



Half-year financial report

January - June 2022



Optomed Plc: Half-year financial report, January – June 2022

April – June 2022

- Revenue decreased by 7.0 percent to EUR 3,7 (4,0) million.
- Devices segment revenue decreased by 28.2 percent to EUR 1,4 (1,9) million as the revenue from China declined over 90% whereas the rest of the world grew over 40%.
- Software segment revenue increased by 12.1 percent to EUR 2,4 (2,1) million.
- Adjusted EBITDA amounted to EUR -813 (177) thousand corresponding to -21.8 (4.4) percent of revenue.
- Optomed successfully completed directed share issue raising EUR 4.8 million.

January – June 2022

- Revenue decreased by 12.7 percent to EUR 6,9 (8,0) million.
- Devices segment revenue decreased by 27.5 percent to EUR 2,4 (3,3) million.
- Software segment revenue decreased by 2.0 percent to EUR 4,5 (4,6) million.
- Adjusted EBITDA amounted to EUR -1,750 (-138) thousand corresponding to -25.2 (-1.7) percent of revenue.
- Optomed announced the results from the prospective, multi-center clinical trial intended to assess its handheld fundus camera Aurora together with AEYE Health's AI for autonomous detection of more than mild diabetic retinopathy, and the FDA clearance process is proceeding as planned.

Key figures

EUR, thousand	Q2/2022	Q2/2021	Change, %	H1/2022	H1/2021	Change, %	2021
Revenue	3,733	4,012	-7.0%	6,947	7,956	-12.7%	14,850
Gross profit *	2,149	3,324	-35.4%	4,339	5,901	-26.5%	10,558
Gross margin % *	57.6%	82.9%		62.4%	74.2%		71.1%
EBITDA	-813	177	-559.1%	-1,750	-138	-1,172.0%	-2,002
EBITDA margin *, %	-21.8%	4.4%		-25.2%	-1.7%		-13.5%
Adjusted EBITDA *	-813	177	-559.1%	-1,750	-138	-1,172.0%	-2,002
Adjusted EBITDA margin *, %	-21.8%	4.4%		-25.2%	-1.7%		-13.5%
Operating result(EBIT)	-1,355	-859	-57.7%	-2,815	-1,710	-64.7%	-4,780
Operating margin (EBIT) *, %	-36.3%	-21.4%		-40.5%	-21.5%		-32.2%
Adjusted operating result(EBIT) *	-1,355	-859	-57.7%	-2,815	-1,710	-64.7%	-4,780
Adjusted operating margin (EBIT margin) *, %	-36.3%	-21.4%		-40.5%	-21.5%		-32.2%
Net profit/ loss	-1,328	-864	-53.8%	-2,698	-1,480	-82.3%	-4,249
Earnings per share	-0.10	-0.06	-48.8%	-0.20	-0.11	-76.4%	-0.32
Cash flow from operating activities	-965	-1,403	31.2%	-1,665	-1,659	-0.4%	-2,940
Net Debt	-825	-2,042	-59.6%	-825	-2,042	-59.6%	213
Net debt/ Adjusted EBITDA (LTM)	0.2	-68.7		0.2	-68.7		-0.1
Equity ratio *	61.5%	64.5%		61.5%	64.5%		58.8%
R&D expenses personnel	222	490	-54.7%	598	968	-38.2%	1,773
R&D expenses other costs	147	161	-9.0%	356	310	14.6%	511
Total R&D expenses	368	651	-43.4%	954	1,279	-25.4%	2,284

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

CEO Review

Significant growth investments and recruitments in the United States.

The first half of the year was weak, as expected. The second half and the near future looks strong.

Optomed completed in May a direct share issue raising gross proceeds of EUR 4.8 million.

The second quarter and therefore also the first half of the year were weak, as previously predicted, caused by decrease in revenue from China. The near future looks strong due to rapid growth from Western markets and the upcoming new product launches, such as the Aurora AEYE, are expected to accelerate growth in the coming years. We expect sales in China to pick up during the second half of the year, however the Chinese market has been a significant part of Optomed's revenue in the past years, and there are still major uncertainties regarding the market recovery in China. We maintain our current full year outlook, but despite our success in Western markets, the Chinese market still causes uncertainty over the full year revenue.

The US market will be centric for the success of Optomed's strategic goals and revenue growth for the next five years. Diabetic retinopathy screenings are expected to move to primary care with accelerating pace as the new national AI-based reimbursement code for diabetic retinopathy screening (CPT 92229) was approved by the US authorities (Centers for Medicare and Medicaid, CMS) early 2022. Because of the high reimbursement enabled by the new code as well as Medicare star rating benefits, diabetic retinopathy screenings are highly profitable for primary care units. According to various estimates, there are currently approximately 200,000 – 500,000 different point of care units in the United States that may start screening for diabetic retinopathy in the coming years, and are potential customers of Optomed's Aurora AEYE solution.

According to the estimate we made together with our partners, customers and advisors, in the next 5-10 years there will be at least 50,000 – 100,000 fundus cameras connected to artificial intelligence in the United States to screen for diabetic retinopathy and later also for other blinding- and systemic diseases. It is expected that a few market leaders will supply the majority of these devices. Optomed aims to be one of these market leaders with its highly competitive products and early market entry. If we succeed in this, the diabetic retinopathy screening market in the United States alone will be able to multiply Optomed's revenue, and it will all be reoccurring revenue.

We are currently focusing our growth investments strongly in the United States. The FDA clearance process for our Aurora AEYE product is proceeding as planned. During the past quarter, we have hired additional sales and marketing personnel in the United States, and started training and preparing our organization and partners for the upcoming product launch. Optomed currently has a strong management, sales- and marketing and other operational organization ready in the USA.

In the rest of the world, the company's operating expenses are decreasing. Our largest long-term development projects are getting closer to completion and as a result, the company's fixed costs and investments will decrease outside the US during the second half of the year. As a result, and despite increasing investments in the US market, the company's profitability is expected to improve in the near future.

Seppo Kopsala
CEO

Outlook 2022

Optomed expects its full year 2022 revenue to grow compared to 2021.

Telephone conference

A telephone conference for analysts, investors and media will be arranged on 4 August 2022 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 552 064 878#.

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 2022

In April-June 2022, Group revenue decreased by 7.0 percent to EUR 3,733 (4,012) thousand. The main reason for the decline was the earlier communicated changes in China impacting camera sales. This was partly compensated by strong sales of the Software segment, and the strong global distributor and OEM sales of the Devices segment". The Devices segment's revenue decreased by 28.2 percent as the revenue from China declined over 90% whereas the rest of the world grew over 40% and the Software segment's revenue increased by 12.1 percent compared to same period last year.

The gross margin decreased to 57.6 from 82.9 percent of last year. The Company received grants and other operating income EUR 0 (624) thousand. The gross margin of the comparison period in 2021 was boosted by Business Finland waiving a loan of the Company in the amount of EUR 538 thousand. The gross margin for the second quarter of 2022 adjusted for grants and other operating income would have been 57.6 percent compared to 67.3 percent in 2021.

EBITDA amounted to EUR -813 (177) thousand. The lower gross profit in the second quarter 2022 compared to 2021 was mainly caused by lower revenue in China and higher gross profit in 2021. EBIT was EUR -1,355 (-859) thousand.

Net financial items amounted to EUR 6 (-25) thousand and consisted mainly of interest payments to financial institutions and the translation effect of Chinese RMB and USD to EUR.

January – June 2022

In January-June 2022, Group revenue decreased by 12.7 percent to EUR 6,947 (7,956) thousand, driven mainly by the same reasons as for the second quarter. The Devices segment's revenue decreased by 27.5 percent and the Software segment's revenue decreased by 2.0 percent.

The gross margin decreased to 62.4 percent from 74.2 percent last year. The Company's other operating income includes governmental grants of EUR 37 (705) thousand in the first half of 2022 and 2021, which increased the gross margin of both periods. The gross margin for the first half of 2022 adjusted for the total amount of the grants and other operating income would have been 61.9 percent compared to 65.3 percent in 2021.

EBITDA amounted to EUR -1,750 (-138) thousand and EBIT was EUR -2,815 (-1,710) thousand.

Net financial items amounted to EUR 77 (191) thousand and consisted mainly of interest payments to financial institutions and the translation effect of Chinese RMB to EUR.

Cash flow and financial position

In April-June 2022, the cash flow from operating activities amounted to EUR -965 (-1,403) thousand. Net cash used in investing activities was EUR -825 (-489) thousand and relates to capitalized development expenses. Net cash from financing activities amounted to EUR 4,208 (-6). Optomed completed in May a direct share issue raising gross proceeds of EUR 4.8 million.

Consolidated cash and cash equivalents at the end of the period amounted to EUR 7,079 (7,818) thousand. Interest-bearing net debt totalled EUR -825 (-2,042) thousand at the end of the period.

Net working capital was EUR 4,239 (4,804) thousand at the end of the period.

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	Q2/2022	Q2/2021	Change,%	H1/2022	H1/2021	Change,%	2021
Revenue	1,361	1,896	-28.2 %	2,425	3,343	-27.5 %	5,839
Gross profit *	642	1,811	-64.6 %	1,283	2,653	-51.7 %	4,139
Gross margin% *	47.2 %	95.5%		52.9 %	79.4%		70.9 %
EBITDA	-464	593	-178.3 %	-963	362	-365.8 %	-1,014
EBITDA margin *,%	-34.1 %	31.3%		-39.7 %	10.8%		-17.4 %
Operating result (EBIT)	-843	-292	-188.3 %	-1,707	-907	-88.2 %	-3,182
Operating margin (EBIT) *,%	-61.9 %	-15.4%		-70.4 %	-27.1%		-54.5 %

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

April-June 2022

In April-June 2022, the Devices segment revenue decreased by 28.2 percent to EUR 1,361 (1,896) thousand. The negative growth was mainly due to changes in China, which were communicated in February, impacting camera sales. This was partly compensated by strong global distributor and OEM sales. The revenue from China declined over 90% whereas the rest of the world grew over 40%.

The gross margin decreased to 47.2 percent from 95.5 percent in the previous year and the other operating income was EUR 0 (623) thousand. The delta was due to the previously mentioned waived loan. In the second quarter of 2022 the gross margin adjusted for grants and the total amount of other operating income would have been 47.2 percent compared to 62.6 percent in 2021. The increased share of OEM sales of the total sales also affected the gross margin negatively.

EBITDA was EUR -464 (593) thousand or -34.1 (31.3) percent of revenue. The key driver for the decrease in EBITDA was the lower revenue in China and gross margin.

January-June 2022

In January-June 2022, the Devices segment revenue decreased by 27.5 percent to EUR 2,425 (3,343) thousand, mainly driven by the same reasons as for the second quarter.

The gross margin decreased to 52.9 percent from 79.4 percent in the previous year. In 2022, the first half year gross margin adjusted for other operating income would have been 51.4 percent compared to 58.3 percent in 2021.

EBITDA was EUR -963 (362) thousand or -39.7 (10.8) percent of revenue. The reason for the decrease 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	Q2/2022	Q2/2021	Change,%	H1/2022	H1/2021	Change,%	2021
Revenue	2,372	2,116	12.1 %	4,522	4,613	-2.0 %	9,011
Gross profit *	1,507	1,513	-0.4 %	3,056	3,248	-5.9 %	6,420
Gross margin % *	63.5 %	71.5 %		67.6 %	70.4 %		71.2 %
EBITDA	478	248	92.9 %	898	788	14.0 %	1,855
EBITDA margin *, %	20.2 %	11.7 %		19.9 %	17.1 %		20.6 %
Operating result (EBIT)	317	97	225.1 %	580	486	19.4 %	1,247
Operating margin (EBIT) *, %	13.3 %	4.6 %		12.8 %	10.5 %		13.8 %

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

April – June 2022

In April-June 2022, The Software segment revenue increased by 12.1 percent to EUR 2,372 (2,116) thousand. A large license delivery that was postponed from Q1 was delivered in Q2 which had a positive effect on Q2, whereas Q1 was previously negatively impacted. Global screening solution projects continued well in Asia and the Middle-East. EBITDA stood at EUR 478 (248) thousand or 20.2 (11.7) percent of revenue, respectively.

January – June 2022

In January-June 2022, the Software segment revenue decreased by 2.0 percent to EUR 4,522 (4,613) thousand, EBITDA was EUR 898 (788) thousand or 19.9 (17.1) 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 2022

Group-wide operating expenses amounted to EUR 827 (664) thousand. The increase is mainly related to strengthened of Group Marketing function, started already in second half of 2021.

January – June 2022

Group-wide operating expenses amounted to EUR 1,685 (1,288) thousand. The change is due to strengthening of Group Marketing function.

Personnel

Number of personnel at the end of the reporting period.

	6/2022	6/2021
Devices	55	55
Software	43	41
Group common	22	19
Total	120	115

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 2021 is available on the company website www.optomed.com/investors/.

Annual General Meeting

On 10 May 2022, Optomed held its Annual General Meeting (AGM) that adopted the financial statements for the financial period ended on 31 December 2021 and the remuneration report for governing bodies and discharged the members of the Board of Directors and the CEO from liability for the financial period ended on 31 December 2021. The AGM resolved that no dividend will be paid for the year 2021.

The number of members of the Board of Directors was confirmed as five. Xisi Guo, Seppo Mäkinen, Petri Salonen, Reijo Tauriainen and Anna Tenstam were re-elected as members 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 300 is paid to the Chairpersons and EUR 200 to members of the Committees for each 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 Annual General Meeting resolved in accordance with the Board's proposal to amend Section II.2.3 of Stock Option Plan 2017B to extend the subscription period for shares by two (2) years, so that the subscription period pursuant to all option rights granted under Stock Option Plan 2017B will end on 1 July 2024.

The General Meeting 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 15,400,997 shares and the company held 386 517 shares in the treasury which approximately corresponds to 2.5 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/.

Directed share issue

Optomed completed a directed share issue consisting of 1,397,853 shares and collected gross proceeds of approximately EUR 4.8 million in May 2022. The main purpose of the share issue was to ensure sufficient financing for the implementation of the Company's growth strategy especially in the US diabetic retinopathy screening market and to strengthen its balance sheet. The subscription price was EUR 3.45 per share corresponding to a discount of approximately 6.76 per cent to the closing price of the Company's share on 5 May 2022. The subscription price was credited in full to the Company's reserve for invested unrestricted equity. The investors include institutional and qualified investors with past experience and expertise in the medical devices sector (such as Joensuun Kauppa & Kone Oy, Timo Syrjälä, Markku Kaloniemi, Berenberg funds and SP funds), which the Company expects to support the Company's strategy and demonstrate the Company's attractive position in the market. The new shares were registered in the Finnish Trade Register and trading in the new shares together with the existing shares commenced on Nasdaq Helsinki Ltd on 10 May 2022.

Risks and uncertainties

The key risks and uncertainties are described in the company's annual report 2021 which was published on 4 March 2022. The complete report is available at <https://www.optomed.com/investors/>. The risk position of Optomed has not changed since then.

Audit review

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

Financial reporting in 2022

3 November 2022

Interim Report for 1 January – 30 September 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

Consolidated income statement

In thousands of euro	Q2/2022	Q2/2021	H1/2022	H1/2021	2021
Revenue	3,733	4,012	6,947	7,956	14,850
Other operating income	0	624	37	705	810
Materials and services	-1,584	-1,311	-2,645	-2,761	-5,102
Employee benefit expenses	-2,124	-2,257	-4,367	-4,405	-8,702
Depreciation, amortisation and Impairment losses	-542	-1,036	-1,066	-1,572	-2,778
Other operating expenses	-838	-890	-1,722	-1,634	-3,858
Operating result	-1,355	-859	-2,815	-1,710	-4,780
Finance income	302	103	418	342	715
Finance expenses	-296	-128	-340	-151	-263
Net finance expenses	6	-25	77	191	453
Profit (loss) before income taxes	-1,348	-884	-2,738	-1,519	-4,327
Income tax expense	20	20	39	39	78
Loss for the period	-1,328	-864	-2,698	-1,480	-4,249
Loss for the period attributable to					
Owners of the parent company	-1,328	-864	-2,698	-1,480	-4,249
Loss per share attributable to owners of the parent company					
Weighted average number of shares	13,797,968	13,353,833	13,797,968	13,353,833	13,441,437
Basic loss per share (euro)	-0.10	-0.06	-0.20	-0.11	-0.32

Consolidated condensed comprehensive income statement

In thousands of euro	Q2/2022	Q2/2021	H1/2022	H1/2021	2021
Loss for the period	-1,328	-864	-2,698	-1,480	-4,249
Other comprehensive income					
Foreign currency translation difference	-43	-56	-120	-134	-253
Other comprehensive income, net of tax	-43	-56	-120	-134	-253
Total comprehensive income for the period	-1,372	-920	-2,818	-1,614	-4,502
Total comprehensive loss attributable to Owners of the parent company	-1,372	-920	-2,818	-1,614	-4,502

Consolidated balance sheet

In thousands of euro	June 30, 2022	June 30, 2021	Dec 31, 2021
ASSETS			
Non-current assets			
Goodwill	4,256	4,256	4,256
Development costs	7,115	5,531	6,338
Customer relationships	1,275	1,497	1,386
Technology	585	687	636
Other intangible assets	355	451	358
Total intangible assets	13,586	12,422	12,975
Tangible assets	664	352	433
Right-of-use assets	1,029	989	1,205
Deferred tax assets	14	11	13
Total non-current assets	15,293	13,774	14,626
Current assets			
Inventories	3,161	2,552	2,936
Trade and other receivables	5,190	5,501	4,631
Cash and cash equivalents	7,079	7,818	6,804
Total current assets	15,429	15,871	14,371
Total assets	30,722	29,646	28,998

In thousands of euro	June 30, 2022	June 30, 2021	Dec 31, 2021
EQUITY			
Share capital	80	80	80
Share premium	504	504	504
Reserve for invested non-restricted equity	43,089	37,832	38,526
Translation differences	-207	32	-88
Retained earnings	-21,879	-17,839	-17,721
Profit (loss) for the financial year	-2,698	-1,480	-4,249
Total equity	18,888	19,129	17,052
LIABILITIES			
Non-current liabilities			
Borrowings from financial institutions	3,822	3,079	3,813
Government loans	1,871	1,896	1,940
Lease liabilities	640	605	818
Deferred tax liabilities	425	501	463
Total Non-current liabilities	6,758	6,081	7,034
Current liabilities			
Borrowings from financial institutions	368	441	1,071
Government loans	193	361	193
Lease liabilities	405	386	396
Trade and other payables	4,112	3,249	3,252
Total current liabilities	5,077	4,436	4,912
Total liabilities	11,835	10,517	11,946
Total equity and liabilities	30,722	29,646	28,998

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, 2022	80	504	38,526	-88	-21,970	17,052
Comprehensive income						
Loss for the period					-2,698	-2,698
Other comprehensive income						
Translation differences				-120		-120
Total comprehensive income for the period				-120	-2,698	-2,818
Share options			4,563		91	4,654
Total transactions with owners of the company			4,563		91	4,654
Other adjustments						0
Balance at June 30, 2022	80	504	43,089	-207	-24,577	18,888

**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, 2021	80	504	37,470	166	-18,147	20,073
Comprehensive income						
Loss for the period					-4,249	-4,249
Other comprehensive income						
Translation differences				-253		-253
Total comprehensive income for the period				-253	-4,249	-4,502
Share options			1,055		340	1,395
Total transactions with owners of the company			1,055		340	1,395
Other adjustments					86	86
Balance at December 31, 2021	80	504	38,526	-88	-21,970	17,052

Consolidated cash flow statement

In thousands of euro	Q2/2022	Q2/2021	H1/2022	H1/2021	2021
Cash flows from operating activities					
Loss for the financial year	-1,328	-864	-2,698	-1,480	-4,249
Adjustments:					
Depreciation, amortisation and impairment losses	542	1,036	1,066	1,572	2,689
Finance income and finance expenses	403	20	330	-201	-472
Other adjustments	15	-445	30	-356	992
Cash flows before change in net working capital	-369	-253	-1,273	-465	-1,041
Change in net working capital:					
Change in trade and other receivables (increase (-) / decrease (+))	-872	-1,104	-438	-1,702	-1,409
Change in inventories (increase (-) / decrease (+))	115	-200	-184	10	-340
Change in trade and other payables (increase (+) / decrease (-))	568	192	671	536	-22
Cash flows before finance items	-557	-1,365	-1,223	-1,622	-2,811
Interest paid	-10	-11	-22	-30	-66
Other finance expenses paid	-398	-27	-420	-8	-64
Interest received	0	0	0	1	1
Net cash from operating activities (A)	-965	-1,403	-1,665	-1,659	-2,940
Cash flows from investing activities					
Capitalization of development expenses	-750	-445	-1,281	-881	-2,112
Acquisition of tangible assets	-75	-43	-391	-164	-462
Net cash used in investing activities (B)	-825	-489	-1,672	-1,046	-2,574
Cash flows from financing activities					
Proceeds from share subscriptions	4,892	125	4,945	362	1,012
Share issue transaction costs	-382	0	-382	0	0
Proceeds from loans and borrowings	14	0	14	0	1,366
Repayment of loans and borrowings	-213	-33	-778	-225	-327
Repayment of lease liabilities	-103	-97	-205	-216	-414
Net cash from financing activities (C)	4,208	-6	3,595	-79	1,637
Net cash from (used in) operating, investing and financing activities (A+B+C)	2,418	-1,897	257	-2,784	-3,876
Net increase (decrease) in cash and cash equivalents	2,418	-1,897	257	-2,784	-3,876
Cash and cash equivalents at beginning of period	4,630	9,767	6,804	10,608	10,608
Effect of movements in exchange rate on cash held	31	-51	17	-6	73
Cash and cash equivalents at end of period	7,079	7,818	7,079	7,818	6,804

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 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, 2022.

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 2021.

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.

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:

- Determining trade receivables credit risk
- capitalisation of development costs: determination of development expenditure eligible for capitalisation
- impairment testing of development expenditures

Reportable segments

Q2/2022

In thousands of euro	Devices	Software	Group Admin	Total
External revenue	1,361	2,372	0	3,733
Net operating expenses	-719	-865	0	-1,584
Margin	642	1,507	0	2,149
Depreciation and amortisation	-378	-162	-2	-542
Other expenses	-1,106	-1,029	-827	-2,961
Operating result	-843	317	-829	-1,355
Finance items	0	0	6	6
Loss before tax expense	-843	317	-822	-1,348

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

H1/2022

In thousands of euro	Devices	Software	Group Admin	Total
External revenue	2,425	4,522	0	6,947
Net operating expenses	-1,143	-1,466	0	-2,609
Margin	1,283	3,056	0	4,339
Depreciation and amortisation	-743	-319	-4	-1,066
Other expenses	-2,246	-2,158	-1,685	-6,088
Operating result	-1,707	580	-1,689	-2,815
Finance items	0	0	77	77
Loss before tax expense	-1,707	580	-1,611	-2,738

H1/2021

In thousands of euro	Devices	Software	Group Admin	Total
External revenue	3,343	4,613	0	7,956
Net operating expenses	-690	-1,365	0	-2,055
Margin	2,653	3,248	0	5,901
Depreciation and amortisation	-1,269	-303	0	-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

2021

In thousands of euro	Devices	Software	Group Admin	Group
External revenue	5,839	9,011	0	14,850
Net operating expenses	-1,700	-2,592	0	-4,292
Margin	4,139	6,420	0	10,558
Depreciation and amortisation	-2,168	-608	-2	-2,778
Other expenses	-5,153	-4,565	-2,843	-12,561
Operating result	-3,182	1,247	-2,844	-4,780
Finance items	0	0	453	453
Loss before tax expense	-3,182	1,247	-2,392	-4,327

Revenue

Disaggregation of revenue

In thousands of euro	Q2/2022	Q2/2021	H1/2022	H1/2021	2021
Finland	2,066	2,047	4,172	4,505	8,939
China	57	876	106	1,651	2,165
Other	1,610	1,089	2,669	1,800	3,746
Total	3,733	4,012	6,947	7,956	14,850

Other operating income

In thousands of euro	Q2/2022	Q2/2021	H1/2022	H1/2021	2021
Other operating income	0	624	37	705	810
Total	0	624	37	705	810

Other operating income consist of received grants, profit from sales of fixed assets and Business Finland loan conversion to grant during the 2021 comparison period. During the financial years 2021-2022 Optomed has received government grants from various organisations, such as Business Finland.

Other operating expenses

Other operating expenses	Q2 2022	Q2 2021	H1 2022	H1 2021	2021
Sales and marketing	-204	-149	-378	-281	-674
Research and development	-82	-234	-263	-361	-412
General and administration	-551	-507	-1,081	-992	-2,772
Total operating expenses	-838	-890	-1,722	-1,634	-3,858

Other operating expenses also comprise changes in expected credit losses and realised credit losses.

Tangible assets

In thousands of euro	Machinery and equipment 30.6.2022	Machinery and equipment 30.6.2021	Machinery and equipment 2021
Cost			
Balance at January 1	2,721	2,257	2,257
Additions	405	165	464
Balance at End of Period	3,126	2,422	2,721
Accumulated depreciation and impairment losses			
Balance at January 1	-2,288	-1,898	-1,898
Depreciation	-174	-173	-390
Balance at end of period	-2,462	-2,070	-2,288
Carrying amount at January 1	433	359	359
Carrying amount at June 30/ December 31	664	352	433

Leases

Leased tangible assets

In thousands of euro	30.6.2022	30.6.2021	2021
Additions to right-of-use assets	35	27	449
Depreciation change for right-of-use assets	-211	-203	-409
Carrying amount at the end of the reporting period	1,029	989	1,205

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	30.6.2022	30.6.2021	2021
Current	405	386	396
Non-current	640	605	818
Total	1,044	991	1,214

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 2022	Goodwill	Development costs	Customer relationships	Technology	Other intangible assets	Total
In thousands of euro						
Cost						
Balance at January 1	4,256	11,815	2,222	1,023	951	20,267
Additions	0	1,245	0	0	48	1,293
Balance at June 30	4,256	13,060	2,222	1,023	999	21,560
Accumulated amortisation and impairment losses						
Balance at January 1	0	-5,477	-836	-387	-593	-7,292
Amortization	0	-468	-111	-51	-51	-681
Impairment losses	0	0	0	0	0	0
Balance at June 30	0	-5,945	-947	-438	-644	-7,973
						-
Carrying amount at January 1	4,256	6,338	1,386	636	358	12,975
Carrying amount at June 30	4,256	7,115	1,275	585	355	13,586

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	0	831	0	0	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	0	-4,043	-614	-286	-461	-5,403
Amortization	0	-486	-111	-51	-67	-715
Impairment losses	0	-482	0	0	0	-482
Balance at June 30	0	-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 December 31 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	0	2,105	0	0	6	2,111
Balance at December 31	4,256	11,815	2,222	1,023	952	20,267
Accumulated amortisation and impairment losses						
Balance at January 1	0	-4,043	-614	-286	-461	-5,403
Amortization	0	-952	-222	-102	-43	-1,319
Impairment losses	0	-482	0	0	-89	-571
Balance at December 31	0	-5,477	-836	-387	-593	-7,292
Carrying amount at January 1	4,256	5,667	1,608	738	485	12,753
Carrying amount at December 31	4,256	6,338	1,386	636	358	12,975

Financial assets

Carrying amounts - at amortised cost

Current financial assets

In thousands of euro	30.6.2022	30.6.2021	2021
Trade receivables			
Recourse factoring	358	351	740
Other trade receivables	3,673	3,787	2,917
Total trade receivables	4,031	4,138	3,658
Cash and cash equivalents	7,079	7,818	6,804
Total	11,109	11,957	10,462

Due to overdue trade receivables, financial assets are subject to an increased risk of credit loss.

Exposure to credit risk and loss allowance

Optomed considers it has heightened risk regarding Chinese customer's trade receivables. The credit risk concentration has been formed and is associated with an increased credit loss risk due to overdue trade receivables. Chinese customer has paid its overdue receivable according to planned schedule. Planned schedule was renegotiated in July.

In thousands of euro	Gross carrying amount	Weighted av. loss rate %	Loss allowance
At June 30, 2022			
Current (not past due)	1,800	0,5 %	9
Past due			
1-30 days	172	1,5 %	3
31-60 days	45	4 %	2
61-90 days	11	9 %	1
More than 90 days past due	40	12 %	4
Specific loss allowance	2,382	30 %	700
Total	4,391		718

In thousands of euro	Gross carrying amount	Weighted av. loss rate %	Loss allowance
At December 31, 2021			
Current (not past due)	1,143	0,5 %	6
Past due			
1-30 days	67	1,5 %	1
31-60 days	10	4 %	0
61-90 days	2	9 %	0
More than 90 days past due	40	12 %	5
Specific loss allowance	2,382	30 %	715
Total	3,644		727

Financial liabilities

In thousands of euro	30.6.2022	30.6.2021	31.12.2021
Non-current financial liabilities			
Borrowings from financial institutions	3,822	3,079	3,813
Government loans	1,871	1,896	1,940
Lease liabilities	640	605	818
Total	6,333	5,580	6,571
Current financial liabilities			
Borrowings from financial institutions	368	441	1,071
Government loans	193	361	193
Lease liabilities	405	386	396
Trade payables	1,159	913	944
Total	2,123	2,100	2,604
Total financial liabilities	8,456	7,680	9,175

In the financial year 2022 the Group extended the repayment schedule for borrowings from OP bank and in 2021 negotiated new loan from Nordea.

Fair values - financial liabilities measured at amortized cost

Optomed considers that the carrying amounts of the financial liabilities measured at amortized 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 using the agreed formula. The table below summarizes the Group's financial covenant term and compliance during the reporting period.

	Covenant term	Actual ratio	Applicable level
Nordea loan			
At June 30. 2022			
Equity ratio	50 %	61,48 %	Optomed Group
Cash amount	2 million	7,1 million	Optomed Group
At December 31.2022 and thereafter			
EBITDA	0		Optomed Group
OP loan equity ratio			
At June 30, 2022	35 %	62,73 %	Optomed Group
At June 30, 2021	35 %	68,87 %	Optomed Group
At December 31, 2021	35 %	59,04 %	Optomed Group

Company's Equity ratio is calculated as follows depending on the lender:

Nordea loan equity ratio calculation formula: $\text{Adjusted equity} / (\text{Balance sheet total} + \text{Leasing liabilities})$

OP loan equity ratio calculation formula: $\text{Adjusted equity} / (\text{Balance sheet total} - \text{received advances})$

Optomed was in compliance with the covenant as at June 30, 2022.

Related party transactions

In thousands of euro	Revenues	Trade receivables	Other expenses
Jan 1 - Jun 30 2022	394	2,530	-40
Jan 1 - Jun 30 2021	1,734	2,477	-48
Jan 1 - Dec 31 2021	1,704	2,382	-87

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

Chinese customer's payment schedule was renegotiated in July. Management view is, that risk for credit loss has not increased.