

29 May 2020, Seppo Kopsala, CEO / Lars Lindqvist, CFO

Result presentation Q1/2020

OPTO MED





Highlights

January – March 2020

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1.

Market expansion to the USA has started

2.

Device segment affected by the pandemic

3.

Software segment performance was solid due to the recurring revenue model

4.

Long term prospect remain stable in spite of the pandemic

5.

The outlook 2020 announced 19 March 2020 remains as-is

Q1/2020 Financial highlights (KEUR)

| | Q1/2020 | Q1/2019 | Change % |
|---------------------------------------|--------------|--------------|----------|
| Revenue | 3,034 | 3,240 | -6.3% |
| Gross profit ¹⁾ | 1,977 | 2,518 | -21.5% |
| Gross margin ²⁾ | 65.2% | 77.7% | |
| Adjusted EBITDA | -575 | 93 | -720.9% |
| Adjusted EBITDA margin | -19.0% | 2.9% | |
| Net profit/ loss | -1,250 | -575 | -117.5% |
| Earnings per share | -0.12 | -0.06 | -90.3% |
| Cash flow from operating activities | -2,920 | -539 | -441.5% |
| <i>1) Of which grants</i> | <i>1</i> | <i>282</i> | |
| <i>2) Gross margin without grants</i> | <i>65.1%</i> | <i>69.0%</i> | |

COVID-19 Coronavirus

- COVID-19 Coronavirus outbreak has turned into a pandemic
- What does it mean to Optomed:
 - Devices segment sales are affected whereas the Software sales are protected by the recurring revenue model
 - Precautions taken to protect its currently strong cash position:
 - temporary lay-offs
 - various other cost cuts
 - Revenue expected to decrease as compared to 2019
 - Recovery is expected to start from China by the end of the year
 - Long term prospects remain solid



USA market entry

- Canadian medical devices license received for Optomed's handheld fundus camera
 - Previously, the similar medical devices license (FDA) has been granted to the US market
 - The Canadian registration now allows commercial activities throughout North America
- Optomed USA Inc established
- US-based Executive President Jean-Christophe Firer engaged to lead the American operations
- The scope and speed of the market entry actions have been adjusted to reflect the current COVID-19 market reality





Devices segment highlights

January – March 2020

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1.

Revenue decreased mainly due to the COVID-19 pandemic

2.

Gross margin decreased due to:

- governmental grants of EUR 217 thousand received in 2019
- sourcing arrangements to protect the manufacturing capability
- increased OEM share of revenue

3.

EBITDA decreased due to lower revenue and gross margin. The effect was partly compensated by lower operating expenses

| | Q1/2020 | Q1/2019 | Change,% |
|----------------------|---------|---------|----------|
| Revenue | 974 | 1,210 | -19.5% |
| Gross profit | 396 | 996 | -60.2% |
| Gross margin | 40.7% | 82.2% | |
| EBITDA | -421 | -233 | 80.6% |
| EBITDA margin | -43.2% | -19.3% | |

Software segment highlights

January – March 2020

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1.

Software segment's performance was solid in tough environment

2.

Stable recurring business with the current customer base protected the segment's revenue

3.

2019 gross margin included grants of EUR 65 thousand

| | Q1/2020 | Q1/2019 | Change,% |
|----------------------|---------|---------|----------|
| Revenue | 2,060 | 2,030 | 1.5% |
| Gross profit | 1,581 | 1,523 | 3.8% |
| Gross margin | 76.7% | 75.1% | |
| EBITDA | 481 | 514 | -6.4% |
| EBITDA margin | 23.3% | 25.3% | |



Outlook 2020

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Outlook 2020

We continue to progress our expansion towards the US market 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 decline during 2020.

The COVID-19 pandemic has a negative effect on Optomed's growth and business in 2020.

(Announced 19 March 2020)

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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

- Equity ratio 66.0 (23.9) percent
- Total borrowings EUR 6.6 (10.3) million of which EUR 3.2 million was repaid after the review period
- Net working capital EUR 3.5 (2.1) million
- Interest-bearing net debt -5.6 (9.3)

| | 31.3.2020 | 31.3.2019 |
|-------------------------------------|---------------|---------------|
| <u>ASSETS</u> | | |
| Goodwill | 4,256 | 4,256 |
| Development costs | 5,311 | 5,201 |
| Other intangible assets | 3,090 | 3,360 |
| Total intangible assets | 12,657 | 12,817 |
| Total tangible assets | 1,369 | 1,678 |
| Total non-current assets | 14,026 | 14,495 |
| Inventories | 2,773 | 1,632 |
| Trade and other receivables | 3,659 | 3,563 |
| Cash and cash equivalent | 12,145 | 1,066 |
| Total current assets | 18,577 | 6,261 |
| TOTAL ASSETS | 32,603 | 20,757 |
| <u>LIABILITIES</u> | | |
| Total equity | 21,509 | 4,970 |
| Non-current liabilities | 7,571 | 4,596 |
| Total current liabilities | 3,523 | 11,191 |
| TOTAL EQUITY AND LIABILITIES | 32,603 | 20,757 |

Cash Flow

- Cash flow from operating activities amounted to EUR -2.9 (-0.5) million of which the decrease in payables of EUR 2.4 million mainly relates to the previous year IPO fees and expenses that was concluded in late December
- Net cash from financing activities amounted to EUR -3,452 (-4) and are mainly related to loan restructuring.

| | Q1 2020 | Q1 2019 |
|---|---------------|--------------|
| Loss for the financial year | -1,250 | -575 |
| Cash flows before change in net working capital | -509 | -24 |
| Change in net working capital | -2,212 | -447 |
| Cash flows before finance items | -2,721 | -470 |
| Cash flows from finance items | -199 | -69 |
| Net cash from operating activities | -2,920 | -539 |
| Net cash used in investing activities | -354 | -399 |
| Net cash from financing activities | -3,452 | -4 |
| Net increase (decrease) in cash and cash equivalents | -6,727 | -942 |
| Cash and cash equivalents at the beginning of period | 18,866 | 2,000 |
| Cash and cash equivalents at end of period | 12,145 | 1,066 |

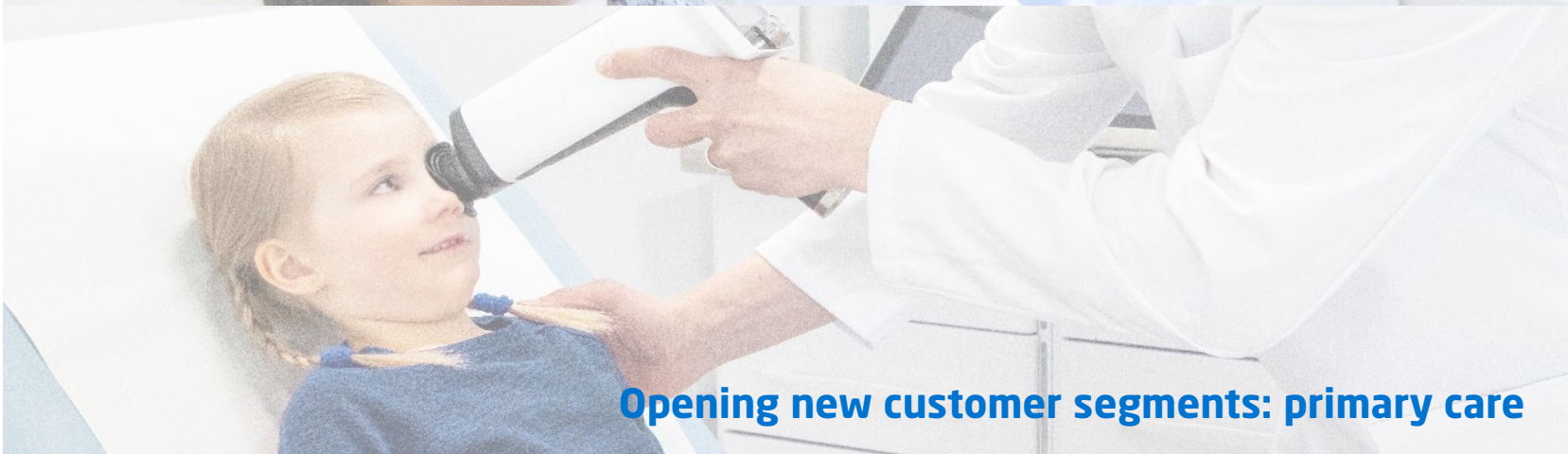
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Optomed's mission is to prevent blindness by improving access to eye screening globally

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Expansion into new geographical markets



Opening new customer segments: primary care



Bringing AI-integrated health screening to the market