

2021



Interim Report

January – September 2021

OPTOMED

Optomed Plc: Interim report, January – September 2021

July – September 2021

- Group revenue was steady and amounted to EUR 3,342 (3,338) thousand
- Devices segment revenue decreased by 24.1 percent to EUR 1,167 (1,537) thousand, as no camera deliveries were made to China after the large inventory deliveries in the first half of the year. Sales to North America and Europe continued strong growth, as well as sales to OEM customers
- The Software segment revenue increased, by 20.8 percent to EUR 2,176 (1,802) thousand, driven by new screening and workflow management solutions and recurring revenue from existing customers
- Adjusted EBITDA amounted to EUR -337 (229) thousand corresponding to -10.1 (6.9) percent of revenue. The variance is due to higher operating expenses mainly related to Optomed's US market entry and expansion

January – September 2021

- Revenue increased very strongly by 26.0 percent to EUR 11,299 (8,969) thousand, as western markets are adapting to the post-pandemic situation and the accumulated demand is starting to materialize
- Adjusted EBITDA amounted to EUR -475 (-671) thousand corresponding to -4.2 (-7.5) percent of revenue

Key figures

EUR, thousand	Q3/2021	Q3/2020	Change, %	Q1- Q3/2021	Q1- Q3/2020	Change, %	2020
Revenue	3,342	3,338	0.1%	11,299	8,969	26.0%	13,011
Gross profit *	2,250	2,262	-0.5%	8,151	6,146	32.6%	8,955
Gross margin % *	67.3%	67.8%		72.1%	68.5%		68.8%
EBITDA	-337	229	-247.2%	-475	-671	29.3%	-733
EBITDA margin *, %	-10.1%	6.9%		-4.2%	-7.5%		-5.6%
Adjusted EBITDA *	-337	229	-247.2%	-475	-671	29.3%	-733
Adjusted EBITDA margin *, %	-10.1%	6.9%		-4.2%	-7.5%		-5.6%
Operating result(EBIT)	-888	-278	-219.9%	-2,598	-2,312	-12.4%	-2,906
Operating margit (EBIT) *, %	-26.6%	-8.3%		-23.0%	-25.8%		-22.3%
Adjusted operating result(EBIT) *	-888	-278	-219.9%	-2,598	-2,312	-12.4%	-2,906
Adjusted operating margin (EBIT margin) *, %	-26.6%	-8.3%		-23.0%	-25.8%		-22.3%
Net profit/ loss	-833	-299	-178.4%	-2,313	-2,525	8.4%	-3,177
Earnings per share	-0.06	-0.02	-171.8%	-0.17	-0.19	10.6%	-0.24
Cash flow from operating activities	-764	-400	-90.8%	-2,450	-3,215	23.8%	-2,801
Net Debt	-1,052	-4,381	-76.0%	-1,052	-4,381	-76.0%	-4,090
Net debt/ Adjusted EBITDA (LTM)	2.0	5.0		2.0	5.0		5.6
Equity ratio *	62.7%	66.5%		62.7%	66.5%		64.6%
R&D expenses personnel	386	248	55.4%	1,354	1,011	34.0%	1,406
R&D expenses other costs	79	31	156.8%	390	152	157.0%	253
Total R&D expenses	465	279	66.6%	1,744	1,163	50.0%	1,659

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

CEO comments

Our software segment and western markets continued strong growth, no new camera deliveries to China during the quarter.

Optomed's devices segment sales to North America and Europe continued strong growth, as well as sales to our OEM customers. In the comparison period of 2020, the camera sales to China accounted for a significant share of the segment's revenue. During the review period, no new camera deliveries were made to China after the large inventory deliveries in the first half of the year. This resulted in the devices segment revenue being lower than in the comparison period.

Optomed's software segment made another growth record during the quarter, over 20 percent. New screening and workflow management solutions were delivered to hospitals, and the software segment's new solution development project for eye clinics progressed on schedule. These new deliveries had a significant impact on the third quarter revenue growth. Recurring revenue from existing customers grew, as the number of customers and examinations increased.

Optomed's most significant strategic project in relation to AI services is an ongoing clinical trial in the United States aiming for FDA clearance. We are expecting to receive results from the study in the near future. Although revenue from the use of Aurora IQ's AI service is not significant yet, we expect the growing number of users to generate significant new revenue for our software segment in the coming years, particularly in the U.S. market. AI that detects and diagnoses diseases from fundus images is a key technology that, in combination with our cameras, will accelerate the transition of the service towards primary care, improving the quality and accessibility of these examinations and reducing costs.

The coronavirus pandemic continues to affect our business, particularly in Asia and emerging markets. Our sales in the North America and Europe, as well as to OEM customers, appears to have returned faster to pre-pandemic levels. The outlook for our business in China depends heavily on both the pandemic and how quickly our strategic partner Phoebus Medical, and through them our new distribution channel Sinopharm, manages to expand our sales to new provinces in China. Although this distribution channel reform and cooperation with major strategic partners in general is slow, and volume fluctuations between quarters are large, we believe that the Chinese market will continue to bring significant growth potential for Optomed in the long term.

We believe our products, handheld cameras combined with artificial intelligence, are the right combination to accelerate the transition of eye screening to primary care, starting with the US market. We will focus majority of our commercial resources to capitalize this opening market opportunity.

CEO

Seppo Kopsala

Outlook 2021

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

(Announced 8 April 2021)

Telephone conference

A telephone conference for analysts, investors and media will be arranged on 4 November 2021 at 11.00 EET, (10:00 CET). The event will be held in English. The presentation material will be available at www.optomed.com/investors 10.00 EET 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 669 328 826#

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

July – September 2021

In July-September 2021, Group revenue was stable and amounted to EUR 3,342 (3,338) thousand for the period. The main reasons for weak Group revenue growth related to the Devices segment, as no camera deliveries were made to China due to high inventory deliveries in the first half of the year. In the comparison period of 2020, the camera sales to China accounted for a significant share of the segment's revenue. The Devices segment's revenue decreased by 24.1 percent due to China and the pandemic in Asia and emerging markets, while North America, Europe and OEM customers continued strong growth. The Software segment's strong performance continued, and revenue increased by 20.8 percent mainly driven by screening and workflow software deliveries to new customers as well as increase in recurring revenue from existing customers due to a rise in patient volumes.

The gross margin decreased to 67.3 from 67.8 percent last year. The company received grants and other operating income of EUR 48 (29) thousand, which increased the gross margin of both periods. The gross margin for the third quarter of 2021 adjusted for grants and other operating income would have been 65.9 percent compared to 66.9 percent in 2020.

EBITDA amounted to EUR -337 (229) thousand. The main reason for the negative EBITDA variance versus last year is higher operating expenses while the comparison period last year was affected by the COVID-19 related cost savings and higher operating expenses as a consequence of Optomed's US market entry and expansion as well as the strengthened Group Marketing function.

EBIT was EUR -888 (-278) thousand.

Net financial items amounted to EUR 36 (-41) thousand and consisted mainly of interest payments to financial institutions and the translation effect of Chinese RMB and USD to EUR.

January – September 2021

In January-September 2021, Group revenue increased very strongly by 26.0 percent to EUR 11,299 (8,969) thousand. The Devices segment revenue increased by 34.3 percent, mainly driven by continued growth in North America and Europe and high sales to China during the first six months. The Software segment revenue increased by 21.0 percent showing a continued strong performance.

The gross margin increased to 72.1 percent from 68.5 percent last year. The company's other operating income includes governmental grants of EUR 753 (117) thousand including a waived loan from Business Finland of EUR 538 thousand related to a terminated product development project, which increased the gross margin of both periods. The gross margin for the nine-month period of 2021 adjusted for the total amount of the grants and other operating income would have been 65.5 percent compared to 67.2 percent in 2020.

EBITDA amounted to EUR -475 (-671) thousand and EBIT was EUR -2,598 (-2,312) thousand. EBIT was affected by the amortization of the terminated product development program amounting to EUR 482 thousand in the second quarter of 2021.

Net financial items amounted to EUR 226 (-272) 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.

Cash flow and financial position

In July-September 2021, the cash flow from operating activities amounted to EUR -764 (-400) thousand. Net cash used in investing activities was EUR -646 (-398) thousand and relates to capitalized development expenses. Net cash from financing activities amounted to EUR 1,404 (-82). The third quarter include a new loan of EUR 1,000 thousand.

Consolidated cash and cash equivalents at the end of the period amounted to EUR 7,827 (10,899) thousand. Interest-bearing net debt totalled EUR -1,052 (-4,381) thousand at the end of the period.

Net working capital was EUR 5,298 (3,862) thousand at the end of the period. This increase in working capital is due to increased trade receivables.

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	Q3/2021	Q3/2020	Change,%	Q1-Q3/2021	Q1-Q3/2020	Change,%	2020
Revenue	1,167	1,537	-24.1 %	4,510	3,359	34.3 %	5,097
Gross profit *	722	933	-22.6 %	3,375	1,872	80.3 %	2,862
Gross margin% *	61.9 %	60.7 %		74.8 %	55.7 %		56.1%
EBITDA	-178	290	-161.5 %	184	-251	173.2 %	-251
EBITDA margin *,%	-15.3 %	18.9 %		4.1 %	-7.5 %		-4.9%
Operating result (EBIT)	-577	-62	-835.5 %	-1,484	-1,437	-3.3 %	-1,820
Operating margin (EBIT) *,%	-49.5 %	-4.0 %		-32.9 %	-42.8 %		-35.7%

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

July-September 2021

In July-September 2021, the Devices segment revenue decreased by 24.1 percent to EUR 1,167 (1,537) thousand, as no hardware deliveries were made to China due to high inventory deliveries in the first half of the year. In the comparison period of 2020, the camera sales to China accounted for a significant share of the segment's revenue. North America and European markets continued strong growth as well as sales to OEM-customers. Total revenue growth was negative due to China and the pandemic still effecting camera business in Asia and the emerging markets.

The gross margin increased to 61.9 percent from 60.7 percent in the previous year. The Devices segment's other operating income was EUR 48 (29) thousand, which increased the gross margin of both periods. The gross margin adjusted for grants and the total amount of other operating income would have been 57.8 percent compared to 58.8 percent in 2020.

EBITDA was EUR -178 (290) thousand or -15.3 (18.9) percent of revenue. The key driver for the decrease in EBITDA was the decrease in revenue and gross profit, and higher operating expenses while the comparison period last year was affected by the COVID-19 related cost savings together with higher operating expenses related to Optomed's US market entry and expansion.

January-September 2021

In January-September 2021, the Devices segment revenue increased by 34.3 percent to EUR 4,510 (3,359) thousand. All sales channels have grown in 2021 compared to 2020, but the main drivers for the increase were the high deliveries to China in the first half of the year combined with increased demand in North America and Europe.

The gross margin increased to 74.8 percent from 55.7 percent in the previous year. The Company received governmental grants of EUR 753 (101) including a waived loan from Business Finland of EUR 538 thousand related to a terminated product development project. The first nine-month gross margin adjusted for other operating income would have been 58.1 percent compared to 52.7 percent in 2020.

EBITDA was EUR 184 (-251) thousand or 4.1 (-7.5) percent of revenue. The main reason for the improved EBITDA was the increase in revenue and gross profit together with the grants, which was partly offset by higher operating expenses.

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	Q3/2021	Q3/2020	Change, %	Q1- Q3/2021	Q1- Q3/2020	Change, %	2020
Revenue	2,176	1,802	20.8 %	6,789	5,610	21.0 %	7,913
Gross profit *	1,528	1,330	14.9 %	4,776	4,274	11.7 %	6,093
Gross margin % *	70.3 %	73.8 %		70.4 %	76.2 %		77.0 %
EBITDA	551	444	24.0 %	1,339	1,291	3.7 %	1,926
EBITDA margin *, %	25.3 %	24.6 %		19.7 %	23.0 %		24.3 %
Operating result (EBIT)	399	289	37.8 %	884	836	5.8 %	1,323
Operating margin (EBIT) *, %	18.3 %	16.1 %		13.0 %	14.9 %		16.7 %

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

July – September 2021

In July-September 2021, The Software segment's strong performance continued, and revenue increased by 20.8 percent to EUR 2,176 (1,802) thousand driven by screening and workflow software deliveries to new customers as well as increase in recurring revenue from existing customers.. EBITDA stood at EUR 551 (444) thousand or 25.3 (24.6) percent of revenue, respectively.

January – September 2021

In January-September 2021, the Software segment revenue increased by 21.0 percent to EUR 6,789 (5,610) thousand, mainly driven by the same reasons as for the third quarter. The gross margin included other operating income of EUR 16 thousand in 2020. EBITDA was EUR 1,339 (1,291) thousand or 19.7 (23.0) 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.

July – September 2021

Group-wide operating expenses amounted to EUR 710 (505). The increase is mainly related to last year's cost saving program related to the COVID-19 pandemic.

January – September 2021

Group-wide operating expenses amounted to EUR 1,998 (1,711). The increase is related to the same reasons as for the third quarter, i.e. last year's COVID-19 cost saving program.

Personnel

Number of personnel at the end of the reporting period.

	9/2021	9/2020
Devices	49	54
Software	42	38
Group common	27	17
Total	118	109

The increase of personnel is mainly related to strengthening of sales and marketing in Optomed's subsidiary in the US and Optomed's Group Marketing function.

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 July 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 Q1-Q3 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 463,967 shares in the treasury which approximately corresponds to 3.3 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 following risks of Optomed have been amended:

COVID-19 CORONAVIRUS

The COVID-19 outbreak has turned into a pandemic the length and prolonged effect of which are uncertain.

The Company's Software segment has been proven to be largely unaffected due to recurring nature of the business and long-term customer agreements, however, the Devices segment sales have been negatively affected by the pandemic. The medical sector as a whole is still concentrated on addressing the pandemic and other supplier meetings and purchases are still postponed in certain key markets. This has an effect on the Company's ability to sell its devices and new software solutions and affects the Company's ability to increase its customer base especially because face-to-face meetings are market standard for fundus camera sales.

Optomed recognizes the risk of a prolonged pandemic which may cause additional restrictions and other negative effects globally. The Company has taken precautions to protect its currently strong cash position.

EXTERNAL ECONOMIC AND POLITICAL RISKS AND NATURAL DISASTERS

Optomed operates globally and is thus exposed to various external risks

The Company is exposed to natural disasters taking place in countries where it operates and general and country

specific economic political and regulatory risks, which could entail volatile sales in key markets. In the PRC, "Made in China 2025" national strategic plan may have an effect on medical device manufacturers' sales to the public sector.

FINANCE

The Company needs external financing to operate and is not currently profitable

The Company is dependant on external financing and the Company may have difficulties accessing additional financing on competitive terms or at all which may again contribute the Company's liquidity risks. The Company is also subject to credit and counterparty risks through its trade receivables. The Company's receivables in China have increased.

FOREX

Optomed operates globally and is thus exposed to currency exchange risks

The company is exposed to foreign exchange rate risks arising from fluctuations in currency exchange rates, especially with regards to USD and RMB. Currency rate, along with demand cycles, can result in significant swings in the prices of the raw materials needed to produce the Company's goods, sales prices and OPEX.

SUPPLY CHAIN

Optomed's business is dependant on the effectiveness of purchasing materials, manufacturing and timely distribution

The Company is dependant on contract manufacturers for functioning, efficient and effective production and product assembly. Further, the Company is dependent on suppliers which may affect the Company's ability to supply its customers in a timely manner. Global component sourcing issues make it harder to obtain the key components for the Company's medical devices.

All other risks remain as disclosed in the Company's annual report 2020.

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 July 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 July 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 4 June 2021

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

Audit review

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

Financial reporting in 2022

- Financial Statement Bulletin for 1 January – 31 December 2021, 17 February 2022
- Interim Report for 1 January – 31 March 2021, 5 May 2022
- Half-Year Financial Report for 1 January – 30 June 2022, 4 August 2022
- Interim Report for 1 January – 30 September 2022, 3 November 2022

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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	Q3/2021	Q3/2020	Q1-Q3/2021	Q1-Q3/2020	2020
Revenue	3,342	3,338	11,299	8,969	13,011
Other operating income	48	29	753	117	157
Material and services	-1,140	-1,105	-3,901	-2,941	-4,213
Gross profit	2,250	2,262	8,151	6,146	8,955
Operating profit/loss (EBIT)	-888	-278	-2,598	-2,312	-2,906
Items affecting comparability					
Adjusted EBIT	-888	-278	-2,598	-2,312	-2,906
Depreciation, amortization and impairment losses	551	507	2,123	1,640	2,173
Adjusted EBITDA	-337	229	-475	-671	-733

Consolidated income statement

In thousands of euro	Q3/2021	Q3/2020	Q1-Q3/2021	Q1-Q3/2020	2020
Revenue	3,342	3,338	11,299	8,969	13,011
Other operating income	48	29	753	117	157
Materials and services	-1,140	-1,105	-3,901	-2,941	-4,213
Employee benefit expenses	-1,849	-1,484	-6,254	-5,158	-7,319
Depreciation, amortisation and Impairment losses	-551	-507	-2,123	-1,640	-2,173
Other operating expenses	-738	-549	-2,372	-1,659	-2,369
Operating result	-888	-278	-2,598	-2,312	-2,906
Finance income	88	102	374	256	452
Finance expenses	-53	-143	-148	-528	-794
Net finance expenses	36	-41	226	-272	-341
Profit (loss) before income taxes	-853	-319	-2,372	-2,584	-3,247
Income tax expense	20	20	58	59	70
Loss for the period	-833	-299	-2,313	-2,525	-3,177
Loss for the period attributable to					
Owners of the parent company	-833	-299	-2,313	-2,525	-3,177
Loss per share attributable to owners of the parent company					
Weighted average number of shares	13,399,424	13,080,477	13,399,424	13,080,477	13,262,766
Basic loss per share (euro)	-0.06	-0.02	-0.17	-0.19	-0.24

Consolidated condensed comprehensive income statement

In thousands of euro	Q3/2021	Q3/2020	Q1-Q3/2021	Q1-Q3/2020	2020
Loss for the period	-833	-299	-2,313	-2,525	-3,177
Foreign currency translation difference	-55	60	-189	68	77
Other comprehensive income, net of tax	-55	60	-189	68	77
Total comprehensive income for the period	-888	-239	-2,502	-2,456	-3,100
Total comprehensive loss attributable to Owners of the parent company	-888	-239	-2,502	-2,456	-3,100

Consolidated balance sheet

In thousands of euro	September 30, 2021	September 30, 2020	Dec 31, 2020
ASSETS			
Non-current assets			
Goodwill	4,256	4,256	4,256
Development costs	5,735	5,386	5,667
Customer relationships	1,441	1,663	1,608
Technology	662	763	738
Other intangible assets	434	484	485
Total intangible assets	12,528	12,552	12,753
Tangible assets	447	347	359
Right-of-use assets	888	772	1,165
Deferred tax assets	12	10	11
Total non-current assets	13,875	13,681	14,289
Current assets			
Inventories	2,902	2,721	2,539
Trade and other receivables	5,454	3,590	3,637
Cash and cash equivalents	7,827	10,899	10,608
Total current assets	16,183	17,209	16,784
Total assets	30,058	30,890	31,073

In thousands of euro	September 30, 2021	September 30, 2020	Dec 31, 2020
EQUITY			
Share capital	80	80	80
Share premium	504	504	504
Reserve for invested non-restricted equity	38,377	37,413	37,470
Translation differences	-23	157	166
Retained earnings	-17,775	-15,082	-14,970
Profit (loss) for the financial year	-2,313	-2,525	-3,177
Total equity	18,850	20,547	20,073
LIABILITIES			
Non-current liabilities			
Borrowings from financial institutions	3,857	3,257	3,520
Government loans	2,064	2,998	2,670
Lease liabilities	511	471	782
Deferred tax liabilities	482	559	540
Total Non-current liabilities	6,915	7,284	7,512
Current liabilities			
Borrowings from financial institutions	661	0	0
Government loans	193	263	328
Lease liabilities	382	347	425
Trade and other payables	3,058	2,448	2,736
Total current liabilities	4,293	3,058	3,489
Total liabilities	11,208	10,342	11,001
Total equity and liabilities	30,058	30,890	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					-2,313	-2,313
Other comprehensive income						
Translation differences				-189		-189
Total comprehensive income for the period				-189	-2,313	-2,502
Share options			907		286	1,193
Total transactions with owners of the company			907		286	1,193
Other adjustments					86	86
Balance at September 30, 2021	80	504	38,377	-23	-20,088	18,850

**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					-2,525	-2,525
Other comprehensive income						
Translation differences				68		68
Total comprehensive income for the period				68	-2,525	-2,456
Share options			72		294	366
Total transactions with owners of the company			72		294	366
Other adjustments						
Balance at September 30, 2020	80	504	37,413	157	-17,607	20,547

**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	Q3/2021	Q3/2020	Q1-Q3/2021	Q1-Q3/2020	2020
Cash flows from operating activities					
Loss for the financial year	-833	-299	-2,313	-2,525	-3,177
Adjustments:					
Depreciation, amortisation and impairment losses	551	507	2,123	1,640	2,173
Finance income and finance expenses	-65	42	-266	273	343
Other adjustments	140	56	321	154	284
Cash flows before change in net working capital	-207	306	-134	-457	-377
Change in net working capital:					
Change in trade and other receivables (increase (-) / decrease (+))	42	-657	-1,662	578	496
Change in inventories (increase (-) / decrease (+))	-332	128	-327	-262	-83
Change in trade and other payables (increase (+) / decrease (-))	-250	-164	-250	-2,828	-2,402
Cash flows before finance items	-748	-386	-2,373	-2,969	-2,367
Interest paid	-9	-19	-39	-58	-75
Other finance expenses paid	-7	-129	-39	-476	-725
Interest received	0	134	1	288	366
Net cash from operating activities (A)	-764	-400	-2,450	-3,215	-2,801
Cash flows from investing activities					
Acquisition of intangible assets	-443	-349	-1,324	-1,007	-1,553
Acquisition of tangible assets	-202	-49	-367	-162	-268
Net cash used in investing activities (B)	-646	-398	-1,691	-1,169	-1,820
Cash flows from financing activities					
Proceeds from share subscriptions	501	72	864	72	92
Proceeds from loans and borrowings	1,000	4	1,000	-170	-167
Repayment of loans and borrowings	0	-60	-203	-3,233	-3,233
Repayment of lease liabilities	-98	-98	-314	-295	-390
Net cash from financing activities (C)	1,404	-82	1,347	-3,626	-3,698
Net cash from (used in) operating, investing and financing activities (A+B+C)	-5	-880	-2,794	-8,010	-8,319
Net increase (decrease) in cash and cash equivalents	-5	-880	-2,794	-8,010	-8,319
Cash and cash equivalents at beginning of period	7,818	11,742	10,608	18,866	18,866
Effect of movements in exchange rate on cash held	13	37	13	42	61
Cash and cash equivalents at end of period	7,827	10,899	7,827	10,899	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 July 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.

Reportable segments

Q3/2021

In thousands of euro	Devices	Software	Group Admin	Total
External revenue	1,167	2,176	0	3,342
Net operating expenses	-445	-647	0	-1,092
Margin	722	1,528	0	2,250
Depreciation and amortisation	-399	-152	-1	-551
Other expenses	-900	-978	-709	-2,587
Operating result	-577	399	-710	-888
Finance items	0	0	36	36
Loss before tax expense	-577	399	-674	-853

Q3/2020

In thousands of euro	Devices	Software	Group Admin	Total
External revenue	1,537	1,802	0	3,338
Net operating expenses	-604	-472	0	-1,076
Margin	933	1,330	0	2,262
Depreciation and amortisation	-352	-155	0	-507
Other expenses	-642	-886	-505	-2,033
Operating result	-62	289	-505	-278
Finance items	0	0	-41	-41
Loss before tax expense	-62	289	-546	-319

Q1-Q3/2021

In thousands of euro	Devices	Software	Group Admin	Total
External revenue	4,510	6,789	0	11,299
Net operating expenses	-1,135	-2,012	0	-3,147
Margin	3,375	4,776	0	8,151
Depreciation and amortisation	-1,668	-455	-1	-2,123
Other expenses	-3,191	-3,437	-1,997	-8,626
Operating result	-1,484	884	-1,998	-2,598
Finance items	0	0	226	226
Loss before tax expense	-1,484	884	-1,772	-2,372

Q1-Q3/2020

In thousands of euro	Devices	Software	Group Admin	Total
External revenue	3,359	5,610	0	8,969
Net operating expenses	-1,487	-1,336	0	-2,823
Margin	1,872	4,274	0	6,146
Depreciation and amortisation	-1,185	-455	0	-1,640
Other expenses	-2,123	-2,983	-1,711	-6,817
Operating result	-1,437	836	-1,711	-2,312
Finance items	0	0	-272	-272
Loss before tax expense	-1,437	836	-1,983	-2,584

2020

In thousands of euro	Devices	Software	Group Admin	Group
External revenue	5,097	7,913	0	13,011
Net operating expenses	-2,235	-1,820	0	-4,055
Margin	2,862	6,093	0	8,955
Depreciation and amortisation	-1,569	-603	0	-2,173
Other expenses	-3,112	-4,167	-2,408	-9,688
Operating result	-1,820	1,323	-2,408	-2,906
Finance items	0	0	-341	-341
Loss before tax expense	-1,820	1,323	-2,749	-3,247

Financial liabilities

In thousands of euro	30.9.2021	30.9.2020	31.12.2020
Non-current financial liabilities			
Borrowings from financial institutions	3,857	3,257	3,192
Government loans	2,064	2,998	2,998
Lease liabilities	511	471	782
Total	6,433	6,726	6,972
Current financial liabilities			
Borrowings from financial institutions	661	0	0
Government loans	193	263	328
Lease liabilities	382	347	425
Trade payables	928	579	595
Total	2,164	1,189	1,348
Total financial liabilities	8,596	7,914	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.

Events after the review period

There were no significant events after the reporting period.