

The logo for Optomed, featuring the word "OPTOMED" in a bold, white, sans-serif font. The letter "O" is replaced by a white circle with a smaller white circle inside it, resembling an eye or a lens.

OPTOMED

Optomed Q3 2022

3rd November 2022
Seppo Kopsala, CEO
Sakari Knuutti, CFO

Q3/2022 Highlights

1.

Strong growth by the Devices Segment especially in the Western Markets driving the group performance

2.

The markets in China remain slow and Software segment focuses on R&D offering very little support to our topline growth

3.

The FDA clearance process is on-going

Q3/2022 Key Figures



DEVICES SEGMENT IS DRIVING THE TOPLINE GROWTH

	Q3/2022	Q3/2021	Change
Revenue	3,700	3,342	10.7%
Gross profit ¹⁾	2,967	2,250	31.8%
Gross margin ²⁾	80.2%	67.3%	
EBITDA	145	-337	143.1%
EBITDA margin	3.9%	-10.1%	
Net profit / loss	-1,377	-833	-65.3%
Earnings per share	-0.10	-0.06	-56.2%
Cash flow from operating activities	-504	-764	34.0%
<i>1) Of which grants: Business Finland waived a loan of the Company in the amount of EUR 841 thousand related to a closed product development project</i>	841	0	
<i>2) Gross margin without grants</i>	57.4%	65.9%	

1-9/2022 Key Figures



DUE TO WEAK 1-6/2022 IN CHINA, THE FULL YEAR TOPLINE IS STILL BEHIND LAST YEAR

	Q1-Q3/2022	Q1-Q3/2021	Change
Revenue	10,648	11,299	-5.8%
Gross profit ¹⁾	7,305	8,151	-10.4%
Gross margin ²⁾	68.6%	72.1%	
EBITDA	-1,604	-475	-238.0%
EBITDA margin	-15.1%	-4.2%	
Net profit / loss	-4,075	-2,313	-76.2%
Earnings per share	-0.29	-0.17	-66.5%
Cash flow from operating activities	-2,093	-2,450	14.6%
<i>1) Of which grants: The Company's other operating income includes governmental grants of EUR 879 (753) thousand</i>	879	753	
<i>2) Gross margin without grants</i>	60.4%	65.5%	



Segment highlights

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Devices Segment Q3-2022



WESTERN MARKETS WERE DRIVING THE GROWTH OF DEVICES

1.

China markets still down:
Optomed is currently assessing
strategic rebuilding alternatives

2.

Strong USD offered little support
on our topline yet it burdened
our profitability

3.

Profitability supported by a loan
waiver of EUR 841 thousand:
comparable gross margins are
56.0% (57.8%)

	Q3/2022	Q3/2021	Change
Revenue	1,697	1,167	45.4%
Gross profit	1,592	722	120.5%
Gross margin	93.8%	61.9%	
EBITDA	546	-178	405.9%
EBITDA margin	32.2%	-15.3%	

Software Segment Q3-2022



R&D WORK BURDENS THE REVENUE GROWTH OF SOFTWARE

1.

The Software Segment is focusing on Avenue Flow and Aurora AEYE R&D

2.

Otherwise steady quarter from the segment

	Q3/2022	Q3/2021	Change
Revenue	2,003	2,176	-7.9%
Gross profit	1,374	1,528	-10.1%
Gross margin	68.6%	70.3%	
EBITDA	475	551	-13.8%
EBITDA margin	23.7%	25.3%	

Cash Flow



CASH FLOW REMAINED NEGATIVE

- Cash flow from operating activities amounted to EUR -504 (-764) thousand
- Comparison period net cash from financing activities was supported by share subscriptions of EUR 501 thousand and EUR 1 million loan

	Q3 2022	Q3 2021
Loss for the financial year	-1,377	-833
Cash flows before change in net working capital	-565	-207
Change in net working capital	116	-540
Cash flows before finance items	-449	-748
Cash flows from finance items	-55	-16
Net cash from operating activities	-504	-764
Net cash used in investing activities	-797	-646
Net cash from financing activities	-172	1,404
Net increase (decrease) in cash and cash equivalents	-1,473	-5
Cash and cash equivalents at the beginning of period	7,079	7,818
Cash and cash equivalents at end of period	5,668	7,827

Outlook 2022



WE TOOK DOWN OUR OUTLOOK FOR THE YEAR 2022 DUE TO CONTINUING HEADWIND IN CHINA

The updated outlook for 2022 (announced 27 October 2022):

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

Previously outlook (announced 17 February 2022):

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

Supporting our performance

- + All Devices sales channels in the Western markets
- + In mid-term, new product launches

Burdening our performance

- Continuing weak market environment in China
- Software Segment focusing on R&D

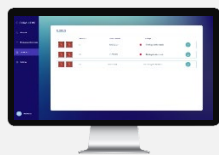
New US Business Model - Recurring Revenue



IN THE NEXT 5-10 YEARS, THERE WILL BE AT LEAST 50k – 100k FUNDUS CAMERAS CONNECTED TO AI IN THE US

Complete Solution

From product sales to complete screening solutions with diagnosis



AEYE HEALTH AI

Business Model



Solution leased, not sold



Fixed annual subscription price



High revenue share on Optomed sales



Highly effective sales model with direct sales managers, KOL managers and independent sales reps

Customer Benefits



No initial investments
Only monthly rental fee



Excellent clinical results,
91.9% sensitivity,
93.6% specificity,
>99% imageability



High reimbursement
>USD 55/ diabetic



Profit also for clinics with low screening volume

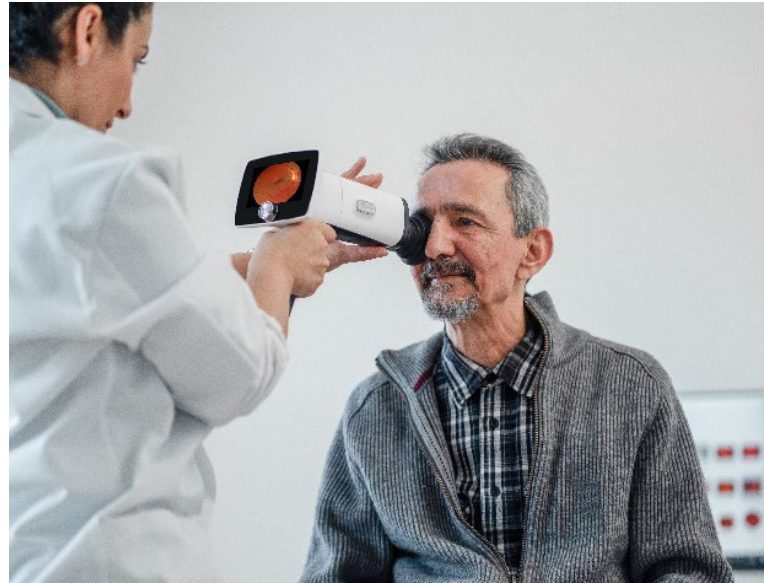


Improves clinic HEDIS score
(Medicare star rating)

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



Expansion into new geographical markets



Opening new customer segments: primary care



Bringing AI-integrated health screening to the market



Appendix

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Devices Segment: Key Financials 1-9/2022



	1-9/2022	1-9/2021	Change %
Revenue	6,525	6,789	-3.9%
Gross profit	4,430	4,776	-7.2%
Gross margin	67.9%	70.4%	
EBITDA	1,373	1,339	2.6%
EBITDA margin	21.0%	19.7%	

Software Segment: Key Financials 1-9/2022



	1-9/2022	1-9/2021	Change %
Revenue	4,122	4,510	-8.6%
Gross profit	2,875	3,375	-14.8%
Gross margin	69.7%	74.8%	
EBITDA	-417	184	-326.8%
EBITDA margin	-10.1%	4.1%	

Cash Flow: 1-9/2022



	1-9/2022	1-9/2022
Loss for the financial year	-4,075	-2,313
Cash flows before change in net working capital	-2,204	-673
Change in net working capital	243	-1,701
Cash flows before finance items	-1,962	-2,373
Cash flows from finance items	-132	-77
Net cash from operating activities	-2,093	-2,450
Net cash used in investing activities	-2,471	-1,691
Net cash from financing activities	3,380	1,347
Net increase (decrease) in cash and cash equivalents	-1,184	-2,794
Cash and cash equivalents at the beginning of period	6,804	10,608
Cash and cash equivalents at end of period	5,668	7,827

Balance Sheet



- Equity ratio of 63.3 (62.7) percent
- Total borrowings of EUR 5.4 (6.8) million
- Net working capital was EUR 4,138 (5,298)
- Interest-bearing net debt totalled EUR -271 (-1,052) thousand

	30 September 2022	30 September 2021
ASSETS		
Goodwill	4,256	4,256
Development costs	6,287	5,735
Other intangible assets	1,220	1,441
Total intangible assets	12,683	12,528
Total tangible assets	1,867	1,347
Total non-current assets	14,549	13,875
Inventories	2,833	2,902
Trade and other receivables	4,782	5,454
Cash and cash equivalent	5,668	7,827
Total current assets	13,283	16,183
TOTAL ASSETS	27,832	30,058
LIABILITIES		
Total equity	17,613	18,850
Non-current liabilities	5,553	6,915
Total current liabilities	4,666	4,293
TOTAL EQUITY AND LIABILITIES	27,832	30,058