

2022



# Financial Statements Bulletin

January – December 2022

**OPT**  **MED**

# Optomed Plc: Financial statements bulletin, January – December 2022

## October – December 2022

- Revenue increased by 13.0 percent to EUR 4.0 (3.6) million.
- Devices segment revenue decreased by 4.0 percent to EUR 1.3 (1.3) million.
- Software segment revenue increased by 23.2 percent to EUR 2.7 (2.2) million driven by strong healthcare solution sales.
- EBITDA amounted to EUR -0.3 (-1.5) million corresponding to -8.7 (-43.0) percent of revenue.
- Optomed successfully completed directed share issue raising EUR 4.1 million.
- Optomed expects its full year 2023 revenue to grow compared to 2022.

## January – December 2022

- Revenue decreased by 1.3 percent to EUR 14.7 (14.9) million.
- Devices segment revenue decreased by 7.6 percent to EUR 5.4 (5.8) million.
- Software segment revenue increased by 2.8 percent to EUR 9.3 (9.0) million.
- EBITDA amounted to EUR -2.0 (-2.0) million corresponding to -13.3 (-13.5) percent of revenue.
- Optomed completed two directed share issues consisting of a total of 2,538,211 shares and collected gross proceeds of approximately EUR 8.9 million in 2022.
- Optomed aims to obtain the FDA clearance for its handheld fundus camera Aurora together with AEYE Health's AI for autonomous detection of more than mild diabetic retinopathy. Optomed announced the results from the prospective, multi-center clinical trial in February 2022, and it is currently working to address the additional data requests by the FDA.

## Key figures

EUR, thousand	Q4/2022	Q4/2021	Change, %	2022	2021	Change, %
Revenue	4,013	3,552	13.0%	14,660	14,850	-1.3%
Gross profit *	2,764	2,407	14.8%	10,069	10,558	-4.6%
Gross margin % *	68.9%	67.8%		68.7%	71.1%	
EBITDA	-347	-1,528	77.3%	-1,952	-2,002	2.5%
EBITDA margin *, %	-8.7%	-43.0%		-13.3%	-13.5%	
Adjusted EBITDA *	-347	-1,528	77.3%	-1,952	-2,002	2.5%
Adjusted EBITDA margin *, %	-8.7%	-43.0%		-13.3%	-13.5%	
Operating result (EBIT)	-870	-2,182	60.1%	-5,097	-4,780	-6.6%
Operating margin (EBIT) *, %	-21.7%	-61.4%		-34.8%	-32.2%	
Adjusted operating result (EBIT) *	-870	-2,182	60.1%	-5,097	-4,780	-6.6%
Adjusted operating margin (EBIT margin) *, %	-21.7%	-61.4%		-34.8%	-32.2%	
Net profit/ loss	-1,397	-1,936	27.8%	-5,472	-4,249	-28.8%
Earnings per share	-0.10	-0.14	33.8%	-0.37	-0.32	-18.2%
Cash flow from operating activities	-109	-484	77.5%	-2,370	-2,940	19.4%
Net Debt	-3,251	213	-1,629.6%	-3,251	213	-1,629.6%
Net debt/ Adjusted EBITDA (LTM)	1.7	-0.1		1.7	-0.1	
Equity ratio *	65.0%	58.8%		65.0%	58.8%	
R&D expenses personnel	348	419	-16.9%	1,198	1,773	-32.5%
R&D expenses other costs	182	121	50.1%	661	511	29.5%
Total R&D expenses	530	540	-1.9%	1,859	2,284	-18.6%

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

# CEO Review

**Strong growth during the second half of the year enabled us to close the gap left by the drop in revenue from China. Good results from the Aurora AEYE clinical trial, additional work still needed to obtain the FDA clearance. The business focus is strongly on the Western markets.**

The first half of Optomed's year was weak with a decrease of revenue in China by about EUR 1.5 million from the previous year. During the second part of the year, however, both of our business segments saw strong growth in revenue due to increased demand in the Western markets and several large solution deliveries. We expect strong demand in the Western markets to continue in 2023, and we actively strive to find new significant strategic customers and partnerships in China and other developing markets. The Covid situation in China and therefore the market is expected to finally improve after the latest pandemic wave passes in the country, likely in early 2023.

The most significant event of the year was the completion and publication of the clinical study of our Aurora-AEYE AI camera in the United States. We were very pleased with the results achieved, which enabled us to initiate the process towards FDA clearance. We see that the screening market for diabetic retinopathy in the US is now at its turning point due to the new reimbursement code (CPT 92229).

The FDA process of Aurora AEYE is on-going, and the FDA made the latest data requests late last year. Optomed aims to obtain all the necessary additional data and deliver it to the FDA together with the updated FDA clearance application during the coming months. For the company, it is crucial to do careful and comprehensive work in collecting and submitting the requested additional data to the FDA. We believe that the probability of getting the clearance is good with these actions. Although obtaining FDA clearance for medical devices utilizing diagnostic AI in the United States is particularly time-consuming and challenging, we strongly believe that these investments will pay off. The high quality standards and high market barriers in the US create trust in the customer base and provide strong protection against competition for solutions that have been cleared. The commercial potential of the solutions is very significant with the new reimbursement code (CPT 92229).

We have estimated that in the US in 5-10 years, there could be around 50,000 to 100,000 fundus cameras connected to diagnostic AI, screening for diabetic retinopathy and later other blinding eye diseases and systemic diseases. And we believe that within 5-10 years, most diabetic retinopathy screenings will be done in the US using AI. This is a significant opportunity and if the FDA clearance process is successful, Optomed will be in a unique position in this market disruption. Optomed's business model from these solutions will primarily be recurring revenue type.

Due to the significant growth potential and the FDA clearance we are targeting for our Aurora AEYE AI camera, we are heavily focusing our growth efforts in the US. We hired a significant number of new sales and marketing personnel in the US in 2022, resulting in a strong and capable organization in sales, marketing and customer service. We sell both our cameras and related software solutions through this organization. We have also started training and preparing our partners for the expected launch of our Aurora AEYE product. We see the US as our most significant growth market both in the short, medium and long term, with good prospects for success.

Elsewhere in the world, the company's costs have been decreasing. Our largest development projects are approaching the completion and, as a result, the company's fixed costs and investments will be slightly lower in the future outside of the USA. We have just launched commercial launch activities for our Avenue Flow software product for eye clinics. In

addition, development work on our new device product is near completion, and we are preparing to start CE testing. The commercial introduction of the product will be made after it receives CE approval.

We will continue to implement our strategy with determination.

Seppo Kopsala  
CEO

## Outlook 2023

Optomed expects its full year 2023 revenue to grow compared to 2022.

## Telephone conference

A telephone conference for analysts, investors and media will be arranged on 17 February 2023 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 235 776 314#.

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

## October – December 2022

In October-December 2022, Group revenue increased by 13.0 percent to EUR 4,013 (3,552) thousand. Software segment revenue increased by 23.2 driven by a very strong quarter of the segment's healthcare business. Devices segment revenue decreased by 4.0 percent to EUR 1.3 (1.3) million after extremely strong growth of 45.4 percent in Q3.

The gross margin increased to 68.9 from 67.8 percent of last year. The gross margin for the fourth quarter of 2022 adjusted for grants and other operating income would have been 69.4 percent compared to the normalized 66.2 percent in 2021. The gross margin improvement was driven by the Devices segment where the gross margin improved especially in the US market.

EBITDA was EUR -347 (-1 528) thousand. The comparison period was affected by a credit risk accrual related to an overdue trade receivable from a customer in China. Approximately EUR 700 thousand of the difference is due to the credit risk accrual whereas the remaining improvement is mainly due to the improved gross profit.

Net financial items amounted to EUR -546 (226) thousand and consisted mainly of interest payments to financial institutions and the translation effect of Chinese RMB and USD to EUR.

## January – December 2022

In January-December 2022, Group revenue decreased by 1.3 percent to EUR 14,660 (14,850) thousand. The Devices segment's revenue decreased by 7.6 percent and the Software segment's revenue increased by 2.8 percent. The decrease was mainly driven by the muted business in China where the revenue decreased approximately EUR 1.5 million.

The gross margin decreased to 68.7 percent from 71.1 percent last year. In January-December the Company's other operating income was EUR 857 (810) thousand. Other operating income includes EUR 841(538) thousand Business Finland loan waiver related to closed product development projects. The gross margin for the period adjusted for the total amount of the grants and other operating income would have been 62.8 percent compared to 65.6 percent in 2021.

EBITDA amounted to EUR -1,952 (-2,002) thousand and EBIT was EUR -5,097 (-4,780) thousand. EBIT was affected by the impairment of the terminated product development program amounting to EUR 1,040 thousand. Increased staff costs especially in the US and decreased gross profit had a negative effect on EBITDA this year.

Net financial items amounted to EUR -454 (453) 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

## October – December 2022

In October-December 2022, the cash flow from operating activities amounted to EUR -109 (-484) thousand. Net cash used in investing activities was EUR -557 (-882) thousand and relates to capitalized development expenses. Net cash from financing activities amounted to EUR 3,531 (291) thousand. Optomed completed a directed share issue and collected gross proceeds of approximately EUR 4.1 million in December 2022.

Consolidated cash and cash equivalents at the end of the period amounted to EUR 8,524 (6,804) thousand. Interest-bearing net debt totalled EUR -3,251 (213) thousand at the end of the period.

Net working capital was EUR 3,738 (4,315) thousand at the end of the period.

The net working capital include trade receivables of EUR 3.6 (3.7) million. One Chinese customer represent approximately 50% of the total group trade receivables out of which approximately EUR 2.0 million is overdue, which after management's assessment have resulted in a credit risk accrual of EUR 589 thousand. This represents approximately 30% of the total outstanding trade receivable.

## January – December 2022

In January-December 2022, the cash flow from operating activities amounted to EUR -2,370 (-2,940) thousand. Net cash used in investing activities was EUR -3,029 (-2,574) thousand and relates to capitalized development expenses. Net cash from financing activities amounted to EUR 7,003 (1,637). Optomed completed two directed share issues consisting of combined total of 2,538,211 shares and collected gross proceeds of approximately EUR 8.9 million in 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	Q4/2022	Q4/2021	Change, %	2022	2021	Change, %
<b>Revenue</b>	1,275	1,329	-4.0%	5,398	5,839	-7.6%
<b>Gross profit *</b>	864	764	13.1%	3,738	4,139	-9.7%
<b>Gross margin% *</b>	67.7%	57.5%		69.3%	70.9%	
<b>EBITDA</b>	-253	-1,198	78.9%	-670	-1,014	33.9%
<b>EBITDA margin *, %</b>	-19.8%	-90.2%		-12.4%	-17.4%	
<b>Operating result (EBIT)</b>	-609	-1,698	64.2 %	-3,159	-3,182	0.7%
<b>Operating margin (EBIT) *, %</b>	-47.7%	-127.8%		-58.5%	-54.5%	

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

## October-December 2022

In October-December 2022, the Devices segment revenue decreased by 4.0 percent to EUR 1,275 (1,329) thousand after extremely strong growth of 45.4 percent in Q3. Geographically, the US was the largest market where especially the OEM channel performed well. Chinese market remained very slow.

The gross margin was 67.7 (57.5) percent. The gross margin was supported especially by a project work for an OEM client and improved gross margins of the US business.

EBITDA was EUR -253 (-1,198) thousand or -19.8 (-90.2) percent of revenue. Approximately EUR 700 thousand of the delta is due to the credit risk accrual in 2021 whereas the remaining improvement is mainly due to the improved gross margin especially in the US.

## January-December 2022

In January-December 2022, the Devices segment revenue decreased by 7.6 percent to EUR 5,398 (5,839) thousand. The decline was due to sales in China being approximately EUR 1.5 million lower than during the previous year.

The gross margin decreased to 69.3 percent from 70.9 percent in the previous year. Both review and comparison period had other operating income, and the twelve months' gross margin adjusted for this other operating income would have



been 53.4 (57.0) percent. The gross margin was positively affected by a Business Finland loan waiver of 841 (538) thousand, and negatively affected by an inventory provision for non marketable items of 251 (0) thousand.

EBITDA was EUR -670 (-1,014) thousand or -12.4 (-17.4) percent of revenue. The staff cost increased especially in the US.

## 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	Q4/2022	Q4/2021	Change, %	2022	2021	Change, %
<b>Revenue</b>	2,738	2,223	23.2%	9,263	9,011	2.8%
<b>Gross profit *</b>	1,900	1,643	15.6%	6,330	6,420	-1.4%
<b>Gross margin% *</b>	69.4%	73.9%		68.3%	71.2%	
<b>EBITDA</b>	706	516	36.9%	2,079	1,855	12.1%
<b>EBITDA margin *, %</b>	25.8%	23.2%		22.4%	20.6%	
<b>Operating result (EBIT)</b>	541	363	49.2%	1,431	1,247	14.7%
<b>Operating margin (EBIT) *, %</b>	19.8%	16.3%		15.4%	13.8%	

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

## October – December 2022

In October-December 2022, the Software segment revenue increased by 23.2 percent to EUR 2,738 (2,223) thousand. The increase was driven by very strong performance of the healthcare solution business.

Gross margin decreased slightly and was 69.4 (73.9) per cent. The decline was due to significant growth of healthcare solution business as opposed to consulting.

EBITDA was EUR 706 (516) thousand or 25.8 (23.2) percent of revenue.

## January – December 2022

In January-December 2022, the Software segment revenue increased by 2.8 percent to EUR 9,263 (9,011) thousand. EBITDA was EUR 2,079 (1,855) thousand or 22.4 (20.6) 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.

### October – December 2022

Group-wide operating expenses amounted to EUR 803 (846) thousand. The key driver for the decrease were the changes in group leadership team.

### January – December 2022

Group-wide operating expenses amounted to EUR 3,368 (2,844) thousand.

## Personnel

Number of personnel at the end of the reporting period.

	12/2022	12/2021
<b>Devices</b>	48	50
<b>Software</b>	43	45
<b>Group common</b>	23	23
<b>Total</b>	114	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 October 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 16,541,355 shares and the Company held 374,566 shares in the treasury which approximately corresponds to 2.3 percent of the total amount of the shares and votes. Additional information with respect to the shares, shareholding and trading can be found on the Company's website [www.optomed.com/investors/](http://www.optomed.com/investors/).

## Directed share issues

In May 2022, Optomed completed a directed share issue consisting of 1,397,853 shares and collected gross proceeds of approximately EUR 4.8 million. 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.

In December 2022, Optomed completed another directed share issue consisting of a total of 1,140,358 shares. The Company received gross proceeds of approximately EUR 4.1 million as a result of the share issue. The main purposes of the share issue were to strengthen the Company's balance sheet and to ensure sufficient financing for the implementation of the Company's growth strategy especially in the US diabetic retinopathy screening market. The investors included Finnish qualified and institutional investors, including Keskinäinen Työeläkevakuutusyhtiö Elo as a new investor in the Company. The subscription price was EUR 3.56 per share, representing the last 30-day volume-weighted average trading price ("VWAP") of the share and, respectively, a premium of approximately 17.4 per cent compared to the three-month VWAP (EUR 2.94) of the share up to and including 9 December 2022. The subscription price represents a discount of approximately 15.4 per cent to the closing price of the Company's share on 9 December 2022. The subscription price was credited in full to the Company's reserve for invested unrestricted equity. 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 14 December 2022.

## Risks and uncertainties

Optomed has reviewed its complete risk position after the year end of 2022. The complete risk position is as follows:

### **AURORA AEYE FDA CLEARANCE PROCESS**

*Optomed is in the process to obtain a US FDA clearance for its AI handheld camera Aurora AEYE*

Optomed and its partner AEYE Health have a common goal to obtain the US FDA clearance for the handheld AI fundus camera Aurora AEYE. The Company has limited visibility to the FDA decision making process and the Company may be adversely affected if the process is delayed or requires significant additional work or investments from the Company.

## **PANDEMICS**

*The COVID-19 pandemic is still affecting Optomed's markets*

The Company may be adversely affected if a new outbreak of COVID-19 or another disease causes a new pandemic. The COVID-19 pandemic is still affecting various countries.

## **HIGH QUALITY PRODUCTS**

*The quality and safety of the Company's products are extremely important for Optomed's competitiveness*

The Company may be adversely affected if it fails to continuously develop and update its fundus cameras and software solutions or to identify or integrate new products and product platforms into its offering. The Company's or its partners' products may also be subject to clinical trials, the results of which are critical for the products' regulatory approvals and market acceptance.

## **STRATEGY AND M&A**

*The Company may be unsuccessful in fulfilling its strategy or the strategy itself may be unsuccessful*

The successful implementation of the Company's strategy depends upon a number of factors, some of which are completely or partially outside the Company's control. The Company has an appropriate risk management function in the context of the size of the Company's operations, however, it may not be able to identify or monitor all relevant risks and determine efficient risk management procedures and responsible persons that may again affect the strategy. The Company is also dependent on its ability to develop and manage varying routes-to-market for its products, the efficiency of its sales channels and its customer and distributor relationships. Further, the Company has an opportunistic view on M&A which by nature include inherent risks. Failure of strategy may force the Company to record write-downs on its goodwill.

## **MARKET AND COMPETITION**

*Optomed operates in a niche market that is highly competitive*

Optomed operates in the fundus camera market that is developing fast and the competition is sometimes fierce. The market acceptance of the Company's products and solutions is important for our future growth. Optomed recognizes a possibility of new market changing products entering the market. Further, in certain key geographies the client base is limited and, therefore, a loss of a key customer in a key market may adversely affect our revenue streams.

## **EXTERNAL ECONOMIC AND POLITICAL RISKS AND NATURAL DISASTERS**

*Optomed operates globally and is thus exposed to various external risks*

The Company is exposed to natural disasters taking place in countries where it operates and general and country specific economic political and regulatory risks, which could entail volatile sales in key markets. In the PRC, "Made in China 2025" national strategic plan may have an effect on medical device manufacturers' sales to the public sector.

## **SUPPLY CHAIN**

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

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

## **SYSTEMS AND INFORMATION**

*Our operations are increasingly dependent on IT systems*

Disruption of the Company's IT systems could inhibit our business operations in a number of ways, including disruption to financial reporting, sales, production and cash flows.

## **LITIGATION**

*Optomed operates globally and pursues double-digit annual organic growth in medium term.*

Optomed may not always be able to reach the best contractual terms with stakeholders. The Company may be negatively affected by legal or administrative proceedings directed at the Company or third parties due to back-to-back liability, or other disputes and claims including product liability, especially in terms of medical devices, and intellectual property rights related items.

## **TRADE SECRETS AND PATENTS**

*The technologic capabilities are a competitive advantage that the Company must be able to protect*

The Company may not be able to protect its trade secrets and know-how which could lead to losing the competitive advantage the Company has. At the same time, the Company maybe forced to take actions against parties that violate our IPRs.

## **TALENT & ORGANISATION**

*A skilled workforce and agile organisation are essential for the continued success of our business.*

The Company may be adversely affected if it would lose its key personnel or fails to attract the right talent.

## **FINANCE**

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

The Company is dependent on external financing and the Company may have difficulties accessing additional financing on competitive terms or at all which may again contribute the Company's liquidity risks. The Company is also subject to credit and counterparty risks through its trade receivables. Optomed has a large credit risk concentration related to a major Chinese customer whose payments are late. The payments from the customer continue but materially slower than originally agreed.

## **FOREX**

*We operate globally and are thus exposed to currency exchange risks*

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

## **LEGAL AND REGULATORY**

*Compliance with laws and regulations is an essential part of Optomed's business operations*

Optomed together with its suppliers and distributors operate globally and are subject to various national and regional regulations in the areas of medical devices, product safety, product claims, data protection, intellectual property rights, health and safety, competition, employment, taxes and anti-money laundering and anti- bribery & corruption (AML & ABC). Further, many of the Company's devices are subject to various medical related assessment (including clinical trials), clearance and approval processes that are required to place our products the market. Failure to comply these might lead to loss of sales permits in different markets, product recalls, reputational issues, civil and criminal actions leading to various direct and indirect damages to Optomed and its employees that are not completely covered by

Optomed's insurance coverage. Especially, failures with respect to compliance with certain medical devices related regulations and processes may hinder the Company's devices' market access.

## Flagging notifications

28 January 2022 BI Asset Management Fondsmægler-selskab A/S notified that, the total holdings in Optomed shares and votes has decreased to 4.31 % of all of the registered shares in Optomed.

11 May 2022 Cenova Funds (Shanghai Cenova Innovation Venture Fund (Limited Partnership), Alnair Investment and Cenova China Healthcare Fund IV, L.P.) notified that the total holdings in Optomed shares and votes held by Cenova has decreased to 14.36 per cent of all of the registered shares in Optomed on 10 May 2022 as a result of Optomed's total number of shares increasing on the date.

2 December 2022 OP-Rahastoyhtiö Oy ("Notifier") notified that the total holdings in Optomed shares and votes held by the Notifier is 5.43 per cent of all of the registered shares in Optomed on 30 November 2022. The total holdings of the Notifier have not changed on 30 November 2022. Instead, the disclosure is made due to the merger of OP-Suomi Mikroyhtiöt and OP-Suomi Pienyhtiöt funds.

## 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 December 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.

# The Board's proposal for the distribution of profit

The parent company's non-restricted equity on 31 December 2022, was EUR 23,858,348.30 and the net loss for the financial year was EUR 3,547,640.33. The Board of Directors proposes to the Annual General Meeting that no dividend will be paid and the non-restricted equity on the outstanding 16,541,355 shares shall be retained and carried forward.

## Audit review

This financial report has been audited by the Company's auditors.

## Financial reporting in 2023

- **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 December 2023

## For more information, contact

Sakari Knuutti, CFO

Tel: +358 (0)50 562 4077

E-mail: [sakari.knuutti@optomed.com](mailto:sakari.knuutti@optomed.com)

Seppo Kopsala, CEO

Tel.: +358 40 555 1050

E-mail: [seppo.kopsala@optomed.com](mailto:seppo.kopsala@optomed.com)

## 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	Q4/2022	Q4/2021	2022	2021
Revenue	4,013	3,552	14,660	14,850
Other operating income	-22	57	857	810
Materials and services	-1,227	-1,201	-5,449	-5,102
Employee benefit expenses	-2,378	-2,448	-8,827	-8,702
Depreciation, amortization and Impairment losses	-523	-654	-3,145	-2,778
Other operating expenses	-733	-1,486	-3,193	-3,858
<b>Operating result</b>	<b>-870</b>	<b>-2,182</b>	<b>-5,097</b>	<b>-4,780</b>
Finance income	7	264	569	715
Finance expenses	-553	-38	-1,024	-263
<b>Net finance expenses</b>	<b>-546</b>	<b>226</b>	<b>-454</b>	<b>453</b>
<b>Profit (loss) before income taxes</b>	<b>-1,417</b>	<b>-1,956</b>	<b>-5,551</b>	<b>-4,327</b>
Income tax expense	20	20	79	78
<b>Loss for the period</b>	<b>-1,397</b>	<b>-1,936</b>	<b>-5,472</b>	<b>-4,249</b>
<b>Loss for the period attributable to</b>				
Owners of the parent company	-1,397	-1,936	-5,472	-4,249
<b>Loss per share attributable to owners of the parent company</b>				
Weighted average number of shares	14,640,697	13,441,437	14,640,697	13,441,437
Basic loss per share (euro)	-0.10	-0.14	-0.37	-0.32

## Consolidated condensed comprehensive income statement

In thousands of euro	Q4/2022	Q4/2021	2022	2021
Loss for the period	-1,397	-1,936	-5,472	-4,249
Other comprehensive income				
Foreign currency translation difference	280	-119	139	-253
Other comprehensive income, net of tax	280	-119	139	-253
<b>Total comprehensive loss attributable to Owners of the parent company</b>	<b>-1,117</b>	<b>-2,055</b>	<b>-5,333</b>	<b>-4,502</b>

# Consolidated balance sheet

In thousands of euro	December 31, 2022	Dec 31, 2021
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	4,256	4,256
Development costs	6,562	6,338
Customer relationships	1,164	1,386
Technology	534	636
Other intangible assets	379	358
<b>Total intangible assets</b>	<b>12,895</b>	<b>12,975</b>
Tangible assets	852	433
Right-of-use assets	1,448	1,205
Deferred tax assets	15	13
<b>Total non-current assets</b>	<b>15,210</b>	<b>14,626</b>
<b>Current assets</b>		
Inventories	2,998	2,936
Trade and other receivables	4,568	4,631
Cash and cash equivalents	8,524	6,804
<b>Total current assets</b>	<b>16,090</b>	<b>14,371</b>
<b>Total assets</b>	<b>31,300</b>	<b>28,998</b>

In thousands of euro	December 31, 2022	Dec 31, 2021
<b>EQUITY</b>		
Share capital	80	80
Share premium	504	504
Reserve for invested non-restricted equity	46,896	38,526
Translation differences	51	-88
Retained earnings	-21,717	-17,721
Profit (loss) for the financial year	-5,472	-4,249
<b>Total equity</b>	<b>20,342</b>	<b>17,052</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings from financial institutions	3,380	3,813
Government loans	906	1,940
Lease liabilities	1,058	818
Deferred tax liabilities	387	463
<b>Total Non-current liabilities</b>	<b>5,731</b>	<b>7,034</b>
<b>Current liabilities</b>		
Borrowings from financial institutions	794	1,071
Government loans	193	193
Lease liabilities	412	396
Trade and other payables	3,828	3,252
<b>Total current liabilities</b>	<b>5,227</b>	<b>4,912</b>
<b>Total liabilities</b>	<b>10,957</b>	<b>11,946</b>
<b>Total equity and liabilities</b>	<b>31,300</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>	<b>80</b>	<b>504</b>	<b>38,526</b>	<b>-88</b>	<b>-21,970</b>	<b>17,052</b>
<b>Comprehensive income</b>						
Loss for the period					-5,472	-5,472
<b>Other comprehensive income</b>						
Translation differences				139		139
<b>Total comprehensive income for the period</b>				<b>139</b>	<b>-5,472</b>	<b>-5,333</b>
Share issue			8,371			8,371
Share options					253	253
<b>Total transactions with owners of the company</b>			<b>8,371</b>		<b>253</b>	<b>8,624</b>
Other adjustments						<b>0</b>
<b>Balance at December 31, 2022</b>	<b>80</b>	<b>504</b>	<b>46,896</b>	<b>51</b>	<b>-27,189</b>	<b>20,342</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	Q4/2022	Q4/2021	2022	2021
<b>Cash flows from operating activities</b>				
Loss for the financial year	-1,397	-1,936	-5,472	-4,249
Adjustments:				
Depreciation, amortization and impairment losses	523	565	3,145	2,689
Finance income and finance expenses	618	-206	618	-472
Other adjustments	-19	671	-770	454
<b>Cash flows before change in net working capital</b>	<b>-275</b>	<b>-906</b>	<b>-2,479</b>	<b>-1,579</b>
Change in net working capital:				
Change in trade and other receivables (increase (-) / decrease (+))	164	248	204	-1,409
Change in inventories (increase (-) / decrease (+))	-250	-9	-68	-340
Change in trade and other payables (increase (+) / decrease (-))	320	235	172	516
<b>Cash flows before finance items</b>	<b>-42</b>	<b>-432</b>	<b>-2,171</b>	<b>-2,811</b>
Interest paid	-16	-27	-76	-66
Other finance expenses paid	-51	-25	-123	-64
Interest received	0	0	0	1
<b>Net cash from operating activities (A)</b>	<b>-109</b>	<b>-484</b>	<b>-2,370</b>	<b>-2,940</b>
<b>Cash flows from investing activities</b>				
Capitalization of development expenses	-518	-789	-2,249	-2,112
Acquisition of tangible assets	-39	-92	-780	-462
<b>Net cash used in investing activities (B)</b>	<b>-557</b>	<b>-882</b>	<b>-3,029</b>	<b>-2,574</b>
<b>Cash flows from financing activities</b>				
Proceeds from share subscriptions	4,060	149	9,012	1,012
Share issue transaction costs	-300	0	-682	0
Proceeds from loans and borrowings	0	367	0	1,366
Repayment of loans and borrowings	-124	-124	-912	-327
Repayment of lease liabilities	-105	-100	-415	-414
<b>Net cash from financing activities (C)</b>	<b>3,531</b>	<b>291</b>	<b>7,003</b>	<b>1,637</b>
<b>Net cash from (used in) operating, investing and financing activities (A+B+C)</b>	<b>2,865</b>	<b>-1,075</b>	<b>1,605</b>	<b>-3,876</b>
Cash and cash equivalents at beginning of period	5,668	7,827	6,804	10,608
Effect of movements in exchange rate on cash held	-9	52	115	73
<b>Cash and cash equivalents at end of period</b>	<b>8,524</b>	<b>6,804</b>	<b>8,524</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 financial report also takes into account the amendments to IFRS standards that have become effective by January 1, 2022. This financial report has been prepared in accordance with IAS 34 Interim Financial Reporting and it should be read in conjunction with Group's annual consolidated financial statements

All presented figures have been rounded so the sum of the individual figures may differ from the presented total figure. Financial ratios have been calculated using exact figures.

### 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

The Russian invasion of Ukraine has not had a material effect on Optomed's business as the sales to the area have been limited.

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

## Q4/2022

In thousands of euro	Devices	Software	Group Admin	Total
External revenue	1,275	2,738	0	4,013
Net operating expenses	-411	-838	0	-1,249
<b>Margin</b>	<b>864</b>	<b>1,900</b>	<b>0</b>	<b>2,764</b>
Depreciation and amortization	-356	-165	-2	-523
Other expenses	-1,117	-1,194	-801	-3,111
<b>Operating result</b>	<b>-609</b>	<b>541</b>	<b>-803</b>	<b>-870</b>
Finance items	0	0	-546	-546
<b>Loss before tax expense</b>	<b>-609</b>	<b>541</b>	<b>-1,349</b>	<b>-1,417</b>

## Q4/2021

In thousands of euro	Devices	Software	Group Admin	Total
External revenue	1,329	2,223	0	3,552
Net operating expenses	-565	-579	0	-1,144
<b>Margin</b>	<b>764</b>	<b>1,643</b>	<b>0</b>	<b>2,407</b>
Depreciation and amortization	-500	-153	-1	-654
Other expenses	-1,962	-1,127	-845	-3,935
<b>Operating result</b>	<b>-1,698</b>	<b>363</b>	<b>-846</b>	<b>-2,182</b>
Finance items	0	0	226	226
<b>Loss before tax expense</b>	<b>-1,698</b>	<b>363</b>	<b>-620</b>	<b>-1,956</b>

## 2022

In thousands of euro	Devices	Software	Group Admin	Total
External revenue	5,398	9,263	0	14,660
Net operating expenses	-1,659	-2,933	0	-4,592
<b>Margin</b>	<b>3,738</b>	<b>6,330</b>	<b>0</b>	<b>10,069</b>
Depreciation and amortization	-2,489	-649	-8	-3,145
Other expenses	-4,408	-4,251	-3,361	-12,020
<b>Operating result</b>	<b>-3,159</b>	<b>1,431</b>	<b>-3,368</b>	<b>-5,097</b>
Finance items	0	0	-454	-454
<b>Loss before tax expense</b>	<b>-3,159</b>	<b>1,431</b>	<b>-3,823</b>	<b>-5,551</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>

## Revenue

In thousands of euro	Q4/2022	Q4/2021	2022		2021	
Finland	2,454	2,262	8,606	58.7%	8,939	60.2%
Rest of the Europe	462	375	1,715	11.7%	1,162	7.8%
Rest of the World	1,097	915	4,340	29.6%	4,749	32.0%
<b>Total</b>	<b>4,013</b>	<b>3,552</b>	<b>14,660</b>	<b>100%</b>	<b>14,850</b>	<b>100%</b>

## Other operating income

In thousands of euro	Q4/2022	Q4/2021	2022	2021
Other operating income	-22	57	857	810
<b>Total</b>	<b>-22</b>	<b>57</b>	<b>857</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	Q4 2022	Q4 2021	2022	2021
Sales and marketing	-206	-229	-784	-674
Research and development	-62	-24	-361	-412
General and administration	-464	-1,233	-2,049	-2,772
<b>Total operating expenses</b>	<b>-733</b>	<b>-1,486</b>	<b>-3,193</b>	<b>-3,858</b>

Other operating expenses also comprise changes in expected credit losses and realized credit losses. For the comparison period 2021 a specific credit loss accrual of EUR 715 thousand has been recorded which can be seen in general and administration cost line.

## Tangible assets

In thousands of euro	Machinery and equipment 2022	Machinery and equipment 2021
<b>Cost</b>		
Balance at January 1	2,721	2,257
Additions	791	464
Balance at End of Period	3,512	2,721
<b>Accumulated depreciation and impairment losses</b>		
Balance at January 1	-2,288	-1,898
Depreciation	-372	-390
Balance at end of period	-2,660	-2,288
<b>Carrying amount at January 1</b>	<b>433</b>	<b>359</b>
<b>Carrying amount at December 31</b>	<b>852</b>	<b>433</b>

## Leases

### *Leased tangible assets*

<b>In thousands of euro</b>	<b>2022</b>	<b>2021</b>
Additions to right-of-use assets	671	449
Depreciation charge for right-of-use assets	-428	-409
Carrying amount at the end of the reporting period	1,448	1,205

Leased tangible assets comprise business premises.

### *Lease liabilities*

<b>In thousands of euro</b>	<b>2022</b>	<b>2021</b>
Current	412	396
Non-current	1,058	818
<b>Total</b>	<b>1,470</b>	<b>1,214</b>

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 and goodwill

At December 31 2022	Goodwill	Development costs	Customer relationships	Technology	Other intangible assets	Total
In thousands of euro						
<b>Cost</b>						
Balance at January 1	4,256	11,815	2,222	1,023	951	20,267
Additions	0	2,163	0	0	103	2,266
Balance at December 31	4,256	13,978	2,222	1,023	1,054	22,533
<b>Accumulated amortisation and impairment losses</b>						
Balance at January 1	0	-5,477	-836	-387	-593	-7,292
Amortization	0	-899	-222	-102	-83	-1,306
Impairment losses	0	-1,040	0	0	0	-1,040
Balance at December 31	0	-7,416	-1,057	-489	-676	-9,638
<b>Carrying amount at January 1</b>	<b>4,256</b>	<b>6,338</b>	<b>1,386</b>	<b>636</b>	<b>358</b>	<b>12,975</b>
<b>Carrying amount at December 31</b>	<b>4,256</b>	<b>6,562</b>	<b>1,164</b>	<b>534</b>	<b>379</b>	<b>12,895</b>

At December 31 2021	Goodwill	Development costs	Customer relationships	Technology	Other intangible assets	Total
In thousands of euro						
<b>Cost</b>						
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
<b>Accumulated amortisation and impairment losses</b>						
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
<b>Carrying amount at January 1</b>	<b>4,256</b>	<b>5,667</b>	<b>1,608</b>	<b>738</b>	<b>485</b>	<b>12,753</b>
<b>Carrying amount at December 31</b>	<b>4,256</b>	<b>6,338</b>	<b>1,386</b>	<b>636</b>	<b>358</b>	<b>12,975</b>

## Financial assets

### Current financial assets

In thousands of euro	2022	2021
Trade receivables		
Recourse factoring	324	740
Other trade receivables	3,232	2,917
Total trade receivables	3,556	3,658
Cash and cash equivalents	8,524	6,804
<b>Total</b>	<b>12,080</b>	<b>10,462</b>

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. Planned schedule was renegotiated in October. Chinese customer has paid its overdue receivables according to planned schedule.

In thousands of euro	Gross carrying amount	Weighted av. loss rate%	Loss allowance
<b>At December 31, 2022</b>			
Current (not past due)	1,664	0.5%	8
Past due			
1-30 days	161	1.5%	2
31-60 days	7	4%	0
61-90 days	29	9%	3
More than 90 days past due	12	12%	1
Specific loss allowance	1,962	30%	589
<b>Total</b>	<b>3,836</b>		<b>604</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	31.12.2022	31.12.2021
<b>Non-current financial liabilities</b>		
Borrowings from financial institutions	3,380	3,813
Government loans	906	1,940
Lease liabilities	1,058	818
<b>Total</b>	<b>5,344</b>	<b>6,571</b>
<b>Current financial liabilities</b>		
Borrowings from financial institutions	794	1,071
Government loans	193	193
Lease liabilities	412	396
Trade payables	869	944
<b>Total</b>	<b>2,268</b>	<b>2,604</b>
<b>Total financial liabilities</b>	<b>7,612</b>	<b>9,175</b>

Business Finland loan amount of 841 thousand was waived during 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.

## Financial covenants

Optomed's borrowings from financial institutions contain a financial covenant (equity ratio) and Optomed also has to meet certain key operative targets. During the financial year 2022 the Group adjusted the repayment schedule for borrowings from financial institutions. Loan payment exemptions were taken while the loan payment periods remain the same.

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
<b>Nordea loan</b>			
At December 31, 2022			
Equity ratio	50%	62.1%	Optomed Group
Cash amount	2 million	8.5 million	Optomed Group
At December 31, 2021			
Equity ratio	50%	56.4%	Optomed Group
Cash amount	2 million	6.8 million	Optomed Group
<b>OP loan equity ratio</b>			
At December 31, 2022	35%	66.1%	Optomed Group
At December 31, 2021	35%	59.0%	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 December 31, 2022.

## Related party transactions

In thousands of euro	Revenues	Trade receivables	Other expenses
Jan 1 - Dec 31 2022	0	0	-80
Jan 1 - Dec 31 2021	1,704	2,382	-87

Revenue and trade receivables and some of the other expenses relate to the major shareholders of Optomed Ltd considered to be related parties to the parent company. Related parties: due to changes in the board of directors, the owners will no longer be related parties in 2022.

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

## Events after the review period

No material events after the reporting period.