

2023



Financial Statements Bulletin

January – December 2023

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Optomed Plc: Financial Statements Bulletin, January – December 2023

October – December 2023

- Revenue decreased by 8.8 percent to EUR 3.7 (4.0) million.
- Devices segment revenue decreased by 19.8 percent to EUR 1.0 (1.3) million.
- Software segment revenue decreased by 3.7 percent to EUR 2.6 (2.7) million.
- EBITDA and adjusted EBITDA amounted to EUR -0.8 (-0.3) million corresponding to -20.7 (-8.7) percent of revenue.
- Optomed expects its full year 2024 revenue to grow compared to 2023.
- Additional data regarding Aurora-AEYE AI fundus camera has been submitted to the FDA after the review period and Optomed is currently waiting to receive FDA feedback.

January – December 2023

- Revenue increased by 3.0 percent to EUR 15.1 (14.7) million.
- Devices segment revenue decreased by 7.2 percent to EUR 5.0 (5.4) million.
- Software segment revenue increased by 8.9 percent to EUR 10.1 (9.3) million.
- Adjusted EBITDA amounted to EUR -1,5 (-2,0) million corresponding to -9.7 (-13.3) percent of revenue.

Key figures

EUR, thousand	Q4/2023	Q4/2022	Change, %	2023	2022	Change, %
Revenue	3,660	4,013	-8.8%	15,100	14,660	3.0%
Gross profit *	2,489	2,764	-9.9%	10,292	10,069	2.2%
Gross margin % *	68.0 %	68.9%		68.2%	68.7%	
EBITDA	-757	-347	-118.0%	-1,781	-1,952	8.7%
EBITDA margin *, %	-20.7%	-8.7%		-11.8%	-13.3%	
Adjusted EBITDA *	-757	-347	-118.0%	-1,470	-1,952	24.7%
Adjusted EBITDA margin *, %	-20.7%	-8.7%		-9.7%	-13.3%	
Operating result (EBIT)	-1,319	-870	-51.6%	-3,974	-5,097	22.0%
Operating margin (EBIT) *, %	-36.1%	-21.7%		-26.3%	-34.8%	
Adjusted operating result (EBIT) *	-1,319	-870	-51.6%	-3,663	-5,097	28.1%
Adjusted operating margin (EBIT margin) *, %	-36.1%	-21.7%		-24.3%	-34.8%	
Net profit/ loss	-1,530	-1,397	-9.5%	-4,441	-5,472	18.9%
Earnings per share	-0.09	-0.10	4.0%	-0.27	-0.37	28.9%
Cash flow from operating activities	-457	-109	-319.9%	-615	-2,370	74.0%
Net Debt	-3,768	-3,251	15.9%	-3,768	-3,251	15.9 %
Net debt/ EBITDA (LTM) *	2.1	1.7		2.1	1.7	
Net debt/ Adjusted EBITDA (LTM) *	2.6	1.7		2.6	1.7	
Equity ratio *	70.0%	65.0%		70.0%	65.0%	
R&D expenses personnel	338	348	-3.0%	1,280	1,198	6.8%
R&D expenses other costs	139	182	-23.7%	644	661	-2.6%
Total R&D expenses	476	530	-10.1%	1,924	1,859	3.5%

*) Alternative performance measures, see section Alternative Performance Measures for definitions and calculations. Optomed presents Adjusted EBITDA and Adjusted operating result as alternative performance measures to enhance comparability of business performance between reporting periods. In October - December 2023, items affecting comparability amounted to EUR 311 thousand and related to increased credit risk with respect to an overdue trade receivable from a customer in China.

CEO Review

We are pleased to present the year-end report for the fiscal year 2023. Despite facing a relatively soft last quarter, we are proud to report a solid overall growth of 3% in our business compared to the previous year. Our device business segment is very cyclical which makes it challenging in comparing quarters unlike in our software business segment which delivers relatively stable revenue stream over the quarters. The year 2023 presented a mix of opportunities and hurdles, with the pending FDA clearance for artificial intelligence powered Aurora-AEYE AI fundus camera being a significant focus for the company.

Our financial performance for the full year 2023 reflects a steady growth trajectory compared to the previous year. Despite encountering challenges in the last quarter due to the absence of large one-off deals, our overall performance remains good. We attribute this growth to strategic investments in product development, marketing efforts, and expanding our market reach.

Throughout 2023, we continued to prioritize innovation and product development to meet the evolving needs of our customers. We continued our R&D efforts to develop both in software and hardware segments products and services aimed at improving diagnostics and patient care. Additionally, we focused on strengthening our distribution channels and forging strategic partnerships to enhance our market presence.

The last quarter of 2023 presented challenges, with comparable results from the previous year proving to be particularly demanding. However, we remained resilient and agile in our approach, adapting to market dynamics and leveraging opportunities for growth. Despite these challenges, we are confident in our ability to overcome obstacles and drive sustainable growth in the coming years.

One of the key targets of 2023 was the pending FDA clearance for our Aurora- AEYE AI fundus camera. While the resolution was not achieved by the end of the fiscal year, the process is going forward. This clearance will not only validate the efficacy and safety of our product but also open new avenues for revenue generation and market expansion.

Looking ahead, we are cautious but optimistic about the prospects for Optomed in 2024. With the pending completion of the FDA process for our handheld AI fundus camera, we see accelerated growth and increased market penetration. We remain committed to driving innovation, delivering value to our customers, and creating long-term shareholder value.

In conclusion, despite facing challenges in the last quarter, 2023 was a satisfactory year for Optomed. We are confident in our ability to navigate the evolving landscape of the market and capitalize on emerging opportunities. We thank our employees, customers, and shareholders for their continued support and look forward to a successful year ahead.

Sincerely,

Juho Himberg
CEO

Outlook 2024

Optomed expects its full year 2024 revenue to grow compared to 2023.

Telephone conference

A telephone conference for analysts, investors and media will be arranged on 15 February 2024 at 11.00 EET, (10.00 CET). The event will be held in English. The presentation material will be available at www.optomed.com/investors 10.00 EET at the latest.

The participants are requested to register for the call-in advance by email to sakari.knuutti@optomed.com.

Please see the call-in numbers below:

FI +358 9 856 263 00
SE +46 8 505 218 52
UK +44 20 3321 5273
US +1 646 838 1719
FR +33 1 70 99 53 92

The conference id is 656 849 980#

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 2023

In October - December 2023, Group revenue decreased by 8.8 percent to EUR 3,660 (4,013) thousand. Devices segment had a slow quarter and the revenue decreased by 19.8 percent to EUR 1,023 (1,275) thousand. The Software segment revenue decreased by 3.7 percent to EUR 2,637 (2,738) thousand. Software segment's growth was muted as compared to the extremely strong comparison period where the segment grew 23.2 percent.

In October - December 2023, the gross margin decreased to 68.0 from 68.9 percent of last year.

EBITDA decreased and it was EUR -757 (-347) thousand. The decrease was mainly due to weakened gross profit.

EBIT decreased and it was EUR -1,319 (-870) thousand.

In October - December 2023, net financial items amounted to EUR -230 (-546) thousand and consisted mainly of interest payments to financial institutions and the translation effect of CNY and USD to EUR.

January – December 2023

In January - December 2023, Group revenue increased by 3.0 percent to EUR 15,100 (14,660) thousand. The growth was driven by the Software segment as the Devices segment's revenue decreased by 7.2 percent while the Software segment's revenue increased by 8.9 percent.

The gross margin decreased to 68.2 percent from 68.7 percent last year. During the comparison period, the gross margin was negatively affected by an inventory provision of EUR 251 thousand, and Optomed was granted a loan waiver in the amount of EUR 841 thousand treated as other operating income and, therefore, affecting the gross margin positively. The gross margin for 2023 adjusted for grants and other operating income is 67.8 percent compared to comparison period 62.8 percent.

EBITDA amounted to EUR -1,781 (-1,952) thousand and adjusted EBITDA was EUR -1,470 (-1,952) thousand. The comparison period EBITDA was also positively affected by the previously mentioned loan waiver, and the comparison period EBITDA adjusted for grants and other operating income would have been EUR -2,809 thousand.

EBIT was EUR -3,974 (-5,097) thousand and adjusted EBIT was EUR -3,663 (-5,097) thousand. The improvement was due to the improved gross profit.

Net financial items amounted to EUR -545 (-454) thousand and consisted mainly of interest payments to financial institutions and the translation effect of CNY and USD to EUR.

Cash flow and financial position

October – December 2023

In October - December 2023, the cash flow from operating activities amounted to EUR -457 (-109) thousand. Net cash used in investing activities was EUR -583 (-557) thousand and relates to capitalized development expenses. Net cash from financing activities amounted to EUR -1,415 (3,531) thousand. During the quarter, the company repaid a term loan of EUR 1,000 thousand prior to its maturity date in response to evolving interest rate condition.

Consolidated cash and cash equivalents at the end of the period amounted to EUR 7,118 (8,524) thousand. Interest-bearing net debt was EUR -3,768 (-3,251) thousand at the end of the period.

Net working capital was EUR 2,460 (3,738) thousand at the end of the period.

Optomed has large trade receivables from a Chinese customer. The customer missed several payments during H2 and, consequently, the specific loss allowance weighted average loss rate was increased from 30% to 50% in Q3. The payment schedule negotiations continue with the said customer. The total amount of the receivable in the balance sheet is now EUR 767 thousand.

January – December 2023

In January - December 2023, the cash flow from operating activities amounted to EUR -615 (-2,370) thousand.

Net cash used in investing activities was EUR -2,412 (-3,029) thousand and relates to capitalized development expenses.

Net cash from financing activities amounted to EUR 1,609 (7,003) thousand.

Optomed completed a directed share issue consisting of 1,589,042 shares and collected gross proceeds of approximately EUR 4.3 million in September 2023.

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	Q4/2023	Q4/2022	Change, %	2023	2022	Change, %
Revenue	1,023	1,275	-19.8%	5,009	5,398	-7.2%
Gross profit *	590	864	-31.7%	2,947	3,738	-21.2%
Gross margin % *	57.7%	67.7%		58.8%	69.3%	
EBITDA	-570	-253	-125.5%	-1,264	-670	-88.6%
EBITDA margin *, %	-55.7%	-19.8%		-25.2%	-12.4%	
Operating result (EBIT)	-938	-609	-54.1%	-2,707	-3,159	14.3%
Operating margin (EBIT) *, %	-91.7%	-47.7%		-54.0%	-58.5%	

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

October - December 2023

In October - December 2023, the Devices segment revenue decreased by 19.8 percent to EUR 1,023 (1,275) thousand. In spite the revenue continued to grow in the global distributor sales and in the US, the revenue decreased due to continuing weak trajectory of the OEM sales.

The gross margin was 57.7 (67.7) percent. Gross margin adjusted for grants and other operating income was 57.7 (69.5) percent. The comparison period gross margin was supported by project work for an OEM client.

EBITDA was EUR -570 (-253) thousand or -55.7 (-19.8) percent of revenue. The decline in the EBITDA was due to the declined revenue and gross margin.

January - December 2023

In January - December 2023, the Devices segment revenue decreased by 7.2 percent to EUR 5,009 (5,398) thousand. The global distributor sales and USA grew strongly; however, the growth was offset by weak OEM sales.

The gross margin decreased to 58.8 percent from 69.3 percent and gross margin adjusted for grants and other operating income increased to 58.8 (53.4) percent.

EBITDA was EUR -1,264 (-670) thousand or -25.2 (-12.4) percent of revenue. During the comparison period, Optomed was granted a loan waiver in the amount of EUR 841 thousand treated as other operating income that had a corresponding effect on both gross margin and EBITDA.

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	Q4/2023	Q4/2022	Change, %	2023	2022	Change, %
Revenue	2,637	2,738	-3.7%	10,091	9,263	8.9%
Gross profit *	1,899	1,900	-0.1%	7,346	6,330	16.0%
Gross margin % *	72.0%	69.4%		72.8%	68.3%	
EBITDA	624	706	-11.6%	2,629	2,079	26.4%
EBITDA margin *, %	23.7%	25.8%		26.1%	22.4%	
Operating result (EBIT)	432	541	-20.1%	1,889	1,431	32.0%
Operating margin (EBIT) *, %	16.4%	19.8%		18.7%	15.4%	

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

October – December 2023

In October - December 2023, the Software segment revenue decreased by 3.7 percent to EUR 2,637 (2,738) thousand against very strong comparison period figures when the segment grew 23.2 percent.

Gross margin increased and was 72.0 (69.4) percent. EBITDA was EUR 624 (706) thousand or 23.7 (25.8) percent of revenue.

January – December 2023

In January - December 2023, the Software segment revenue increased by 8.9 percent to EUR 10,091 (9,263) thousand.

Gross margin increased and it was 72.8 (68.3) percent. EBITDA was EUR 2,629 (2,079) thousand or 26.1 (22.4) percent of revenue. The increased profitability was driven by improved performance of the healthcare solution sales.

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 2023

Group-wide operating expenses amounted to EUR 814 (803) thousand.

January – December 2023

Group-wide operating expenses amounted to EUR 3,155 (3,368) thousand.

Personnel

Number of personnel at the end of the reporting period.

	12/2023	12/2022
Devices	47	48
Software	47	43
Group common	20	23
Total	114	114

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 2022 is available on the company website www.optomed.com/investors/.

Annual General Meeting

The Annual General Meeting held on 10 May 2023 adopted the financial statements for the financial period ended on 31 December 2022 and discharged the members of the Board of Directors and the CEO from liability for the financial period ended on 31 December 2022. The Annual General Meeting decided to reject the remuneration report for governing bodies. The decision made is advisory.

The Annual General Meeting resolved in accordance with the proposal of the Board of Directors that no dividend will be paid for the year 2022.

The number of members of the Board of Directors was confirmed as six. Seppo Mäkinen, Petri Salonen, Reijo Tauriainen and Anna Tenstam were re-elected as members of the Board and Catherine Calarco and Ty Lee were elected as new 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 Annual General Meeting decided to re-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 Heidi Hyry acts as the auditor with principal responsibility. Auditor's remuneration will be paid in accordance with an invoice approved by the Company.

The Annual 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 1,654,135 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 Annual General Meeting authorized the Board of Directors to decide on the issuance of shares 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 1,654,135. 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.

The Annual General Meeting decided to amend the Articles of Association so that the minimum number of the members of the Board of Directors was reduced from five members to four. 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)
- Catherine Calarco
- Anna Tenstam

Remuneration Committee:

- Seppo Mäkinen (Chairman)
- Catherine Calarco
- Ty Lee

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 18,130,397 shares and the Company held 353,973 shares in the treasury which approximately corresponds to 1.95 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/.

Flagging notifications

5.6.2023 Cenova Capital notified that its total holdings in Optomed shares and votes has decreased to 9.96% of all of the registered shares in Optomed.

2.11.2023 Universal-Investment-Gesellschaft mit beschränkter Haftung notified that its total holdings in Optomed shares and votes has decreased to 4.98 per cent of all of the registered shares in Optomed.

4.12.2023 Cenova Capital notified that its total holdings in Optomed shares and votes has decreased to 3.81% of all of the registered shares in Optomed.

Risks and uncertainties

Optomed has reviewed its complete risk position after the year end of 2023. 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.

PUBLIC PROCUREMENT

In addition to its healthcare customers, Optomed's Software segment provides development services also to a non-healthcare Finnish governmental agency under a contract the term of which is ending in the beginning of July 2024.

The new contract with the agency is subject to a public procurement process. There is a risk that the Company fails to win the procurement process and the new contract. In case the Company fails to win the new contract, the impact on 2024 revenue is expected to be approximately EUR 0.5M-1M.

PANDEMICS

In 2020, the COVID-19 pandemic led to widespread lockdowns and had significant effects on the supply chain and revenue streams of various companies.

The Company may be adversely affected if a new outbreak of COVID-19 or another disease causes a new pandemic and lockdowns.

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.

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.

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 have continued 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.

The Board's proposal for the distribution of profit

The parent company's non-restricted equity on 31 December 2023, was EUR 24,937,168.01 and the net loss for the financial year was EUR 2,583,822.23. The Board of Directors proposes to the Annual General Meeting that no dividend will be paid and the non-restricted equity on the outstanding 18,130,397 shares shall be retained and carried forward.

Audit review

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

Financial reporting in 2024

- **7 May 2024** Interim Report for 1 January – 31 March 2024
- **8 August 2024** Half-Year Financial Report for 1 January – 30 June 2024
- **7 November 2024** Interim Report for 1 January – 30 September 2024

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. Optomed combines handheld fundus cameras with software and artificial intelligence with the aim to transform the diagnostic process of various 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

Alternative Performance Measures

Optomed uses certain alternative performance measures (APMs) with the purpose to provide a better understanding of how the business develops. These APMs, as defined, cannot be fully compared with other companies' APMs.

Alternative Performance Measures	Definition
Gross profit	Revenue + Other operating income – Materials and services expenses
Gross margin, %	Gross profit / Revenue
EBITDA	Operating result before depreciation, amortization and impairment losses
EBITDA margin, %	EBITDA / Revenue
Operating result	Profit/loss after depreciation, amortization and impairment losses
Operating margin, %	Operating result / Revenue
Adjusted operating result	Operating result excluding items affecting comparability
Adjusted operating margin, %	Adjusted operating result / Revenue
Adjusted EBITDA	EBITDA excluding items affecting comparability
Adjusted EBITDA margin, %	Adjusted EBITDA / Revenue
Items affecting comparability	Material items outside ordinary course of business including restructuring costs, net gains or losses from sale of business operations or other non-current assets, strategic development projects, external advisory costs related to capital reorganisation, impairment charges on non-current assets incurred in connection with restructurings, compensation for damages and transaction costs related to business acquisitions.
Net Debt	Interest-bearing liabilities (borrowings from financial institutions, government loans and subordinated loans) – cash and cash equivalents (excl. lease liabilities according to IFRS 16)
Net Debt / EBITDA (LTM), times	Net Debt / EBITDA (for the last twelve months, LTM)
Net Debt / Adjusted EBITDA (LTM), times	Net Debt / Adjusted EBITDA (for the last twelve months, LTM)
Earnings per share	Net result / Weighted average number of outstanding shares
Equity ratio, %	Total equity / Total assets
R&D expenses	Employee benefit expenses for R&D personnel and other operational expenses related to R&D activities

Reconciliation of Alternative Performance Measures

In thousand of Euro	Q4/2023	Q4/2022	2023	2022
Revenue	3,660	4,013	15,100	14,660
Other operating income	21	-22	49	857
Material and services	-1,192	-1,227	-4,857	-5,449
Gross profit	2,489	2,764	10,292	10,069
Operating result (EBIT)	-1,319	-870	-3,974	-5,097
Items affecting comparability				
Specific credit loss percent change from 30 to 50 %	0	0	311	0
Adjusted EBIT	-1,319	-870	-3,663	-5,097
Depreciation, amortization and impairment losses	562	533	2,193	3,145
Adjusted EBITDA	-757	-347	-1,470	-1,952

Consolidated income statement

In thousands of euro	Q4/2023	Q4/2022	2023	2022
Revenue	3,660	4,013	15,100	14,660
Other operating income	21	-22	49	857
Materials and services	-1,192	-1,227	-4,857	-5,449
Employee benefit expenses	-2,441	-2,378	-8,699	-8,827
Depreciation, amortization and Impairment losses	-562	-523	-2,193	-3,145
Other operating expenses	-805	-733	-3,374	-3,193
Operating result	-1,319	-870	-3,974	-5,097
Finance income	56	7	479	569
Finance expenses	-286	-553	-1,024	-1,024
Net finance expenses	-230	-546	-545	-454

Profit (loss) before income taxes	-1,550	-1,417	-4,519	-5,551
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Income tax expense	20	20	79	79
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Loss for the period	-1,530	-1,397	-4,441	-5,472
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Loss for the period attributable to

Owners of the parent company	-1,530	-1,397	-4,441	-5,472
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Weighted average number of shares	16,706,508	14,640,697	16,706,508	14,640,697
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Basic loss per share (euro)	-0.09	-0.10	-0.27	-0.37
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Consolidated condensed comprehensive income statement

In thousands of euro	Q4/2023	Q4/2022	2023	2022
Loss for the period	-1,530	-1,397	-4,441	-5,472
Other comprehensive income				
Foreign currency translation difference	172	280	283	139
Other comprehensive income, net of tax	172	280	283	139
Total comprehensive loss attributable to Owners of the parent company	-1,358	-1,117	-4,157	-5,333

Consolidated balance sheet

In thousands of euro	December 31, 2023	December 31, 2022
ASSETS		
Non-current assets		
Goodwill	4,256	4,256
Development costs	7,731	6,562
Customer relationships	942	1,164
Technology	433	534
Other intangible assets	384	379
Total intangible assets	13,746	12,895
Tangible assets	710	852
Right-of-use assets	1,472	1,448
Deferred tax assets	23	15
Total non-current assets	15,951	15,210
Current assets		
Inventories	2,820	2,998
Trade and other receivables	3,190	4,568
Cash and cash equivalents	7,118	8,524
Total current assets	13,128	16,090
Total assets	29,079	31,300

In thousands of euro	December 31, 2023	December 31, 2022
EQUITY		
Share capital	80	80
Share premium	504	504
Reserve for invested non-restricted equity	50,936	46,896
Translation differences	334	51
Retained earnings	-27,052	-21,717
Profit (loss) for the financial year	-4,441	-5,472
Total equity	20,361	20,342
LIABILITIES		
Non-current liabilities		
Borrowings from financial institutions	1,651	3,380
Government loans	713	906
Lease liabilities	991	1,058
Deferred tax liabilities	310	387
Total Non-current liabilities	3,665	5,731
Current liabilities		
Borrowings from financial institutions	794	794
Government loans	193	193
Lease liabilities	516	412
Trade and other payables	3,550	3,828
Total current liabilities	5,052	5,227
Total liabilities	8,718	10,957
Total equity and liabilities	29,079	31,300

Consolidated statement of changes in shareholders' equity

Equity attributable to owners of the parent company

In thousands of euro	Share capital	Share premium	Reserve for invested non-restricted equity	Translation differences	Retained earnings	Total
Balance at January 1, 2023	80	504	46,896	51	-27,189	20,342
Comprehensive income						
Loss for the period					-4,441	-4,441
Other comprehensive income						
Translation differences				283		283
Total comprehensive income for the period				283	-4,441	-4,157
Share issue			3,973			3,973
Share based payments			48			48
Share options			19		137	156
Total transactions with owners of the company			4,039		137	4,176
Balance at December 31, 2023	80	504	50,936	334	-31,493	20,361

Equity attributable to owners of the parent company

In thousands of euro	Share capital	Share premium	Reserve for invested non-restricted equity	Translation differences	Retained earnings	Total
Balance at January 1, 2022	80	504	38,526	-88	-21,970	17,052
Comprehensive income						
Loss for the period					-5,472	-5,472
Other comprehensive income						
Translation differences				139		139
Total comprehensive income for the period				139	-5,472	-5,333
Share issue			8,200			8,200
Share based payments			41			41
Share options			129		253	382
Total transactions with owners of the company			8,371		253	8,624
Balance at December 31, 2022	80	504	46,896	51	-27,189	20,342

Consolidated cash flow statement

In thousands of euro	Q4/2023	Q4/2022	2023	2022
Cash flows from operating activities				
Loss for the financial year	-1,530	-1,397	-4,441	-5,472
Adjustments:				
Depreciation, amortization and impairment losses	562	523	2,193	3,145
Finance income and finance expenses	155	618	468	618
Other adjustments	-22	-19	289	-770
Cash flows before change in net working capital	-835	-275	-1,491	-2,479
Change in net working capital:				
Change in trade and other receivables (increase (-) / decrease (+))	501	164	1,094	204
Change in inventories (increase (-) / decrease (+))	-48	-250	118	-68
Change in trade and other payables (increase (+) / decrease (-))	-18	320	-75	172
Cash flows before finance items	-400	-42	-354	-2,171
Interest paid	-42	-16	-169	-76
Other finance expenses paid	-16	-51	-93	-123
Net cash from operating activities (A)	-457	-109	-615	-2,370
Cash flows from investing activities				
Capitalization of development expenses	-527	-518	-2,199	-2,249
Acquisition of tangible assets	-56	-39	-213	-780
Net cash used in investing activities (B)	-583	-557	-2,412	-3,029
Cash flows from financing activities				
Proceeds from share subscriptions	0	4,060	4,310	9,012
Share issue transaction costs	0	-300	-318	-682
Repayment of loans and borrowings	-1,323	-124	-1,921	-912
Repayment of lease liabilities	-92	-105	-462	-415
Net cash from financing activities (C)	-1,415	3,531	1,609	7,003
Net cash from (used in) operating, investing and financing activities (A+B+C)	-2,456	2,865	-1,419	1,605
Cash and cash equivalents at beginning of period	9,565	5,668	8,524	6,804
Effect of movements in exchange rate on cash held	9	-9	13	115
Cash and cash equivalents at end of period	7,118	8,524	7,118	8,524

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, 2023. 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.

This report has been authorized for issue by the company's board of directors.

Critical management judgments and related estimates and assumptions

The preparation of financial statements under IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the end of the reporting period as well as the reported amounts of income and expenses during the reporting period. These estimates and assumptions are based on historical experience and other justified assumptions, such as future expectations, that Optomed management believes are reasonable under the circumstances at the end of the reporting period and the time when they were made.

Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis and when preparing financial statements. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based, or as a result of new information or more experience. Such changes are recognized in the period in which the estimate or the assumption is revised.

Use of judgment and estimates

During the 2023 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

Q4/2023

In thousands of euro	Devices	Software	Group Admin	Total
External revenue	1,023	2,637	0	3,660
Net operating expenses	-433	-738	0	-1,171
Margin	590	1,899	0	2,489
Depreciation and amortization	-368	-192	-2	-562
Other expenses	-1,160	-1,274	-811	-3,246
Operating result	-938	432	-814	-1,319
Finance items	0	0	-230	-230
Loss before tax expense	-938	432	-1,044	-1,550

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
Margin	864	1,900	0	2,764
Depreciation and amortization	-356	-165	-2	-523
Other expenses	-1,117	-1,194	-801	-3,111
Operating result	-609	541	-803	-870
Finance items	0	0	-546	-546
Loss before tax expense	-609	541	-1,349	-1,417

2023

In thousands of euro	Devices	Software	Group Admin	Total
External revenue	5,009	10,091	0	15,100
Net operating expenses	-2,062	-2,745	0	-4,807
Margin	2,947	7,346	0	10,292
Depreciation and amortization	-1,444	-740	-9	-2,193
Other expenses	-4,210	-4,717	-3,146	-12,074
Operating result	-2,707	1,889	-3,155	-3,974
Finance items	0	0	-545	-545
Loss before tax expense	-2,707	1,889	-3,701	-4,519

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
Margin	3,738	6,330	0	10,069
Depreciation and amortization	-2,489	-649	-8	-3,145
Other expenses	-4,408	-4,251	-3,361	-12,020
Operating result	-3,159	1,431	-3,368	-5,097
Finance items	0	0	-454	-454
Loss before tax expense	-3,159	1,431	-3,823	-5,551

Revenue

In thousands of euro	Q4/2022	Q4/2022	2023		2022	
Finland	2,463	2,454	9,643	64 %	8,606	59%
Rest of the Europe	421	462	1,870	12 %	1,715	12%
Rest of the World	776	1,097	3,586	24 %	4,340	30%
Total	3,660	4,013	15,100	100 %	14,660	100%

Other operating income

In thousands of euro	Q4/2023	Q4/2022	2023	2022
Other operating income	21	-22	49	857
Total	21	-22	49	857

Other operating expenses

Other operating expenses	Q4/2023	Q4/2022	2023	2022
Sales and marketing	-185	-206	-635	-784
Research and development	-43	-62	-230	-361
General and administration	-576	-464	-2,509	-2,049
Total operating expenses	-805	-733	-3,374	-3,193

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

Tangible assets

In thousands of euro	Machinery and equipment 2023	Machinery and equipment 2022
Cost		
Balance at January 1	3,512	2,721
Additions	212	791
Balance at End of Period	3,724	3,512
Accumulated depreciation and impairment losses		
Balance at January 1	-2,660	-2,288
Depreciation	-355	-372
Balance at end of period	-3,015	-2,660
Carrying amount at January 1	852	433
Carrying amount at December 31	710	852

Leases

Leased tangible assets

In thousands of euro	2023	2022
Additions to right-of-use assets	532	671
Depreciation charge for right-of-use assets	-508	-428
Carrying amount at the end of the reporting period	1,472	1,448

Leased tangible assets comprise business premises.

Lease liabilities

In thousands of euro	2023	2022
Current	516	412
Non-current	991	1,058
Total	1,507	1,470

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, 2023

In thousands of euro	Goodwill	Development costs	Customer relationships	Technology	Other intangible assets	Total
Cost						
Balance at January 1	4,256	13,978	2,222	1,023	1,054	22,533
Additions	0	2,089	0	0	93	2,182
Balance at December 31	4,256	16,067	2,222	1,023	1,147	24,715
Accumulated amortisation and impairment losses						
Balance at January 1	0	-7,416	-1,057	-489	-676	-9,638
Amortization	0	-920	-223	-101	-66	-1,311
Impairment losses	0	0	0	0	-21	-21
Balance at December 31	0	-8,336	-1,280	-590	-763	-10,969
Carrying amount at January 1	4,256	6,562	1,164	534	379	12,895
Carrying amount at December 31	4,256	7,731	942	433	384	13,746

At December 31 2022

In thousands of euro	Goodwill	Development costs	Customer relationships	Technology	Other intangible assets	Total
Cost						
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
Accumulated amortisation and impairment losses						
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
Carrying amount at January 1	4,256	6,338	1,386	636	358	12,975
Carrying amount at December 31	4,256	6,562	1,164	534	379	12,895

Financial assets

Current financial assets

In thousands of euro	2023	2022
Trade receivables		
Recourse factoring	0	324
Other trade receivables	2,583	3,232
Total trade receivables	2,583	3,556
Cash and cash equivalents	7,118	8,524
Total	9,701	12,080

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. Specific loss allowance weighted average loss rate% increased from 30% to 50%.

In thousands of euro	Gross carrying amount	Weighted av. loss rate%	Loss allowance
At December 31, 2023			
Current (not past due)	1,516	0.50 %	8
Past due			
1-30 days	51	1.50 %	1
31-60 days	6	4 %	0
61-90 days	10	9 %	1
More than 90 days past due	277	12 %	33
Specific loss allowance	1,534	50 %	767
Total	3,392		809

In thousands of euro	Gross carrying amount	Weighted av. loss rate%	Loss allowance
At December 31, 2022			
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
Total	3,836		604

Financial liabilities

In thousands of euro	December 31, 2023	December 31, 2022
Non-current financial liabilities		
Borrowings from financial institutions	1,651	3,380
Government loans	713	906
Lease liabilities	991	1,058
Total	3,355	5,344
Current financial liabilities		
Borrowings from financial institutions	794	794
Government loans	193	193
Lease liabilities	516	412
Trade payables	782	869
Total	2,285	2,268
Total financial liabilities	5,640	7,612

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.

Financial covenants

Optomed's borrowings from financial institutions contain a financial covenant (equity ratio).

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
OP loan equity ratio			
At December 31, 2023	35%	83.1%	Optomed Group
At December 31, 2022	35%	76.7%	Optomed Group

Company's Equity ratio is calculated as follows.

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

Optomed was in compliance with the covenant as at December 31, 2023.

Related party transactions

In thousands of euro	Revenues	Trade receivables	Other expenses
Jan 1 - Dec 31 2023	0	0	-78
Jan 1 - Dec 31 2022	0	0	-80

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.

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

Events after the review period

No material events after the reporting period.