



Half-year financial report

January - June 2021



Optomed Plc: Half-year financial report, January – June 2021

April – June 2021

- Revenue increased by 54.5 percent to EUR 4,012 (2,597) thousand.
- Devices segment revenue increased by 123.5 percent to EUR 1,896 (848) thousand.
- Software segment revenue increased by 21.0 percent to EUR 2,116 (1,749) thousand
- Adjusted EBITDA amounted to EUR 177 (-325) thousand corresponding to 4.4 (-12.5) percent of revenue.
- The very strong revenue growth compared to the weak COVID-19 affected comparison period was driven by solid performance in China and increased demand for handheld cameras and software solutions also in other key markets

January – June 2021

- Revenue increased by 41.3 percent to EUR 7,956 (5,631) thousand.
- Adjusted EBITDA amounted to EUR -138 (-900) thousand corresponding to -1.7 (-16.0) percent of revenue
- Collaboration with a new strategic distribution partner, China National Pharmaceutical Group Co., Ltd (Sinopharm) started during the first quarter

Key figures

EUR, thousand	Q2/2021	Q2/2020	Change, %	H1/2021	H1/2020	Change, %	2020
Revenue	4,012	2,597	54.5%	7,956	5,631	41.3%	13,011
Gross profit *	3,324	1,907	74.3%	5,901	3,884	51.9%	8,955
Gross margin % *	82.9%	73.4%		74.2%	69.0%		68.8%
EBITDA	177	-325	154.5%	-138	-900	84.7%	-733
EBITDA margin *, %	4.4%	-12.5%		-1.7%	-16.0%		-5.6%
Adjusted EBITDA *	177	-325	154.5%	-138	-900	84.7%	-733
Adjusted EBITDA margin *, %	4.4%	-12.5%		-1.7%	-16.0%		-5.6%
Operating result(EBIT)	-859	-973	11.7%	-1,710	-2,034	15.9%	-2,906
Operating margit (EBIT) *, %	-21.4%	-37.5%		-21.5%	-36.1%		-22.3%
Adjusted operating result(EBIT) *	-859	-973	11.7%	-1,710	-2,034	15.9%	-2,906
Adjusted operating margin (EBIT margin) *, %	-21.4%	-37.5%		-21.5%	-36.1%		-22.3%
Net profit/ loss	-864	-976	11.5%	-1,480	-2,226	33.5%	-3,177
Earnings per share	-0.06	-0.08	22.5%	-0.11	-0.19	41.7%	-0.24
Cash flow from operating activities	-1,403	107	-1,408.0%	-1,659	-2,814	41.0%	-2,801
Net Debt	-2,042	-5,165	-60.5%	-2,042	-5,165	-60.5%	-4,090
Net debt/ Adjusted EBITDA (LTM)	-68.7	4.1		-68.7	4.1		5.6
Equity ratio *	64.5%	66.0%		64.5%	66.0%		64.6%
R&D expenses personnel	490	338	44.9%	968	763	27.0%	1,406
R&D expenses other costs	161	31	422.1%	310	121	157.0%	253
Total R&D expenses	651	369	76.4%	1,279	884	44.7%	1,659

*) Alternative performance measures, see section Alternative Performance Measures for definitions and calculations.

CEO comments

Very strong growth continued

Optomed's revenue continued to grow very strongly during the second quarter. The Devices segment revenue increased by 124% especially driven by favourable performance in China. Also, other key markets of the Devices segment grew well. The comparison period was weak due to the Covid-19 pandemic. The Software segment revenue also grew very strongly by 21% during the quarter. Overall, the Group's revenue increased by 55%. The megatrends favorable for the company, such as the increase in the total number of eye screenings and their increased prevalence also in primary health care, as well as the increase in telemedicine services, have remained unchanged.

Revenue increased during the review period in almost all our sales channels, although the Covid-19 pandemic continues to negatively impact our traditional distribution channels in several countries. During the quarter, we saw significant growth in both Optomed's own-branded products as well as our OEM orders. Our international eye screening solution projects also progressed favorably in both Asia and the Middle East.

During the first quarter of the year, we started collaborating with a new strategic distribution partner in China. This new partner, China National Pharmaceutical Group Co., Ltd. (Sinopharm), is one of the world's leading healthcare companies. In addition to Optomed's cameras, Sinopharm is also a reseller for Optomed's long-term strategic customer, Phoebus Medical Technology Co., Ltd. (Phoebus) for their telemedicine services in China. Optomed sells cameras to Phoebus to be used as part of a complete solution that includes Optomed handheld cameras and Phoebus' telemedicine software and services. Sinopharm acts as a distribution channel for this complete solution. The agreement is an exclusive, China-wide distribution agreement. Through this cooperation, our goal is to significantly increase the coverage of our distribution in China and thereby grow our business. We delivered a significant number of new devices to these partners during the quarter, and the current focus is on training their sales and marketing staff. Initiating such a collaboration with a large healthcare company is often time consuming, and we expect this start-up phase to take approximately 12 to 18 months and incur reasonable non-recurring costs for Optomed throughout this period. The long-term potential and business growth can realistically be assessed at the end of the start-up phase. Due to the same reason, it is still hard to estimate what our second half of 2021 will look like.

In the United States, we have continued to sell our products through our own direct sales organization and focused on establishing a distribution network as planned. The demand for our products remained strong and revenue continued to grow in line with our expectations.

During the quarter we launched a disposable eye cup for our handheld cameras, as well as two traditional desktop cameras to complement our screening solutions portfolio. All of these products are expected to increase Optomed's long-term growth and improve profitability, but we are not expecting these launches to have a significant impact yet in 2021.

Optomed has continued the significant investments we started during the first quarter in expanding our sales channels, focusing on clinical research, and developing and launching new products. These investments are reflected in higher expenses in the current and coming quarters. Our most significant strategic development projects are the ongoing clinical trials to gain FDA clearance for artificial intelligence solutions for diabetic retinopathy screening in the US market, the validation and commercialization of other new artificial intelligence algorithms in Europe and other key markets, and development and subsequent market launches of new eye diagnostics devices in the coming years.

We are pleased with the progress we have made during the second quarter.

Seppo Kopsala
CEO

Outlook 2021

Optomed expects its full year 2021 revenue to grow strongly compared to 2020.

Telephone conference

A telephone conference for analysts, investors and media will be arranged on 5 August 2021 at 11.00 EEST, (10:00 CEST). The event will be held in English. The presentation material will be available at www.optomed.com/investors 10.00 EEST at the latest.

The participants are requested to register for the call-in advance by email to sakari.knuutti@optomed.com.

Please see the call-in numbers below:

FI +358 9 856 263 00
SE +46 8 505 218 52
UK +44 20 3321 5273
US +1 646 838 1719
FR +33 1 70 99 53 92

The conference id is 703 421 921#.

Please note that by dialing into the conference call, the participant agrees that personal information such as name and company name will be collected.

Group performance

April – June 2021

In April-June 2021, Group revenue increased by 54.5 percent to EUR 4,012 (2,957) thousand. The main driver for revenue growth against the weak Covid-19 affected comparison period of 2020 was the Devices segment's solid performance in China, but also other markets of the Devices segment showed good progress. The Devices segment's revenue increased by 123.5 percent. The Software segment's strong performance continued, and revenue increased by 21.0 percent mainly driven by stable recurring business from existing customers. Global screening solution projects continued well in Asia and the Middle-East. The clinical trials with the aim to the FDA approval for Aurora AEYE, a handheld camera with autonomous AI for retinal screening, are progressing as planned. During the quarter, we also launched two third-party desktop fundus cameras as a part of our screening solutions portfolio. Customers often demand both products, the more traditional desktop cameras and handheld cameras. As Optomed does not have its own desktop cameras, the company has complemented its product portfolio by acquiring desktop cameras with a private label agreement. The cameras are competitive and of high quality, and they integrate with Optomed's software and artificial intelligence solutions. Offering also these complementary products is expected to increase the demand and number of users of Optomed's complete screening solutions, but they are not expected to have a significant impact on revenue or earnings in the short term.

The gross margin increased to 82.9 from 73.4 percent of last year. The gross margin was positively affected by a waived loan of EUR 538 thousand from Business Finland related to a terminated product development project for the Devices segment. The waived loan has been booked as grants. The Company received grants and other operating income EUR 624 (87) thousand, which increased the gross margin of both periods. The gross margin for the second quarter of 2021 adjusted for grants and other operating income would have been 67.3 percent compared to 70.0 percent in 2020.

EBITDA amounted to EUR 177 (-325) thousand. The main reason for the improved EBITDA is the EUR 538 thousand waived loan. The higher gross profit in the second quarter 2021 compared to 2020 was offset by higher operating expenses as 2020 was strongly affected by the COVID-19 pandemic and the related cost savings actions taken by the Company. EBIT was EUR -859 (-973) thousand. EBIT was affected by the amortization of the terminated product development program amounting to EUR 482 thousand.

Net financial items amounted to EUR -25 (-22) thousand and consisted mainly of interest payments to financial institutions and the translation effect of Chinese RMB and USD to EUR.

January – June 2021

In January-June 2021, Group revenue increased by 41.3 percent to EUR 7,956 (5,631) thousand, driven mainly by the same reasons as for the second quarter. The Devices segment's revenue increased by 83.4 percent and the Software segment's revenue increased by 21.1 percent.

The gross margin increased to 74.2 percent from 69.0 percent last year. The Company's other operating income includes governmental grants of EUR 704 (71) thousand in the first half of 2021 and 2020, which increased the gross margin of both periods. The gross margin for the first half of 2021 adjusted for the total amount of the grants and other operating income would have been 65.3 percent compared to 67.4 percent in 2020.

EBITDA amounted to EUR -138 (-900) thousand and EBIT was EUR -1,710 (-2,034) thousand.

Net financial items amounted to EUR 191 (-231) thousand and consisted mainly of interest payments to financial institutions and the translation effect of Chinese RMB to EUR. The positive variance versus 2020 are related to exchange rate profit mainly in the first quarter of the year.

Cash flow and financial position

In April-June 2021, the cash flow from operating activities amounted to EUR -1,403 (107) thousand. Net cash used in investing activities was EUR -489 (-411) thousand and relates to capitalized development expenses. Net cash from financing activities amounted to EUR -6 (-92).

Consolidated cash and cash equivalents at the end of the period amounted to EUR 7,818 (11,742) thousand. Interest-bearing net debt totalled EUR -2,042 (-5,165) thousand at the end of the period.

Net working capital was EUR 4,804 (3,218) thousand at the end of the period. This increase in working capital is due to higher product delivery volumes and increased trade receivables, especially in China.

Devices segment

Optomed has two synergistic business segments: Devices and Software.

The Devices segment develops, commercializes and manufactures easy-to-use, and affordable handheld fundus cameras, that are suitable for any clinic for screening of various eye diseases, such as diabetic retinopathy, glaucoma and AMD (Age Related Macular Degeneration).

EUR, thousand	Q2/2021	Q2/2020	Change,%	H1/2021	H1/2020	Change,%	2020
Revenue	1,896	848	123.5 %	3,343	1,822	83.4 %	5,097
Gross profit *	1,811	543	233.2 %	2,653	940	182.4 %	2,862
Gross margin% *	95.5%	64.1%		79.4%	51.6%		56.1%
EBITDA	593	-121	591.1 %	362	-542	166.9 %	-251
EBITDA margin *,%	31.3%	-14.2%		10.8%	-29.7%		-4.9%
Operating result (EBIT)	-292	-617	52.6 %	-907	-1,375	34.0 %	-1,820
Operating margin (EBIT) *,%	-15.4%	-72.7%		-27.1%	-75.4%		-35.7%

**) Alternative performance measures, see section Alternative Performance Measures for definitions and calculations.*

April-June 2021

In April-June 2021, the Devices segment revenue increased by 123.5 percent to EUR 1,896 (848) thousand against a weak COVID-19 affected second quarter of last year. The increase was mainly driven by solid performance in China, but also other key markets and sales channels showed good progress.

The gross margin increased to 95.5 percent from 64.1 percent in the previous year due to the waived loan mentioned earlier. The Devices Segment's other operating income was EUR 623 (71) thousand in the second quarter, which increased the gross margin of both periods. In the second quarter of 2021 the gross margin adjusted for grants and the total amount of other operating income would have been 62.6 percent compared to 55.7 percent in 2020.

EBITDA was EUR 593 (-121) thousand or 31.3 (-14.2) percent of revenue. The key driver for the increase in EBITDA was the increase in revenue and gross margin, and higher operating expenses while the comparison period last year was affected by the COVID-19 related savings.

January-June 2021

In January-June 2021, the Devices segment revenue increased by 83.4 percent to EUR 3,343 (1,822) thousand, mainly driven by the same reasons as for the second quarter.

The gross margin increased to 79.4 percent from 51.6 percent in the previous year. The Company received governmental grants of EUR 704 (71) thousand in. In 2021, the first half year gross margin adjusted for other operating income would have been 58.3 percent compared to 47.6 percent in 2020. The first quarter of 2020 was affected by sourcing arrangements and purchases of certain key components, which were carried out to secure our manufacturing capability in the current COVID-19 situation.

EBITDA was EUR 362 (-542) thousand or 10.8 (-29.7) percent of revenue. The reason for the increase in EBITDA was mainly the same as for the second quarter.

Software segment

Optomed has two synergistic business segments: Devices and Software.

The Software segment develops and commercializes screening software for diabetic retinopathy and cancer screening for healthcare organizations. The segment also distributes off-the-shelf products from selected partners to supplement its own solutions and expertise and provides software consultation to support the Devices segment screening solution projects.

EUR, thousand	Q2/2021	Q2/2020	Change,%	H1/2021	H1/2020	Change,%	2020
Revenue	2,116	1,749	21.0 %	4,613	3,809	21.1 %	7,913
Gross profit *	1,513	1,363	11.0 %	3,248	2,944	10.3 %	6,093
Gross margin % *	71.5 %	78.0 %		70.4 %	77.3 %		77.0 %
EBITDA	248	366	-32.3 %	788	847	-6.9 %	1,926
EBITDA margin *, %	11.7 %	20.9 %		17.1 %	22.2 %		24.3 %
Operating result (EBIT)	97	213	-54.4 %	486	546	-11.2 %	1,323
Operating margin (EBIT) *, %	4.6 %	12.2 %		10.5 %	14.3 %		16.7 %

**) Alternative performance measures, see section Alternative Performance Measures for definitions and calculations.*

April – June 2021

In April-June 2021, The Software segment's strong performance continued, and revenue increased by 21.0 percent mainly driven by stable recurring business from existing customers. Global screening solution projects continued well in Asia and the Middle-East. The gross margin included other operating income of EUR 16 thousand in 2020. EBITDA stood at EUR 248 (366) thousand or 11.7 (20.9) percent of revenue, respectively. The profitability was affected by additional recruitments and development work made to support the long-term growth.

January – June 2021

In January-June 2021, the Software segment revenue increased by 21.1 percent to EUR 4,613 (3,809) thousand, mainly driven by the same reasons as for the second quarter. The gross margin included other operating income of EUR 16 thousand in 2020. EBITDA was EUR 788 (847) thousand or 17.1 (22.2) percent of revenue.

Group-wide expenses

Group-wide expenses relate to functions supporting the entire group such as treasury, group accounting, legal, HR, and IT.

April – June 2021

Group-wide operating expenses amounted to EUR 664 (570). The increase is mainly related to last year's saving program related to the COVID-19 pandemic.

January – June 2021

Group-wide operating expenses amounted to EUR 1,288 (1,205). The increase is related to the same reasons as for the second quarter, i.e. last year's saving program related to the COVID-19 pandemic.

Personnel

Number of personnel at the end of the reporting period.

	6/2021	6/2020
Devices	55	47
Software	41	41
Group common	19	15
Total	115	103

Corporate Governance

Optomed complies with Finnish laws and regulations, Optomed's Articles of Association, the rules of Nasdaq Helsinki and the Finnish Corporate Governance Code 2020 issued by the Securities Market Association of Finland. The code is publicly available at <http://cgfinland.fi/en/>. Optomed's corporate governance statement 2020 is available on the company website www.optomed.com/investors/.

Annual General Meeting

On 28 April 2021, Optomed held its Annual General Meeting (AGM) that adopted the financial statements 2020 and the remuneration report for governing bodies and discharged the members of the Board of Directors and the CEO from liability for 2020. The AGM resolved that no dividend will be paid for the year 2020.

The number of members of the Board of Directors was confirmed as five:

- Seppo Mäkinen, Petri Salonen, Reijo Tauriainen and Anna Tenstam were re-elected as members of the Board
- Xisi Guo was elected as a new member of the Board.

The Annual General Meeting confirmed the annual Board remuneration as follows:

- Chairman of the Board EUR 36,000
- members of the Board EUR 18,000.

In addition, a meeting fee in the amount of EUR 500 is paid to the Chairman of the Audit Committee for each Audit Committee meeting. 40 percent of the Board remuneration is paid in Optomed shares and 60 percent in cash. The remuneration will be paid once a year in August, after Optomed's H1 report has been announced.

The AGM decided to elect KPMG Oy Ab, a firm of authorized public accountants, as the Company's auditor. KPMG Oy Ab has informed the Company that Authorized Public Accountant Tapio Raappana will continue as the auditor with principal responsibility.

The AGM approved the authorization for the Board of Directors to repurchase Optomed's own shares and to accept them as pledge. Altogether no more than 1,400,314 shares may be repurchased or accepted as pledge. The authorization will be valid until the earlier of the end of the next Annual General Meeting or 18 months from the resolution of the Annual General Meeting.

The General Meeting authorized the Board of Directors to decide on the issuance of shares as well as the issuance of option rights and other special rights entitling to shares referred to in Chapter 10, Section 1 of the Finnish Companies Act. The number of shares to be issued based on this authorization may not exceed 1,400,314. The Board of Directors is authorized to resolve on all terms and conditions of the issuance of shares and special rights entitling to shares, including the right to derogate from the pre-emptive right of the shareholders. The authorization will be valid until the earlier of the end of the next Annual General Meeting or 18 months from the resolution of the Annual General Meeting.

Decisions of the Board of Directors:

At its meeting held after the Annual General Meeting, the Board of Directors elected from among its members Petri Salonen as its Chairman. The committee members were elected as follows:

Audit Committee:

- Reijo Tauriainen (Chairman)
- Seppo Mäkinen
- Anna Tenstam

Remuneration Committee:

- Seppo Mäkinen (Chairman)
- Reijo Tauriainen
- Anna Tenstam

Shares and shareholders

The company has one share series with all shares having the same rights. At the end of the review period Optomed Plc's share capital consisted of 14,003,144 shares and the company held 609,678 shares in the treasury which approximately corresponds to 4.4 percent of the total amount of the shares and votes. Additional information with respect to the shares, shareholding and trading can be found on the company's website www.optomed.com/investors/.

Risks and uncertainties

The key risks and uncertainties are described in the company's annual report 2020 which was published on 12 March 2021. The complete report is available at <https://www.optomed.com/investors/>. The risk position of Optomed has not changed since then.

Flagging notifications

On 17 February 2021, the total holdings of treasury shares held by Optomed Plc decreased to 4.61 per cent of all the registered shares.

On 8 April 2021, the total holdings in Optomed shares and votes held by OP-Rahastoyhtiö Oy increased to 5.46 per cent of all of the registered shares in Optomed.

On 28 April 2021, the total holdings in Optomed shares and votes held by BI Asset Management Fondsmægler-selskab A/S increased to 5.69 per cent of all of the registered shares in Optomed.

On 25 May 2021, the total holdings in Optomed shares and votes held by Robert Bosch Venture Capital GmbH decreased to below 5.00 per cent of all of the registered shares in Optomed.

Other events

On 7 May 2021

Optomed announced that it has received medical devices registration for its Aurora camera in Brazil.

On 14 May 2021

Optomed announced that it has been selected as a partner to develop Pihlajalinna's imaging archive and distribution system.

On 4 June 2021

Optomed announced that it launches disposable eye cup for its handheld cameras.

Audit review

This financial report has not been audited by the company's auditors.

Financial reporting in 2021

4 November

Interim Report for 1 January – 30 September 2021

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About Optomed

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.

Alternative Performance Measures

Optomed uses certain alternative performance measures (APMs) with the purpose to provide a better understanding of how the business develops. These APMs, as defined, cannot be fully compared with other companies' APMs.

Alternative Performance Measures	Definition
Gross profit	Revenue + Other operating income – Materials and services expenses
Gross margin, %	Gross profit / Revenue
EBITDA	Operating result before depreciation, amortisation and impairment losses
EBITDA margin, %	EBITDA / Revenue
Operating result	Profit/loss after depreciation, amortisation and impairment losses
Operating margin, %	Operating result / Revenue
Adjusted operating result	Operating result excluding items affecting comparability
Adjusted operating margin, %	Adjusted operating result / Revenue
Adjusted EBITDA	EBITDA excluding items affecting comparability
Adjusted EBITDA margin %	Adjusted EBITDA / Revenue
Items affecting comparability	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.
Net Debt	Interest-bearing liabilities (borrowings from financial institutions, government loans and subordinated loans) – cash and cash equivalents (excl. lease liabilities according to IFRS 16)
Net Debt / Adjusted EBITDA (LTM), times	Net Debt / Adjusted EBITDA (for the last twelve months, LTM)
Earnings per share	Net result / Number of outstanding shares
Equity ratio, %	Total equity / Total assets
R&D expenses	Employee benefit expenses for R&D personnel and other operational expenses related to R&D activities

Reconciliation of Alternative Performance Measures

In thousands of euro	Q2/2021	Q2/2020	H1/2021	H1/2020	2020
Revenue	4,012	2,597	7,956	5,631	13,011
Other operating income	624	87	705	89	157
Material and services	-1,311	-777	-2,761	-1,836	-4,213
Gross profit	3,324	1,907	5,901	3,884	8,955
Operating profit/loss (EBIT)	-859	-973	-1,710	-2,034	-2,906
Items affecting comparability					
Adjusted EBIT	-859	-973	-1,710	-2,034	-2,906
Depreciation, amortization and impairment losses	1,036	648	1,572	1,134	2,173
Adjusted EBITDA	177	-325	-138	-900	-733

Consolidated income statement

In thousands of euro	Q2/2021	Q2/2020	H1/2021	H1/2020	2020
Revenue	4,012	2,597	7,956	5,631	13,011
Other operating income	624	87	705	89	157
Materials and services	-1,311	-777	-2,761	-1,836	-4,213
Employee benefit expenses	-2,257	-1,758	-4,405	-3,674	-7,319
Depreciation, amortisation and impairment losses	-1,036	-648	-1,572	-1,134	-2,173
Other operating expenses	-890	-474	-1,634	-1,110	-2,369
Operating result	-859	-973	-1,710	-2,034	-2,906
Finance income	103	79	342	154	452
Finance expenses	-128	-102	-151	-386	-794
Net finance expenses	-25	-22	191	-231	-341
Profit (loss) before income taxes	-884	-996	-1,519	-2,265	-3,247
Income tax expense	20	20	39	39	70
Loss for the period	-864	-976	-1,480	-2,226	-3,177
Loss for the period attributable to					
Owners of the parent company	-864	-976	-1,480	-2,226	-3,177
Loss per share attributable to owners of the parent company					
Weighted average number of shares	13,353,833	11,696,476	13,353,833	11,696,476	13,262,766
Basic loss per share (euro)	-0.06	-0.08	-0.11	-0.19	-0.24

Consolidated condensed comprehensive income statement

In thousands of euro	Q2/2021	Q2/2020	H1/2021	H1/2020	2020
Loss for the period	-864	-976	-1,480	-2,226	-3,177
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss					
Foreign currency translation difference	-56	31	-134	40	77
Other comprehensive income, net of tax	-56	31	-134	40	77
Total comprehensive income for the period	-920	-945	-1,614	-2,186	-3,100
Total comprehensive loss attributable to Owners of the parent company	-920	-945	-1,614	-2,186	-3,100

Consolidated balance sheet

In thousands of euro	June 30, 2021	June 30, 2020	Dec 31, 2020
ASSETS			
Non-current assets			
Goodwill	4,256	4,256	4,256
Development costs	5,531	5,273	5,667
Customer relationships	1,497	1,719	1,608
Technology	687	789	738
Other intangible assets	451	491	485
Total intangible assets	12,422	12,528	12,753
Tangible assets	352	377	359
Right-of-use assets	989	873	1,165
Deferred tax assets	11	9	11
Total non-current assets	13,774	13,787	14,289
Current assets			
Inventories	2,552	2,850	2,539
Trade and other receivables	5,501	2,970	3,637
Cash and cash equivalents	7,818	11,742	10,608
Total current assets	15,871	17,562	16,784
Total assets	29,646	31,349	31,073

In thousands of euro	June 30, 2021	June 30, 2020	Dec 31, 2020
EQUITY			
Share capital	80	80	80
Share premium	504	504	504
Reserve for invested non-restricted equity	37,832	37,341	37,470
Translation differences	32	128	166
Retained earnings	-17,839	-15,151	-14,970
Profit (loss) for the financial year	-1,480	-2,226	-3,177
Total equity	19,129	20,676	20,073
LIABILITIES			
Non-current liabilities			
Borrowings from financial institutions	3,079	3,293	3,520
Government loans	1,896	3,057	2,670
Lease liabilities	605	547	782
Deferred tax liabilities	501	578	540
Total Non-current liabilities	6,081	7,476	7,512
Current liabilities			
Borrowings from financial institutions	441	0	0
Government loans	361	226	328
Lease liabilities	386	369	425
Trade and other payables	3,249	2,602	2,736
Total current liabilities	4,436	3,197	3,489
Total liabilities	10,517	10,673	11,001
Total equity and liabilities	29,646	31,349	31,073

Consolidated statement of changes in shareholders' equity

Equity attributable to owners of the parent company

In thousands of euro	Share capital	Share premium	Reserve for invested non-restricted equity	Translation differences	Retained earnings	Total
Balance at January 1, 2021	80	504	37,470	166	-18,147	20,073
Comprehensive income						
Loss for the period					-1,480	-1,480
Other comprehensive income						
Translation differences				-134		-134
Total comprehensive income for the period				-134	-1,480	-1,614
Share options			362		222	584
Total transactions with owners of the company			362		222	584
Other adjustments					86	86
Balance at June 30, 2021	80	504	37,832	32	-19,319	19,129

**Equity attributable to
owners of the parent company**

In thousands of euro	Share capital	Share premium	Reserve for invested non-restricted equity	Translation differences	Retained earnings	Total
Balance at January 1, 2020	80	504	37,341	89	-15,376	22,637
Comprehensive income						
Loss for the period					-2,226	-2,226
Other comprehensive income						
Translation differences				40		40
Total comprehensive income for the period				40	-2,226	-2,186
Share options					225	225
Total transactions with owners of the company			0		225	225
Other adjustments						
Balance at June 30, 2020	80	504	37,341	128	-17,377	20,676

**Equity attributable to
owners of the parent company**

In thousands of euro	Share capital	Share premium	Reserve for invested non-restricted equity	Translation differences	Retained earnings	Total
Balance at January 1, 2020	80	504	37,341	89	-15,376	22,637
Comprehensive income						
Loss for the period					-3,177	-3,177
Other comprehensive income						
Translation differences				77		77
Total comprehensive income for the period				77	-3,177	-3,100
Share options			129		406	535
Total transactions with owners of the company			129		406	535
Other adjustments						
Balance at December 31, 2020	80	504	37,470	166	-18,147	20,073

Consolidated cash flow statement

In thousands of euro	Q2/2021	Q2/2020	H1/2021	H1/2020	2020
Cash flows from operating activities					
Loss for the financial year	-864	-976	-1,480	-2,226	-3,177
Adjustments:					
Depreciation, amortisation and impairment losses	1,036	648	1,572	1,134	2,173
Finance income and finance expenses	20	22	-201	231	343
Other adjustments	-445	51	-356	98	284
Cash flows before change in net working capital	-253	-254	-465	-763	-377
Change in net working capital:					
Change in trade and other receivables (increase (-) / decrease (+))	-1,104	704	-1,702	1,237	496
Change in inventories (increase (-) / decrease (+))	-200	-86	10	-389	-83
Change in trade and other payables (increase (+) / decrease (-))	192	-226	536	-2,668	-2,402
Cash flows before finance items	-1,365	139	-1,622	-2,582	-2,367
Interest paid	-11	-11	-30	-39	-75
Other finance expenses paid	-27	-88	-8	-347	-725
Interest received	0	67	1	154	366
Net cash from operating activities (A)	-1,403	107	-1,659	-2,814	-2,801
Cash flows from investing activities					
Acquisition of intangible assets	-445	-346	-881	-654	-1,553
Acquisition of tangible assets	-43	-65	-164	-112	-268
Net cash used in investing activities (B)	-489	-411	-1,046	-766	-1,820
Cash flows from financing activities					
Proceeds from share subscriptions	125	0	362	0	92
Proceeds from loans and borrowings	0	6	0	-174	-167
Repayment of loans and borrowings	-33	0	-225	-3,173	-3,233
Repayment of lease liabilities	-97	-98	-216	-197	-390
Net cash from financing activities (C)	-6	-92	-79	-3,544	-3,698
Net cash from (used in) operating, investing and financing activities (A+B+C)	-1,897	-397	-2,784	-7,124	-8,319
Net increase (decrease) in cash and cash equivalents	-1,897	-397	-2,784	-7,124	-8,319
Cash and cash equivalents at beginning of period	9,767	12,145	10,608	18,866	18,866
Effect of movements in exchange rate on cash held	-51	-6	-6	-0	61
Cash and cash equivalents at end of period	7,818	11,742	7,818	11,742	10,608

Selected notes

Corporate information and basis of accounting

Corporate information

Optomed is a Finnish medical technology group (hereafter 'Optomed' or 'Group') that specialises in handheld fundus cameras and solutions for screening of blinding eye diseases, established in 2004.

The Group's parent company, Optomed Plc. (hereafter the 'company') is a Finnish public limited liability company established under the laws of Finland, and its business ID is 1936446-1. It is domiciled in Oulu, Finland and the Company's registered address is Yrttipellontie 1, 90230 Oulu, Finland.

Basis of accounting

Optomed's consolidated financial statements 31.12.2020 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The preparation of this interim report also takes into account the amendments to IFRS standards that have become effective by January 1, 2021. All presented figures have been rounded. Financial ratios have been calculated using exact figures.

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with Group's last annual consolidated financial statements as at and for the year ended 31 December 2020. This Interim financial statements do not include all of the information required for a complete set of IFRS financial statements: selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

IFRS IC finalized in April 2021 its agenda decision Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets). In this agenda decision IFRS IC considered, whether, applying IAS 38, the customer recognises an intangible asset in relation to configuration or customisation of the application software, and if an intangible asset is not recognized, how the customer accounts for the configuration or customisation costs. IFRIC agenda decisions have no effective date, so they are expected to be applied as soon as possible. As the *Group* has cloud computing arrangements in place, it has started to analyse, if this agenda decision has an impact to the accounting policies applied to implementation costs in cloud computing arrangements. The *Group* will undertake this analysis under the fall 2021, and the possible impacts will be implemented retrospectively in the financial statements 2021 at the latest.

This report has been authorised for issue by the company's board of directors.

Critical management judgments and related estimates and assumptions

The preparation of financial statements under IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the end of the reporting period as well as the reported amounts of income and expenses during the reporting period. These estimates and assumptions are based on historical experience and other justified assumptions, such as future expectations, that Optomed management believes are reasonable under the circumstances at the end of the reporting period and the time when they were made.

Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis and when preparing financial statements. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based, or as a result of new information or more experience. Such changes are recognized in the period in which the estimate or the assumption is revised.

Use of judgment and estimates

Judgements that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognised in the financial statements, relate to the following areas:

- capitalisation of development costs: determination of development expenditure eligible for capitalisation
- impairment testing of development expenditures

Reportable segments

Q2/2021

In thousands of euro	Devices	Software	Group Admin	Total
External revenue	1,896	2,116	0	4,012
Net operating expenses	-85	-603	0	-688
Margin	1,811	1,513	0	3,324
Depreciation and amortisation	-885	-151	0	-1,036
Other expenses	-1,218	-1,265	-664	-3,147
Operating result	-292	97	-664	-859
Finance items	0	0	-25	-25
Loss before tax expense	-292	97	-689	-884

Q2/2020

In thousands of euro	Devices	Software	Group Admin	Total
External revenue	848	1,749	0	2,597
Net operating expenses	-305	-385	0	-690
Margin	543	1,363	0	1,907
Depreciation and amortisation	-496	-153	0	-648
Other expenses	-664	-997	-570	-2,232
Operating result	-617	213	-570	-973
Finance items	0	0	-22	-22
Loss before tax expense	-617	213	-593	-996

H1/2021

In thousands of euro	Devices	Software	Group Admin	Total
External revenue	3,343	4,613		7,956
Net operating expenses	-690	-1,365		-2,055
Margin	2,653	3,248	-	5,901
Depreciation and amortisation	-1,269	-303		-1,572
Other expenses	-2,291	-2,460	-1,288	-6,038
Operating result	-907	486	-1,288	-1,710
Finance items	0	0	191	191
Loss before tax expense	-907	486	-1,098	-1,519

H1/2020

In thousands of euro	Devices	Software	Group Admin	Total
External revenue	1,822	3,809	0	5,631
Net operating expenses	-883	-864	0	-1,747
Margin	940	2,944	0	3,884
Depreciation and amortisation	-833	-300	0	-1,134
Other expenses	-1,481	-2,097	-1,205	-4,784
Operating result	-1,375	546	-1,205	-2,034
Finance items	0	0	-231	-231
Loss before tax expense	-1,375	546	-1,437	-2,265

2020

In thousands of euro	Devices	Software	Group Admin	Group
External revenue	7,309	7,668	0	14,977
Net operating expenses	-3,109	-1,924	0	-5,033
Margin	4,200	5,744	0	9,944
Depreciation and amortisation	-1,504	-757	0	-2,261
Other expenses	-4,609	-4,077	-1,593	-10,279
Operating result	-1,913	909	-1,593	-2,596
Finance items	0	0	-356	-356
Loss before tax expense	-1,913	909	-1,949	-2,952

Revenue

Disaggregation of revenue

In thousands of euro	Q2/2021	Q2/2020	H1/2021	H1/2020	2020
Finland	2,047	1,727	4,505	3,743	7,777
China	876	355	1,651	440	2443
Other	1,089	515	1,800	1,448	2,791
Total	4,012	2,597	7,956	5,631	13,011

Other operating income

In thousands of euro	Q2/2021	Q2/2020	H1/2021	H1/2020	2020
Other operating income	624	87	705	89	157
Total	624	87	705	89	157

Other operating income consist of received grants, profit from sales of fixed assets and Business Finland loan conversion to grant. During the financial years 2020-2021 Optomed has received government grants from various organisations, such as Business Finland.

Tangible assets

In thousands of euro	Machinery and equipment 30.6.2021	Machinery and equipment 30.6.2020	Machinery and equipment 2020
Cost			
Balance at January 1	2,257	1,992	1,992
Business combinations			
Additions	165	111	265
Balance at End of Period	2,422	2,103	2,257
 Accumulated depreciation and impairment losses			
Balance at January 1	-1,898	-1,585	-1,585
Depreciation	-173	-141	-313
Balance at end of period	-2,070	-1,726	-1,898
 Carrying amount at January 1	359	406	406
Carrying amount at June 30/ December 31	352	377	359

Leases

Leased tangible assets

In thousands of euro	30.6.2021	30.6.2020	2020
Additions to right-of-use assets	27	0	484
Depreciation change for right-of-use assets	-203	-203	-394
Carrying amount at the end of the reporting period	989	873	1,165

Leased tangible assets comprise business premises and are presented as a separate line item Right-of-use assets in the consolidated balance sheet.

Lease liabilities

In thousands of euro	30.6.2021	30.6.2020	2020
Current	386	547	425
Non-current	605	369	782
Total	991	916	1,207

The above liabilities are presented on the line item Lease liabilities (non-current / current) in the consolidated balance sheet, based on their maturity.

Intangible assets

At June 30 2021	Goodwill	Development costs	Customer relationships	Technology	Other intangible assets	Total
In thousands of euro						
Cost						
Balance at January 1	4,256	9,709	2,222	1,023	945	18,156
Additions	-	831	-	-	34	865
Balance at June 30	4,256	10,541	2,222	1,023	979	19,021
Accumulated amortisation and impairment losses						
Balance at January 1	-	-4,043	-614	-286	-461	-5,403
Amortization	-	-486	-111	-51	-67	-715
Impairment losses	-	-482	-	-	-	-482
Balance at June 30	-	-5,010	-725	-337	-527	-6,599
Carrying amount at January 1	4,256	5,667	1,608	738	485	12,753
Carrying amount at June 30	4,256	5,531	1,497	687	451	12,422

At June 30 2020	Goodwill	Development costs	Customer relationships	Technology	Other intangible assets	Total
In thousands of euro						
Cost						
Balance at January 1	4,256	8,246	2,222	1,023	859	16,606
Additions	-	617	-	-	32	650
Balance at June 30	4,256	8,864	2,222	1,023	891	17,256
Accumulated amortisation and impairment losses						
Balance at January 1	-	-3,029	-392	-184	-340	-3,945
Amortization	-	-411	-111	-51	-61	-634
Impairment losses	-	-150	-	-	-	-150
Balance at June 30	-	-3,590	-503	-235	-401	-4,729
Carrying amount at January 1	4,256	5,218	1,829	840	519	12,662
Carrying amount at June 30	4,256	5,273	1,719	789	491	12,528

At December 31 2020	Goodwill	Development costs	Customer relationships	Technology	Other intangible assets	Total
In thousands of euro						
Cost						
Balance at January 1	4,256	8,246	2,222	1,023	859	16,606
Additions	-	1,463	-	-	86	1,549
Balance at December 31	4,256	9,709	2,222	1,023	945	18,156
Accumulated amortisation and impairment losses						
Balance at January 1	-	-3,029	-392	-184	-340	-3,945
Amortization	-	-854	-222	-102	-121	-1,298
Impairment losses	-	-160	-	-	-	-160
Balance at December 31	-	-4,043	-614	-286	-461	-5,403
Carrying amount at January 1	4,256	5,218	1,829	840	519	12,662
Carrying amount at December 31	4,256	5,667	1,608	738	485	12,753

Financial assets Carrying amounts - at amortised cost

Current financial assets

In thousands of euro	30.6.2021	30.6.2020	2020
Trade receivables			
Recourse factoring	351	461	131
Other trade receivables	3,787	1,255	2,508
Total trade receivables	4,138	1,715	2,639
Cash and cash equivalents	7,818	11,742	10,608
Total	11,957	13,457	13,247

Financial liabilities

In thousands of euro	30.6.2021	30.6.2020	31.12.2020
Non-current financial liabilities			
Borrowings from financial institutions	3,079	3,293	3,192
Government loans	1,896	2,831	2,998
Lease liabilities	605	547	782
Total	5,580	6,672	6,972
Current financial liabilities			
Borrowings from financial institutions	441	0	0
Government loans	361	226	328
Lease liabilities	386	369	425
Trade payables	913	446	595
Total	2,100	1,040	1,348
Total financial liabilities	7,680	7,712	8,320

Business Finland loan amount of 538 thousand was converted to grant during the Q2 2021.

Fair values - financial liabilities measured at amortised cost

Optomed considers that the carrying amounts of the financial liabilities measured at amortised cost substantially equal to their fair values. This estimate corresponds to the fair value hierarchy Level 3, as the measurement of the said liabilities is based on Optomed management view.

Financial covenant

Optomed's borrowings from financial institutions contain a financial covenant (equity ratio) and Optomed also has to meet certain key operative targets. The borrowings will be repaid in accordance with the new repayment schedule.

Optomed has to comply with the financial covenant terms specified in the loan agreement terms at the financial year-end. Equity ratio is calculated in FAS figures using the agreed formula. The table below summarises the Group's financial covenant term and compliance during reporting period.

<i>Equity ratio</i>			
	Covenant term	Actual ratio	Applicable level
At June 30,2021	35 %	68.87 %	Optomed Group
At June 30, 2020	25 %	70.18 %	Optomed Group
At December 31, 2020	25 %	69,03 %	Optomed Group

Related party transactions

In thousands of euro	Revenues	Trade receivables	Other expenses
Jan 1 - Jun 30 2021	1,734	2,477	-48
Jan 1 - Jun 30 2020	773	467	-30
Jan 1 - Dec 31 2020	2,685	1,389	-103

Revenues and trade receivables relate to the major shareholders of Optomed Plc considered to be related parties to the parent company.

Other expenses consist of consulting fees and travel expenses paid to the Chairman of the Board of Directors.

Events after the review period

There were no significant events after the reporting period.