

27 August 2020, Seppo Kopsala, CEO / Lars Lindqvist, CFO

Result presentation Q2/2020

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Highlights

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1.

Deliveries to a major Chinese customer resumed in June

2.

Active measures supported EBITDA when revenue declined

3.

Solid software segment performance due to the recurring revenue model

4.

Devices segment's revenue decreased due to Covid-19

5.

Long term prospects remain unchanged in spite of the pandemic

6.

The outlook 2020 announced on 19 March 2020 remains as-is

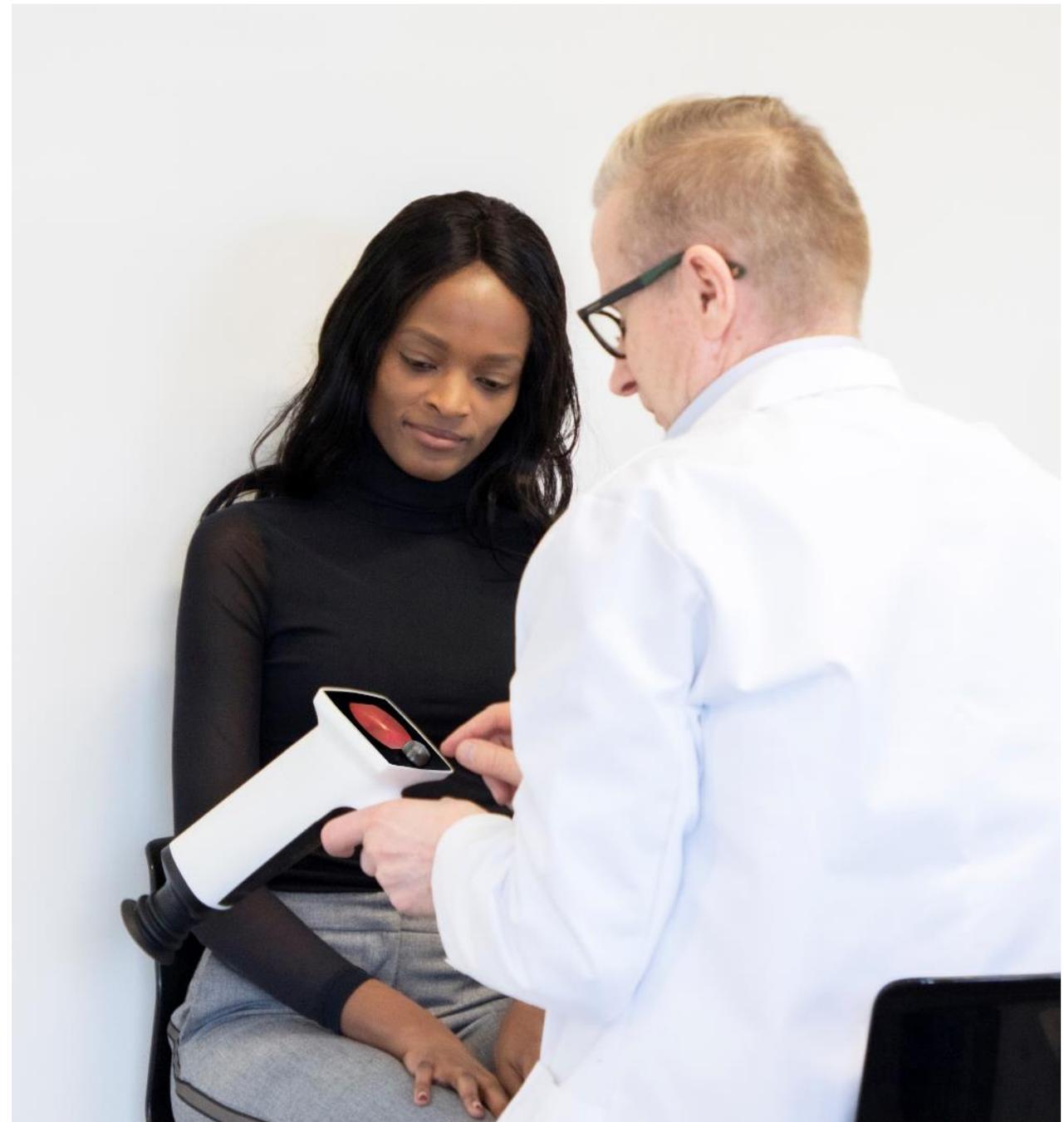
Focus areas

China:

- Deliveries to our major Chinese customer resumed
- A Chinese medical device regulatory approval (CFDA) for a new camera product was received

USA:

- The US market entry is progressing as planned
- The scope and speed of the entry are continuously adjusted to reflect the current COVID-19 situation in the US



COVID-19 Coronavirus

- COVID-19 Coronavirus pandemic continues
- What does it mean to Optomed:
 - Devices segment sales continue to be affected as the market standard sales model is face-to-face: adjusting to virtual sales efforts
 - OEM customers have decreased their inventories by postponing orders: possibility for a bounce-back when the inventories are refilled
 - The Software sales are protected by the recurring revenue model
 - Proactive measures have supported the cash flow and cash position successfully while maintaining capability to respond swiftly to recovering market
 - Long-term prospects remain unchanged

Q2/2020 Financial highlights (KEUR)

	Q2/2020	Q2/2019	Change
Revenue	2,597	3,858	-32.7%
Gross profit ¹⁾	1,907	2,647	-28.0%
Gross margin ²⁾	73.4%	68.6%	4.8 bps
Adjusted EBITDA	-325	85	-483.7%
Adjusted EBITDA margin	-12.5%	2.2%	-10.3 bps
Net profit/ loss	-976	-987	1.1%
Earnings per share	-0.08	-0.11	24.4%
Cash flow from operating activities	107	-770	113.9%
<i>1) Of which grants</i>	87	189	
<i>2) Gross margin without grants</i>	70.0%	63.7%	6.3 bps

H1/2020 Financial highlights (KEUR)

	H1/2020	H1/2019	Change
Revenue	5,631	7,097	-20.7%
Gross profit ¹⁾	3,884	5,165	-24.8%
Gross margin ²⁾	69.0%	72.8%	3.8 bps
Adjusted EBITDA	-900	177	-607.6%
Adjusted EBITDA margin	-16.0%	2.5%	-18.5 bps
Net profit/ loss	-2,226	-1,561	-42.5%
Earnings per share	-0.19	-0.17	-8.9%
Cash flow from operating activities	-2,814	-1,309	-115.0%
<i>1) Of which grants</i>	89	478	
<i>2) Gross margin without grants</i>	67.4%	66.0%	1.4 bps

A person is shown from the chest up, holding a handheld medical device to their eye. The device has a lens and a handle. The entire image is overlaid with a semi-transparent blue filter. The text "Devices segment highlights" is centered over the image in a white, bold, sans-serif font.

Devices segment highlights

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1.

COVID-19 affects the revenue as the market standard sales model is face-to-face and OEMs have decreased their inventories

2.

Deliveries to a major Chinese customer resumed in June and are expected to continue

3.

Swift actions supported EBITDA when revenue declined

	Q2/2020	Q2/2019	Change
Revenue	848	2,078	-59.2%
Gross profit	543	1,324	-58.9%
Gross margin	64.1%	63.7%	0.4 bps
EBITDA	-121	148	-181.6%
EBITDA margin	-14.2%	7.1%	-7.1 bps

Software segment highlights

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1.

Stable recurring business with the current customer base continues to protect the segment's revenue

2.

Postponements in DR screenings, other examinations and deliveries of new eye screening solutions continue

3.

EBITDA margins improved and are on a healthy level

	Q2/2020	Q2/2019	Change
Revenue	1,749	1,780	-1.8%
Gross profit	1,363	1,323	3.0%
Gross margin	78.0%	74.3%	3.7 bps
EBITDA	366	250	46.1%
EBITDA margin	20.9%	14.1%	6.8 bps



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.

(Unchanged, 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 of 66.0 (31.2) percent
- Total borrowings of EUR 6.6 (10.0) million. EUR 3.2 million was repaid in the end of the first quarter 2020
- Net working capital of EUR 3.2 (2.7) million
- Interest-bearing net debt of -5.2 (7.4) million

	30.6.2020	30.6.2019
<u>ASSETS</u>		
Goodwill	4,256	4,256
Development costs	5,273	5,230
Other intangible assets	2,999	3,260
Total intangible assets	12,528	12,746
Total tangible assets	1,259	1,489
Total non-current assets	13,787	14,236
Inventories	2,850	1,985
Trade and other receivables	2,970	4,302
Cash and cash equivalent	11,742	2,607
Total current assets	17,562	8,894
TOTAL ASSETS	31,349	23,130
<u>LIABILITIES</u>		
Total equity	20,676	7,213
Non-current liabilities	7,476	10,758
Total current liabilities	3,197	5,158
TOTAL EQUITY AND LIABILITIES	31,349	23,130

Cash flow

- Cash flow from operating activities amounted to EUR 0.1 (-0.8) million
- Net cash from financing activities amounted to EUR -0.4 (2.6) million. Second quarter 2019 include proceeds from share subscription of EUR 3.0 million
- Strong cash position largely unchanged in Q2 2020, providing a significant buffer for the future

	Q2 2020	Q2 2019
Loss for the financial year	-976	-987
Cash flows before change in net working capital	-254	-33
Change in net working capital	393	-665
Cash flows before finance items	139	-698
Cash flows from finance items	-32	-72
Net cash from operating activities	107	-770
Net cash used in investing activities	-411	-301
Net cash from financing activities	-92	2,629
Net increase (decrease) in cash and cash equivalents	-397	1,546
Cash and cash equivalents at the beginning of period	12,145	1,066
Cash and cash equivalents at end of period	11,742	2,607

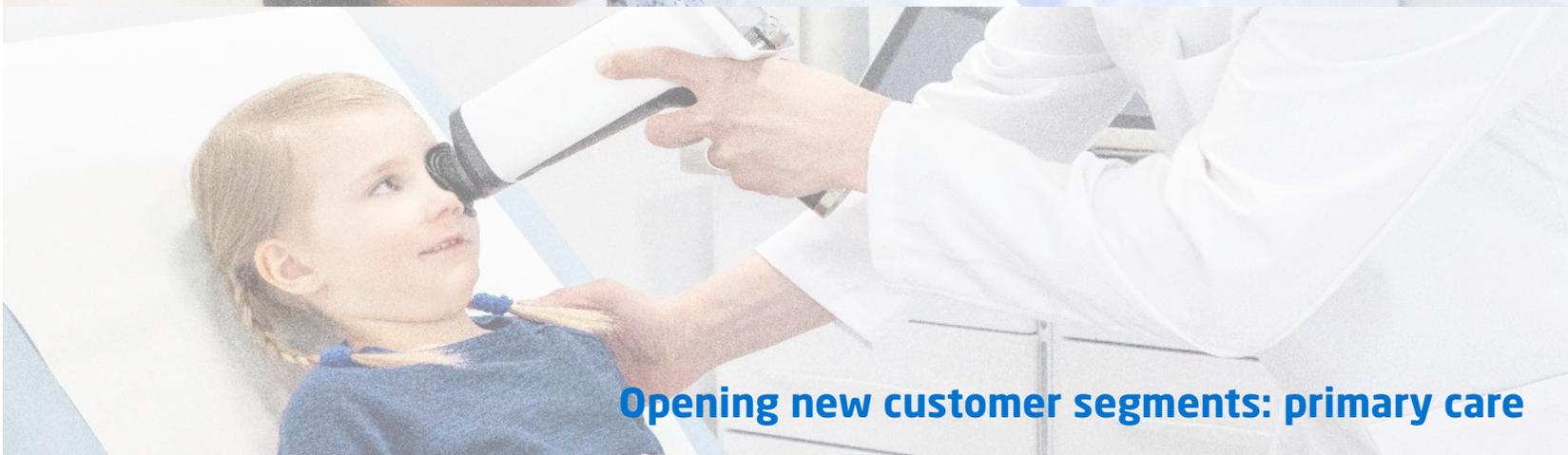
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Optomed's mission is to prevent blindness by improving access to eye screening globally

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Expansion into new geographical markets



Opening new customer segments: primary care



Bringing AI-integrated health screening to the market

Appendix

Devices Segment H1/2020 financials

	H1/2020	H1/2019	Change %
Revenue	1,822	3,288	-44.6%
Gross profit	940	2,319	-59.5%
Gross margin	51.6%	70.5%	-18.9 bps
EBITDA	-542	-85	-534.1%
EBITDA margin	-29.7%	-2.6%	-27.1 bps

Software Segment H1/2020 financials

	H1/2020	H1/2019	Change %
Revenue	3,809	3,809	0.0%
Gross profit	2,944	2,846	3.5%
Gross margin	77.3%	74.7%	2.6 bps
EBITDA	847	764	10.9%
EBITDA margin	22.2%	20.1%	2.1 bps

Cash flow H1/2020

	H1 2020	H1 2019
Loss for the financial year	-2,226	-1,561
Cash flows before change in net working capital	-763	-57
Change in net working capital	-1,819	-1,111
Cash flows before finance items	-2,582	-1,168
Cash flows from finance items	-232	-141
Net cash from operating activities	-2,814	-1,309
Net cash used in investing activities	-766	-713
Net cash from financing activities	-3,544	2,628
Net increase (decrease) in cash and cash equivalents	-7,124	606
Cash and cash equivalents at the beginning of period	18,866	2,000
Cash and cash equivalents at end of period	11,742	2,607

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CORPORATION

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