

**OPTOMED**

# Interim report

January - September 2022



# Optomed Plc: Interim report, January – September 2022

## July – September 2022

- Revenue increased by 10.7 percent to EUR 3.7 (3.3) million.
- Devices segment revenue increased by 45.4 percent to EUR 1.7 (1.2) million. The growth rate of the segment was 40.2% at comparable exchange rates.
- In the Devices segment all sales channels but China came out with a solid performance.
- Software segment revenue decreased by 7.9 percent to EUR 2.0 (2.2) million due to the segment focusing more on R&D.
- EBITDA amounted to EUR 0.1 (-0.3) million corresponding to 3.9 (-10.1) percent of revenue.
- EBITDA was positively affected by a Business Finland loan waiver of 0.84 million related to a closed product development project and negatively affected by an inventory provision of 0.20 million, partly related to the impairment of the terminated product development program.
- EBIT was affected by the impairment of the terminated product development program amounting to EUR 1,0 million to which the loan waiver was also related to.
- On 27 October 2022 Optomed decreased its full year 2022 outlook due to uncertainty in China. The Company now expects its full year 2022 revenue to stay on the same level as in 2021.

## January – September 2022

- Revenue decreased by 5.8 percent to EUR 10.6 (11.3) million.
- Devices segment revenue decreased by 8.6 percent to EUR 4.1 (4.5) million.
- Software segment revenue decreased by 3.9 percent to EUR 6.5 (6.8) million.
- EBITDA amounted to EUR -1.6 (-0.5) million corresponding to -15.1 (-4.2) 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	Q3/2022	Q3/2021	Change, %	Q1-Q3/2022	Q1-Q3/2021	Change, %	2021
Revenue	3,700	3,342	10.7%	10,648	11,299	-5.8%	14,850
Gross profit *	2,967	2,250	31.8%	7,305	8,151	-10.4%	10,558
Gross margin % *	80.2%	67.3%		68.6%	72.1%		71.1%
EBITDA	145	-337	143.1%	-1,604	-475	-238.0%	-2,002
EBITDA margin *, %	3.9%	-10.1%		-15.1%	-4.2%		-13.5%
Adjusted EBITDA *	145	-337	143.1%	-1,604	-475	-238.0%	-2,002
Adjusted EBITDA margin *, %	3.9%	-10.1%		-15.1%	-4.2%		-13.5%
Operating result(EBIT)	-1,411	-888	-58.9%	-4,227	-2,598	-62.7%	-4,780
Operating margin (EBIT) *, %	-38.1%	-26.6%		-39.7%	-23.0%		-32.2%
Adjusted operating result(EBIT) *	-1,411	-888	-58.9%	-4,227	-2,598	-62.7%	-4,780
Adjusted operating margin (EBIT margin) *, %	-38.1%	-26.6%		-39.7%	-23.0%		-32.2%
Net profit/ loss	-1,377	-833	-65.3%	-4,075	-2,313	-76.2%	-4,249
Earnings per share	-0.10	-0.06	-56.2%	-0.29	-0.17	-66.5%	-0.32
Cash flow from operating activities	-504	-764	34.0%	-2,093	-2,450	14.6%	-2,940
Net Debt	-271	-1,052	-74.3%	-271	-1,052	-74.3%	213
Net debt/ Adjusted EBITDA (LTM)	0.1	2.0		0.1	2.0		-0.1
Equity ratio *	63.3%	62.7%		63.3%	62.7%		58.8%
R&D expenses personnel	251	386	-34.8%	850	1,354	-37.3%	1,773
R&D expenses other costs	124	79	56.5%	480	390	23.1%	511
Total R&D expenses	375	465	-19.3%	1,329	1,744	-23.8%	2,284

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

# CEO Review

**Revenue started to increase again, significant amount of new sales and marketing recruitments done in the US, the resources are targeted especially at the finalization and market introduction of the Aurora AEYE solution**

The revenue of the Devices segment turned back to the strong growth track driven by the Western markets. The increase of market demand for our cameras continued in the OEM channel and in all key market areas but China.

Due to the numerous clinical studies published during the recent years, Optomed Aurora camera is especially in the Western markets identified and recognized clearly as superior compared to competing products which is shown as increasing market demand for the product. This provides us a solid foundation to increase our sales in the coming years. Despite that the handheld fundus cameras are still a very new and relatively small product category in the fundus camera market, the category grows faster than the rest of the market. The revenue of the Software segment declined mainly driven by software resources focusing more on the development of the Aurora AEYE and Avenue Flow solutions. This was reflected as lower project deliveries and sales during the review period. Right now, the key target of the Software segment, and the Optomed Group, is the finalization and market introduction of the Aurora AEYE solution and the other software products under development. As a result, in the near-term future the revenue of the Software segment is expected to be slightly lower than under normal circumstances.

After the promising clinical trial results of the Aurora AEYE product and the new CPT code based on the use of artificial intelligence for screening of more than mild diabetic retinopathy, we have completed major sales and marketing staff recruitments in the US. Further, we expect that the market demand for the standard model of the Optomed Aurora, also without the AI solution, continues to grow strongly. We see that the US is clearly in short, medium, and long term the most significant growth market where we have great chances to succeed. Obtaining an FDA clearance for a medical devices utilizing artificial intelligence requires significant investments and it is hard to predict when the clearance is going to be obtained. Implementing autonomous, diagnostic artificial intelligence system in healthcare settings is very new and each solution is individual. We are working hard together with our partners to obtain the clearance for our Aurora AEYE solution. However, the products that have been cleared by FDA are later on well protected by high quality criteria and market entry barriers. In the end, this is seen as a significant advantage for the companies that are able to obtain a clearance.

The markets in China continued to be weak during the review period. The local lock downs severely affect sales work and in combination with the overall weak economic and market situation in China, and the changed trade policy currently favouring local companies, make it difficult to build new sales channels in the country. We are currently assessing various strategic solutions and partnership possibilities that could help us to leverage an enormous potential of the Chinese market. The need for Optomed's products is still huge in China in the long term.

The market introduction of other products, such as the Devices segment's new product under development, is postponed until next year, as the Company focuses on supporting the finalization, approval processes and market introduction of the Aurora AEYE product and Avenue Flow software solutions. We believe that the overall market environment and, consequently, the market demand for Optomed's products will develop

positively in the near-term future. As a result of the positive clinical trial results received in the beginning of the year, the growth in the Western markets, and the strengthened US sales team, I believe the Company is in many ways in significantly more advanced situation than in the beginning of the year. Due to our limited resources, we continue to focus even more strongly on the strategic key target of advancing the FDA clearance process of the Aurora AEYE solution. During this phase, we will limit our other investments outside the US.

Seppo Kopsala  
CEO

## Outlook 2022

Optomed expects its full year 2022 revenue to stay on the same level as in 2021.

## Telephone conference

A telephone conference for analysts, investors and media will be arranged on 3 November 2022 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](http://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](mailto: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 469 153 727#.

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 2022

In July-September 2022, Group revenue increased by 10.7 percent to EUR 3,700 (3,342) thousand. The increase was driven by strong Devices segment sales. All sales channels but China came out with a solid performance. China is still affected by various lockdowns and the revenue from the channel was very low. Optomed is currently assessing strategic rebuilding alternatives in China. Software segment's revenue declined due to the decision to focus software resources on inhouse product development related to Optomed Aurora AEYE and Avenue Flow.

The gross margin increased to 80.2 from 67.3 percent of last year. Business Finland waived a loan of the Company in the amount of EUR 841 thousand related to a closed product development project in Q3 which significantly boosted the gross margin. The gross margin for the third quarter of 2022 adjusted for grants and other operating income would have been 57.4 per cent compared to the normalized 65.9 percent in 2021. The comparison period gross margin was supported by a grant of EUR 48 thousand. The remaining difference is explained by a lower share of Software Segment revenue where the gross margin is normally higher than in the Devices Segment.

EBITDA was EUR 145 (-337) thousand. The increase was mainly driven by the loan waiver, however, the staff costs increased especially in the US. EBIT was affected by the impairment of the terminated product development program amounting to EUR 1,040 thousand to which the loan waiver was also related to.

Net financial items amounted to EUR 15 (36) thousand and consisted mainly of interest payments to financial institutions and the translation effect of Chinese RMB and USD to EUR.

## January – September 2022

In January-September 2022, Group revenue decreased by 5.8 percent to EUR 10,648 (11,299) thousand. The Devices segment's revenue decreased by 8.6 percent and the Software segment's revenue decreased by 3.9 percent. In February, 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.

The gross margin decreased to 68.6 percent from 72.1 percent last year. In January-September the Company's other operating income includes governmental grants of EUR 879 (753) thousand, which increased the gross margin of both periods. The gross margin for the period adjusted for the total amount of the grants and other operating income would have been 60.4 percent compared to 65.5 percent in 2021.

EBITDA amounted to EUR -1,604 (-475) thousand and EBIT was EUR -4,227 (-2,598) thousand.

Net financial items amounted to EUR 92 (226) thousand and consisted mainly of interest payments to financial institutions and the translation effect of Chinese RMB and USD to EUR.

## Cash flow and financial position

In July-September 2022, the cash flow from operating activities amounted to EUR -504 (-764) thousand. Net cash used in investing activities was EUR -797 (-646) thousand and relates to capitalized development expenses. Net cash from financing activities amounted to EUR -172 (1,404).

Consolidated cash and cash equivalents at the end of the period amounted to EUR 5,668 (7,827) thousand. Interest-bearing net debt totalled EUR -271 (-1,052) thousand at the end of the period.

Net working capital was EUR 4,138 (5,298) thousand at the end of the period.

In January-September 2022, the cash flow from operating activities amounted to EUR -2,093 (-2,450) thousand. Net cash used in investing activities was EUR -2,471 (-1,691) thousand and relates to capitalized development expenses. Net cash from financing activities amounted to EUR 3,380 (1,347). Optomed completed a directed share issue consisting of 1,397,853 shares and collected net proceeds of approximately EUR 4.8 million in May 2022.

## 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	Q3/2022	Q3/2021	Change, %	Q1-Q3/2022	Q1-Q3/2021	Change, %	2021
<b>Revenue</b>	1,697	1,167	45.4%	4,122	4,510	-8.6%	5,839
<b>Gross profit *</b>	1,592	722	120.5%	2,875	3,375	-14.8%	4,139
<b>Gross margin% *</b>	93.8%	61.9%		69.7%	74.8%		70.9%
<b>EBITDA</b>	546	-178	405.9%	-417	184	-326.8%	-1,014
<b>EBITDA margin *, %</b>	32.2%	-15.3%		-10.1%	4.1%		-17.4%
<b>Operating result (EBIT)</b>	-844	-577	-46.2%	-2,550	-1,484	-71.8%	-3,182
<b>Operating margin (EBIT) *, %</b>	-49.7%	-49.5%		-61.9%	-32.9%		-54.5%

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



## July-September 2022

In July-September 2022, the Devices segment revenue increased by 45.4 percent to EUR 1,697 (1,167) thousand. All sales channels grew. However, in China the market remained muted. The distributor channel won a promising case in Egypt. Overall, the OEM channel grew significantly as some of the OEM clients were very active. The growth continued also in the US.

The gross margin was 93.8 (61.9) per cent and it was positively affected by a Business Finland loan waiver of 841 (48) thousand, and negatively affected by an inventory provision of 200 thousand, partly related to the loan waiver. The gross margin without the waiver and the inventory provision would have been 56.0 per cent. The comparison period gross margin without the other operating income would have been 57.8 per cent.

EBITDA was EUR 546 (-178) thousand or 32.2 (-15.3) percent of revenue. While the increase in EBITDA was mainly driven by the loan waiver, operating expenses increased in the US compared to the previous year due to the significant staff increases.

## January-September 2022

In January-September 2022, the Devices segment revenue decreased by 8.6 percent to EUR 4,122 (4,510) thousand.

The gross margin decreased to 69.7 percent from 74.8 percent in the previous year. The first nine months' gross margin adjusted for other operating income would have been 48.4 (58.1) percent. EBITDA was EUR -417 (184) thousand or -10.1 (4.1) percent of revenue.

## 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	Q3/2022	Q3/2021	Change, %	Q1-Q3/2022	Q1-Q3/2021	Change, %	2021
<b>Revenue</b>	2,003	2,176	-7.9%	6,525	6,789	-3.9%	9,011
<b>Gross profit *</b>	1,374	1,528	-10.1%	4,430	4,776	-7.2%	6,420
<b>Gross margin% *</b>	68.6%	70.3%		67.9%	70.4%		71.2%
<b>EBITDA</b>	475	551	-13.8%	1,373	1,339	2.6%	1,855
<b>EBITDA margin *, %</b>	23.7%	25.3%		21.0%	19.7%		20.6%
<b>Operating result (EBIT)</b>	310	399	-22.3%	890	884	0.6%	1,247
<b>Operating margin (EBIT) *, %</b>	15.5%	18.3%		13.6%	13.0%		13.8%

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



## July – September 2022

In July-September 2022, The Software segment revenue decreased by 7.9 percent to EUR 2,003 (2,176) thousand. Gross margin was 68.6 (70.3) per cent. EBITDA was EUR 475 (551) thousand or 23.7 (25.3) percent of revenue. The segment has been focusing more on R&D work related to Avenue Flow and Optomed Aurora AEYE. This has a negative short-term effect on both revenue and profitability.

## January – September 2022

In January-September 2022, the Software segment revenue decreased by 3.9 percent to EUR 6,525 (6,789) thousand, EBITDA was EUR 1,373 (1,339) thousand or 21.0 (19.7) percent of revenue.

## Group-wide expenses

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

## July – September 2022

Group-wide operating expenses amounted to EUR 875 (710) thousand. The key driver for the increase were the increased marketing investments.

## January – September 2022

Group-wide operating expenses amounted to EUR 2,560 (1,998) thousand.

## Personnel

Number of personnel at the end of the reporting period.

	9/2022	9/2021
<b>Devices</b>	54	49
<b>Software</b>	42	42
<b>Group common</b>	24	27
<b>Total</b>	120	118

# 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/](http://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

## Extraordinary General Meeting

On 6 September 2022, the Company organized an Extraordinary General Meeting as Board member Xisi Guo decided to leave the Board of Directors of Optomed on 19 August 2022. The Extraordinary General Meeting elected Mr. Mars Duan to the Board of Directors of the Company. Mars Duan is independent of the Company and dependent of a major shareholder.

The Board of Directors of Optomed Plc currently consists of the following persons: the Chairman Petri Salonen, Mars Duan, Seppo Mäkinen, Reijo Tauriainen and 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 374,566 shares in the treasury which approximately corresponds to 2.4 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/](http://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.

## Other events

On 16. August.2022 Optomed announced that Optomed's board of directors has resolved upon a new option plan. The resolution is based on the authorization given by the general meeting of 10 May 2022. The total number of options of Option Plan 2022A is 250,000 and each option entitled to one share of the company. The options are offered to certain key employees. The purpose of the plan is to retain and incentivize key employees. The subscription price is EUR 4.17 corresponding the closing price of 12 August 2022, and the subscription period is 1 January 2026 – 31 December 2027. The theoretical market value of one option under the plan 2022A is approximately EUR 1.771 per stock option and the theoretical total market value of the plan 2022A is approximately 442,750.00 euros in total. The theoretical market value of a stock option has been calculated by using the Black & Scholes stock option pricing model with the following input factors: share price EUR 4.04 euros, subscription price EUR 4.17, risk free interest rate 0.0%, validity of stock options approximately 3.4 years and volatility 64.07%.

On 7 September 2022, Optomed announced the composition of the shareholders Nomination Board. The composition of Optomed's Nomination Board remained the same as last year. According to Optomed's shareholder register of 1 September 2022, the shareholders represented in the shareholders' Nomination Board are OP-Rahastoyhtiö Oy (OP funds), Aktia Rahastoyhtiö Oy (Aktia funds) and Finnish Industry Investment Ltd. These shareholders appointed the following persons to the Nomination Board:

- Vesa Vanha-Honko, OP funds
- Markus Lindqvist, Aktia funds
- Keith Bonnici, Finnish Industry Investment Ltd

Petri Salonen, Chairman of Optomed's Board of Directors, will serve as the Nomination Board's expert member.

## Audit review

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

## Financial reporting in 2023

- **17 February 2023** Financial Statement Bulletin for 1 January – 31 December 2022
- **5 May 2023** Interim Report for 1 January – 31 March 2023
- **4 August 2023** Half-Year Financial Report for 1 January – 30 June 2023
- **3 November 2023** Interim Report for 1 January – 30 September 2023

## For more information, contact

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## About Optomed

Optomed is a Finnish medical technology company and one of the leading providers of handheld fundus cameras and screening software. 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.

[www.optomed.com](http://www.optomed.com)

# 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.

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

## Consolidated income statement

In thousands of euro	Q3/2022	Q3/2021	Q1-Q3/2022	Q1-Q3/2021	2021
Revenue	3,700	3,342	10,648	11,299	14,850
Other operating income	842	48	879	753	810
Materials and services	-1,576	-1,140	-4,221	-3,901	-5,102
Employee benefit expenses	-2,083	-1,849	-6,449	-6,254	-8,702
Depreciation, amortization and Impairment losses	-1,557	-551	-2,622	-2,123	-2,778
Other operating expenses	-739	-738	-2,460	-2,372	-3,858
<b>Operating result</b>	<b>-1,411</b>	<b>-888</b>	<b>-4,227</b>	<b>-2,598</b>	<b>-4,780</b>
Finance income	145	88	563	374	715
Finance expenses	-130	-53	-471	-148	-263
<b>Net finance expenses</b>	<b>15</b>	<b>36</b>	<b>92</b>	<b>226</b>	<b>453</b>
<b>Profit (loss) before income taxes</b>	<b>-1,397</b>	<b>-853</b>	<b>-4,135</b>	<b>-2,372</b>	<b>-4,327</b>
Income tax expense	20	20	59	58	78
<b>Loss for the period</b>	<b>-1,377</b>	<b>-833</b>	<b>-4,075</b>	<b>-2,313</b>	<b>-4,249</b>
<b>Loss for the period attributable to</b>					
Owners of the parent company	-1,377	-833	-4,075	-2,313	-4,249
<b>Loss per share attributable to owners of the parent company</b>					
Weighted average number of shares	14,180,928	13,399,424	14,180,928	13,399,424	13,441,437
Basic loss per share (euro)	-0.10	-0.06	-0.29	-0.17	-0.32



# Consolidated condensed comprehensive income statement

In thousands of euro	Q3/2022	Q3/2021	Q1-Q3/2022	Q1-Q3/2021	2021
Loss for the period	-1,377	-833	-4,075	-2,313	-4,249
Other comprehensive income					
Foreign currency translation difference	-21	-55	-141	-189	-253
Other comprehensive income, net of tax	-21	-55	-141	-189	-253
<b>Total comprehensive loss attributable to Owners of the parent company</b>	<b>-1,398</b>	<b>-888</b>	<b>-4,216</b>	<b>-2,502</b>	<b>-4,502</b>

# Consolidated balance sheet

In thousands of euro	September 30, 2022	September 30, 2021	Dec 31, 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	4,256	4,256	4,256
Development costs	6,287	5,735	6,338
Customer relationships	1,220	1,441	1,386
Technology	560	662	636
Other intangible assets	360	434	358
<b>Total intangible assets</b>	<b>12,683</b>	<b>12,528</b>	<b>12,975</b>
Tangible assets	932	447	433
Right-of-use assets	920	888	1,205
Deferred tax assets	15	12	13
<b>Total non-current assets</b>	<b>14,549</b>	<b>13,875</b>	<b>14,626</b>
<b>Current assets</b>			
Inventories	2,833	2,902	2,936
Trade and other receivables	4,782	5,454	4,631
Cash and cash equivalents	5,668	7,827	6,804
<b>Total current assets</b>	<b>13,283</b>	<b>16,183</b>	<b>14,371</b>
<b>Total assets</b>	<b>27,832</b>	<b>30,058</b>	<b>28,998</b>

In thousands of euro	September 30, 2022	September 30, 2021	Dec 31, 2021
<b>EQUITY</b>			
Share capital	80	80	80
Share premium	504	504	504
Reserve for invested non-restricted equity	43,137	38,377	38,526
Translation differences	-228	-23	-88
Retained earnings	-21,803	-17,775	-17,721
Profit (loss) for the financial year	-4,075	-2,313	-4,249
<b>Total equity</b>	<b>17,613</b>	<b>18,850</b>	<b>17,052</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings from financial institutions	3,579	3,857	3,813
Government loans	1,030	2,064	1,940
Lease liabilities	538	511	818
Deferred tax liabilities	406	482	463
<b>Total Non-current liabilities</b>	<b>5,553</b>	<b>6,915</b>	<b>7,034</b>
<b>Current liabilities</b>			
Borrowings from financial institutions	596	661	1,071
Government loans	193	193	193
Lease liabilities	400	382	396
Trade and other payables	3,477	3,058	3,252
<b>Total current liabilities</b>	<b>4,666</b>	<b>4,293</b>	<b>4,912</b>
<b>Total liabilities</b>	<b>10,218</b>	<b>11,208</b>	<b>11,946</b>
<b>Total equity and liabilities</b>	<b>27,832</b>	<b>30,058</b>	<b>28,998</b>

# 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
<b>Balance at January 1, 2022</b>	80	504	38,526	-88	-21,970	17,052
<b>Comprehensive income</b>						
Loss for the period					-4,075	-4,075
<b>Other comprehensive income</b>						
Translation differences				-141		-141
<b>Total comprehensive income for the period</b>				<b>-141</b>	<b>-4,075</b>	<b>-4,216</b>
Share issue			4,611			4,611
Share options					167	167
<b>Total transactions with owners of the company</b>			<b>4,611</b>		<b>167</b>	<b>4,778</b>
Other adjustments						0
<b>Balance at September 30, 2022</b>	80	504	43,137	-228	-25,878	17,613

**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
<b>Balance at January 1, 2021</b>	<b>80</b>	<b>504</b>	<b>37,470</b>	<b>166</b>	<b>-18,147</b>	<b>20,073</b>
<b>Comprehensive income</b>						
Loss for the period					-2,313	-2,313
<b>Other comprehensive income</b>						
Translation differences				-189		-189
<b>Total comprehensive income for the period</b>				<b>-189</b>	<b>-2,313</b>	<b>-2,502</b>
Share issue						0
Share options			907		286	1,193
<b>Total transactions with owners of the company</b>			<b>907</b>		<b>286</b>	<b>1,193</b>
Other adjustments					86	86
<b>Balance at September 30, 2021</b>	<b>80</b>	<b>504</b>	<b>38,377</b>	<b>-23</b>	<b>-20,088</b>	<b>18,850</b>

**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
<b>Balance at January 1, 2021</b>	<b>80</b>	<b>504</b>	<b>37,470</b>	<b>166</b>	<b>-18,147</b>	<b>20,073</b>
Comprehensive income						
Loss for the period					-4,249	-4,249
<b>Other comprehensive income</b>						
Translation differences				-253		-253
<b>Total comprehensive income for the period</b>				<b>-253</b>	<b>-4,249</b>	<b>-4,502</b>
Share issue						0
Share options			1,055		340	1,395
<b>Total transactions with owners of the company</b>			<b>1,055</b>		<b>340</b>	<b>1,395</b>
Other adjustments					86	86
<b>Balance at December 31, 2021</b>	<b>80</b>	<b>504</b>	<b>38,526</b>	<b>-88</b>	<b>-21,970</b>	<b>17,052</b>

# Consolidated cash flow statement

In thousands of euro	Q3/2022	Q3/2021	Q1-Q3/2022	Q1-Q3/2021	2021
<b>Cash flows from operating activities</b>					
Loss for the financial year	-1,377	-833	-4,075	-2,313	-4,249
Adjustments:					
Depreciation, amortization and impairment losses	1,557	551	2,622	2,123	2,689
Finance income and finance expenses	37	-65	0	-266	-472
Other adjustments	-782	140	-752	-217	454
<b>Cash flows before change in net working capital</b>	<b>-565</b>	<b>-207</b>	<b>-2,204</b>	<b>-673</b>	<b>-1,579</b>
Change in net working capital:					
Change in trade and other receivables (increase (-) / decrease (+))	496	42	64	-1,662	-1,409
Change in inventories (increase (-) / decrease (+))	345	-332	159	-327	-340
Change in trade and other payables (increase (+) / decrease (-))	-725	-250	20	288	516
<b>Cash flows before finance items</b>	<b>-449</b>	<b>-748</b>	<b>-1,962</b>	<b>-2,373</b>	<b>-2,811</b>
Interest paid	-38	-9	-60	-39	-66
Other finance expenses paid	-17	-7	-72	-39	-64
Interest received	0	0	0	1	1
<b>Net cash from operating activities (A)</b>	<b>-504</b>	<b>-764</b>	<b>-2,093</b>	<b>-2,450</b>	<b>-2,940</b>
<b>Cash flows from investing activities</b>					
Capitalization of development expenses	-449	-443	-1,729	-1,324	-2,112
Acquisition of tangible assets	-349	-202	-742	-367	-462
<b>Net cash used in investing activities (B)</b>	<b>-797</b>	<b>-646</b>	<b>-2,471</b>	<b>-1,691</b>	<b>-2,574</b>
<b>Cash flows from financing activities</b>					
Proceeds from share subscriptions	7	501	4,952	864	1,012
Share issue transaction costs	0	0	-382	0	0
Proceeds from loans and borrowings	0	1,000	0	1,000	1,366
Repayment of loans and borrowings	-73	0	-880	-203	-327
Repayment of lease liabilities	-106	-98	-310	-314	-414
<b>Net cash from financing activities (C)</b>	<b>-172</b>	<b>1,404</b>	<b>3,380</b>	<b>1,347</b>	<b>1,637</b>
<b>Net cash from (used in) operating, investing and financing activities (A+B+C)</b>	<b>-1,473</b>	<b>-5</b>	<b>-1,184</b>	<b>-2,794</b>	<b>-3,876</b>
Cash and cash equivalents at beginning of period	7,079	7,818	6,804	10,608	10,608
Effect of movements in exchange rate on cash held	63	13	48	13	73
<b>Cash and cash equivalents at end of period</b>	<b>5,668</b>	<b>7,827</b>	<b>5,668</b>	<b>7,827</b>	<b>6,804</b>

\*Comparison figures for 2021 numbers have been corrected in Operating activities category.



# 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, although not all requirements of IAS 34 Interim Financial Reporting have been followed. This interim financial statement 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.

# Reportable segments

## Q3/2022

In thousands of euro	Devices	Software	Group Admin	Total
External revenue	1,697	2,003	0	3,700
Net operating expenses	-105	-629	0	-734
<b>Margin</b>	<b>1,592</b>	<b>1,374</b>	<b>0</b>	<b>2,967</b>
Depreciation and amortization	-1,390	-165	-2	-1,557
Other expenses	-1,046	-900	-875	-2,821
<b>Operating result</b>	<b>-844</b>	<b>310</b>	<b>-877</b>	<b>-1,411</b>
Finance items	0	0	15	15
<b>Loss before tax expense</b>	<b>-844</b>	<b>310</b>	<b>-863</b>	<b>-1,397</b>

## 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
<b>Margin</b>	<b>722</b>	<b>1,528</b>	<b>0</b>	<b>2,250</b>
Depreciation and amortization	-399	-152	-1	-551
Other expenses	-900	-978	-709	-2,587
<b>Operating result</b>	<b>-577</b>	<b>399</b>	<b>-710</b>	<b>-888</b>
Finance items	0	0	36	36
<b>Loss before tax expense</b>	<b>-577</b>	<b>399</b>	<b>-674</b>	<b>-853</b>

## Q1-Q3/2022

In thousands of euro	Devices	Software	Group Admin	Total
External revenue	4,122	6,525	0	10,648
Net operating expenses	-1,248	-2,095	0	-3,342
<b>Margin</b>	<b>2,875</b>	<b>4,430</b>	<b>0</b>	<b>7,305</b>
Depreciation and amortization	-2,133	-483	-6	-2,622
Other expenses	-3,292	-3,057	-2,560	-8,909
<b>Operating result</b>	<b>-2,550</b>	<b>890</b>	<b>-2,566</b>	<b>-4,227</b>
Finance items	0	0	92	92
<b>Loss before tax expense</b>	<b>-2,550</b>	<b>890</b>	<b>-2,474</b>	<b>-4,135</b>

## 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
<b>Margin</b>	<b>3,375</b>	<b>4,776</b>	<b>0</b>	<b>8,151</b>
Depreciation and amortization	-1,668	-455	-1	-2,123
Other expenses	-3,191	-3,437	-1,997	-8,626
<b>Operating result</b>	<b>-1,484</b>	<b>884</b>	<b>-1,998</b>	<b>-2,598</b>
Finance items	0	0	226	226
<b>Loss before tax expense</b>	<b>-1,484</b>	<b>884</b>	<b>-1,772</b>	<b>-2,372</b>

## 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
<b>Margin</b>	<b>4,139</b>	<b>6,420</b>	<b>0</b>	<b>10,558</b>
Depreciation and amortization	-2,168	-608	-2	-2,778
Other expenses	-5,153	-4,565	-2,843	-12,561
<b>Operating result</b>	<b>-3,182</b>	<b>1,247</b>	<b>-2,844</b>	<b>-4,780</b>
Finance items	0	0	453	453
<b>Loss before tax expense</b>	<b>-3,182</b>	<b>1,247</b>	<b>-2,392</b>	<b>-4,327</b>

## Other operating income

In thousands of euro	Q3/2022	Q3/2021	Q1-Q3/2022	Q1-Q3/2021	2021
Other operating income	842	48	879	753	810
<b>Total</b>	<b>842</b>	<b>48</b>	<b>879</b>	<b>753</b>	<b>810</b>

Other operating income consist of Business Finland waived loan (841 thousand), received grants and profit from sales of fixed assets. During the financial years 2021-2022 Optomed has received government grants from various organizations, such as Business Finland.

## Other operating expenses

Other operating expenses	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	2021
Sales and marketing	-200	-164	-578	-445	-674
Research and development	-36	-28	-298	-388	-412
General and administration	-503	-546	-1,584	-1,539	-2,772
<b>Total operating expenses</b>	<b>-739</b>	<b>-738</b>	<b>-2,460</b>	<b>-2,372</b>	<b>-3,858</b>

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

## 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 receivables according to planned schedule. Planned schedule was renegotiated in July.

In thousands of euro	Gross carrying amount	Weighted av. loss rate%	Loss allowance
<b>At September 30, 2022</b>			
Current (not past due)	1,572	0.5%	8
Past due			
1-30 days	144	1.5%	2
31-60 days	135	4%	5
61-90 days	12	9%	1
More than 90 days past due	37	12%	4
Specific loss allowance	2,211	30%	663
<b>Total</b>	<b>4,112</b>		<b>684</b>

In thousands of euro	Gross carrying amount	Weighted av. loss rate%	Loss allowance
<b>At December 31, 2021</b>			
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
<b>Total</b>	<b>3,644</b>		<b>727</b>

# Financial liabilities

In thousands of euro	30.9.2022	30.9.2021	31.12.2021
<b>Non-current financial liabilities</b>			
Borrowings from financial institutions	3,579	3,857	3,813
Government loans	1,030	2,064	1,940
Lease liabilities	538	511	818
<b>Total</b>	<b>5,147</b>	<b>6,433</b>	<b>6,571</b>
<b>Current financial liabilities</b>			
Borrowings from financial institutions	596	661	1,071
Government loans	193	193	193
Lease liabilities	400	382	396
Trade payables	1,004	928	944
<b>Total</b>	<b>2,193</b>	<b>2,164</b>	<b>2,604</b>
<b>Total financial liabilities</b>	<b>7,340</b>	<b>8,596</b>	<b>9,175</b>

Business Finland loan amount of 841 thousand was waived during the Q3 2022.

## 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.

## Events after the review period

No material events after the reporting period.