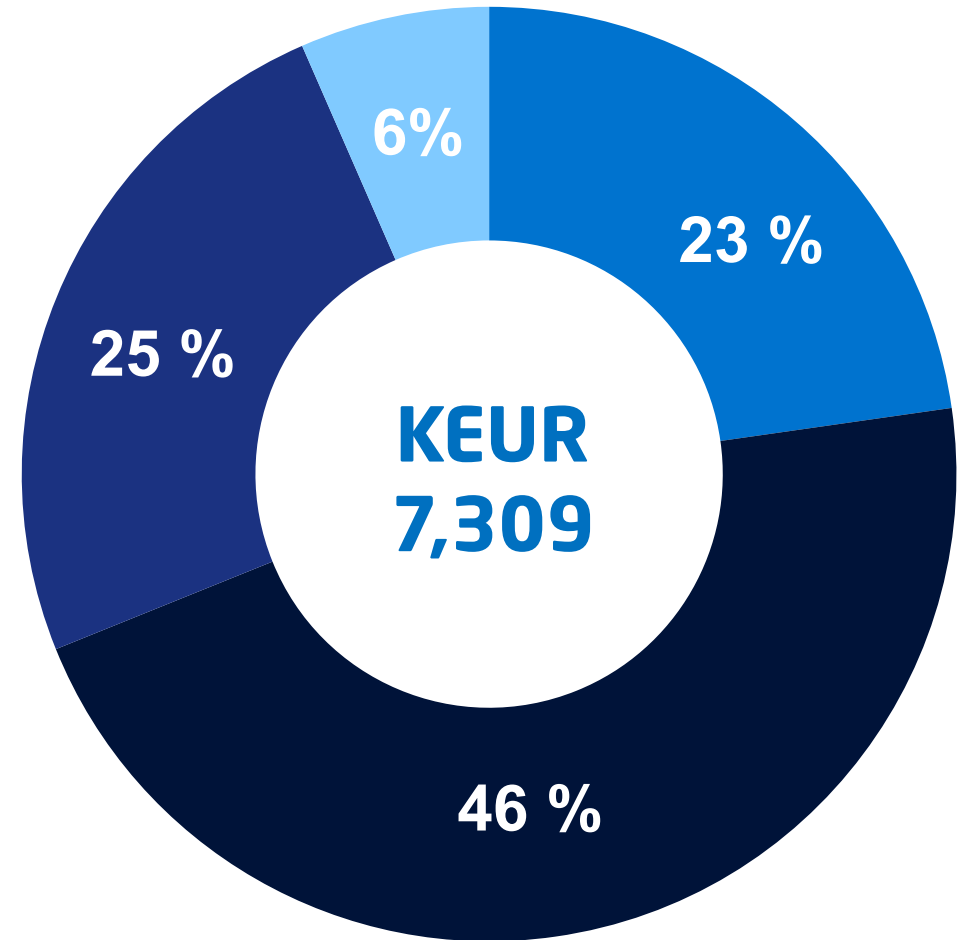
Our distribution network was expanded to new countries and new customer segments



	Q4 2019	Q4 2018	Change,%	FY2019	FY2018
Revenue	2,158	2,857	-24.4%	7,309	7,460
Gross profit 1)	1,114	2,087	-46.6%	4,200	5,053
Gross margin 2)	51.6%	73.0%		57.5%	67.7%
EBITDA	-168	648	-1.27%	-408	221
EBITDA margin	-7.8%	22.7%		-5.6%	3.0%
1) Of which grants	11	420		254	881
2) Gross margin without grants	51.1%	58.3%		54.0%	55.9%

Sales split per sales channel (2019)

- **OEM** 3,373 (2,964) +13.8%
- **China** 1,795 (2,686) -33.2%
- **Distributors** 1,662 (1,370) +21.3%
- **Other** 479 (440) +8.9%





Software segment highlights

October-December and Full Year 2019

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1.

Software segment’s performance was strong

2.

The revenue increase was driven by a successful delivery of new solution projects, maintenance and support services and growth in recurring license sales to various healthcare organizations

3.

Artificial Intelligence (AI) continues to gain clinical and commercial acceptance in ophthalmology around the world.



	Q4 2019	Q4 2018	Change,%	FY2019	FY2018
Revenue	2,171	1,831	18.6%	7,668	7,001
Gross profit	1,632	1,442	13.2%	5,744	5,344
Gross margin	75.2%	78.8%		74.9%	76.3%
EBITDA	477	320	49.1%	1,667	1,112
EBITDA margin	22.0%	17.5%		21.7%	15.9%

COVID-19 Coronavirus

- COVID-19 Coronavirus outbreak is currently on-going especially in China and it may become pandemic
- Optomed's business may be affected in the following way:
 - Chinese sales are already affected by the virus
 - Optomed cameras have components manufactured by Chinese suppliers that may limit our manufacturing
 - Chinese key customer postponed orders in Q4 2019 to H2 2020: if the outbreak continues, it may further affect the postponed orders
 - If the virus becomes pandemic, it may have an effect on Optomed's global sales
- Therefore, COVID-19 is expected to have an effect on Optomed's 2020 revenue





Outlook 2020

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Outlook 2020

We continue to progress our expansion towards the US and grow our international distributor network. Additionally, we are currently investing in the development of our first fully integrated AI camera with expected commercial launch during 2020.

Optomed expects its revenue to grow during 2020 and that the growth will focus on the second half of the year.

The COVID-19 Coronavirus outbreak may have a negative impact on the company's growth affecting both the business in China and the overall business due to the company's Chinese component suppliers. Further, in case the virus becomes pandemic the company's global sales could be negatively affected.

Financial targets

Revenue Growth

Optomed's medium-term 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%

Adjusted EBITDA

Optomed's target is to prioritise investments in the organisation to support growth in the medium-term and achieve an adjusted EBITDA margin above 30% in the long-term

Balance Sheet

- Cash, balance sheet and equity ratio strengthened by IPO, gross proceeds EUR 20 million and net proceeds of EUR 15.8 million
- Equity ratio 57.1 (26.3) percent
- Total borrowings EUR 9.9 (10.2) million of which EUR 3.2 million was repaid after the review period
- Net working capital EUR 1.3 (1.6) million
- Interest-bearing net debt -8.9 (8.2)

	31.12.2019	31.12.2018
ASSETS		
Goodwill	4,256	4,256
Development costs	5,218	5,172
Other intangible assets	3,188	3,368
Total intangible assets	12,662	12,796
Total tangible assets	1,489	1,831
Total non-current assets	14,151	14,627
Inventories	2,468	1,121
Trade and other receivables	4,125	3,399
Cash and cash equivalent	18,866	2,000
Total current assets	25,459	6,519
TOTAL ASSETS	39,611	21,146
LIABILITIES		
Total equity	22,637	5,552
Non-current liabilities	9,416	5,107
Total current assets	7,557	10,487
TOTAL EQUITY AND LIABILITIES	39,611	21,146

Cash Flow

- Cash strengthened by the IPO:
 - Gross proceeds EUR 20 million
 - Net proceeds EUR 15.8 million
- Cash flow from operating activities improved by EUR 1.9 million during Q4 due to higher trade and other payables
- Net cash from investing activities in 2018 included EUR 7.6 million related to the acquisition of Commit Oy

	Q4 2019	Q4 2018	FY2019	FY2018
Loss for the financial year	-58	449	-2,875	-1,327
Cash flows before change in net working capital	752	1,033	207	1,267
Change in net working capital	1,302	344	268	-1,134
Cash flows before finance items	2,054	1,377	475	133
Cash flows from finance items	-54	-2	-314	-209
Net cash from operating activities	2,000	1,375	161	-76
Net cash used in investing activities	-408	-178	-1,434	-8,765
Net cash from financing activities	15,547	-259	18,123	9,814
Net increase (decrease) in cash and cash equivalents	17,139	938	16,858	972
Cash and cash equivalents at the beginning of period	1,721	1,055	2,000	1,032
Cash and cash equivalents at end of period	18,866	2,000	18,866	2,000

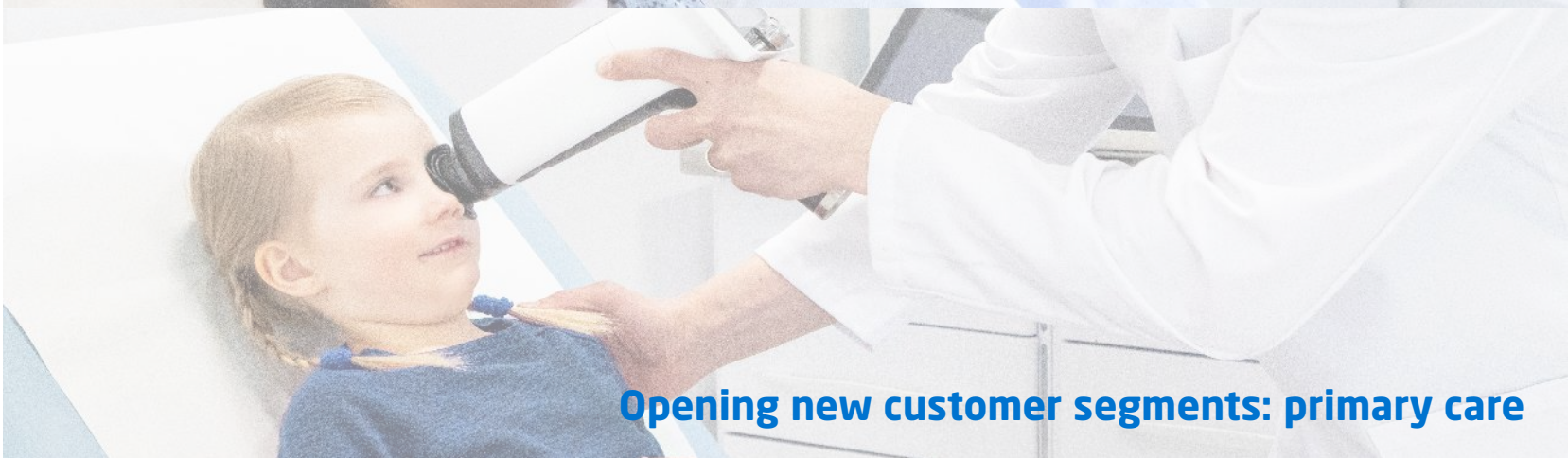
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Optomed's mission is to prevent blindness by improving access to eye screening globally

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Expansion into new geographical markets



Opening new customer segments: primary care



Bringing AI-integrated health screening to the market