



# ANNUAL REPORT



2016





# Highlights for 2016



## Table of Contents

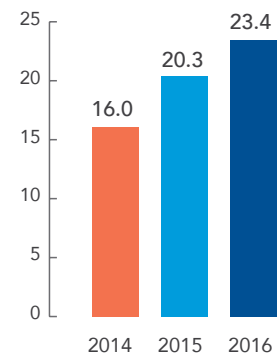
Key Figures	3-4
Revenio in Brief	4
CEO's Review	5
Looking Ahead	7
Icare	9
Quality	11
Operations	13
Research and Development	15
Markets	19
Investor Information	21
Management Team	23
Board of Directors	24
Review of operations and financial statements 2016	25
Corporate governance statement of the Revenio Group Corporation 2016	77



## Year 2016

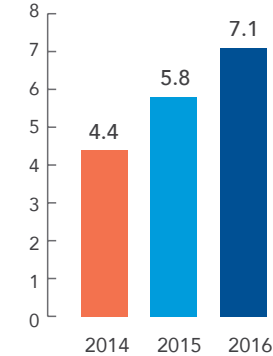
### Growth

Net sales M€



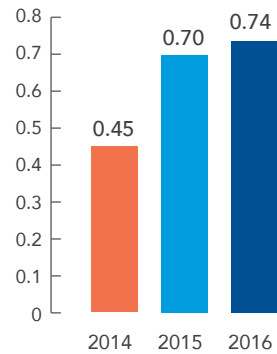
### Profitability

Operating profit M€



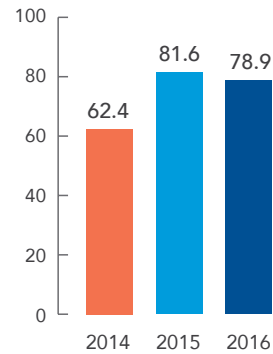
### Dividend

€



### Equity ratio

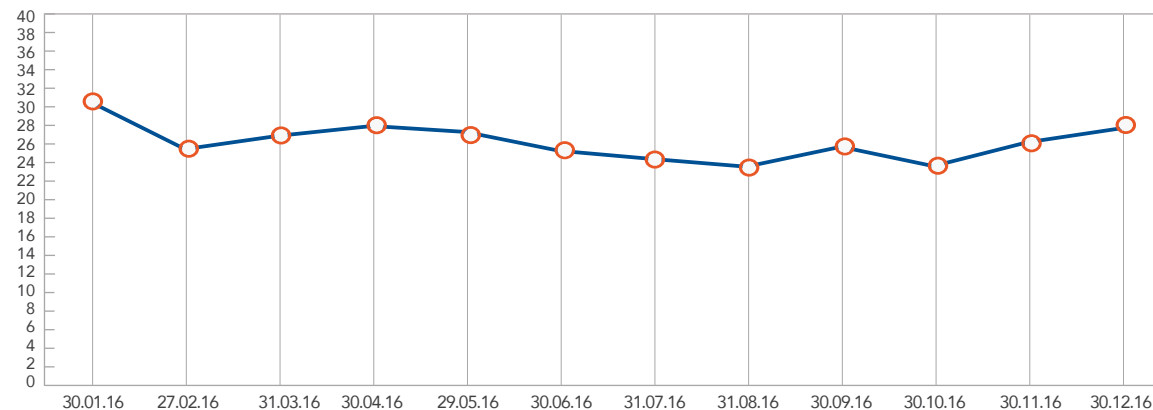
%



### Trade in Revenio shares 2016

48.2 EUR million    1.9 million shares    23.6% of shares    7,814 shareholders

### Share price development 2016



## Key figures

Revenio Group Corporation				Group key figures			
Continuing operations		2016	2015	2014			
Net sales		23.4	20.3	16.0	Net sales	23.4	20.3
Operating profit		7.1	5.8	4.4	Operating profit	7.1	5.8
Revenio Health Tech					Operating profit, %	30.1	28.4
Net sales		23.4	20.3	16.0	Return on equity, %	37.2	48.0
Operating profit		8.6	7.4	5.4	Return on investment, %	45.6	55.0
Average number of personnel					Equity ratio, %	78.9	81.6
Revenio Health Tech		36	32	23	Net gearing, %	-43.8	-48.3
Parent company		5	5	5	Earnings per share, continuing operations, undiluted	0.70	0.61
Discontinued operations		0	0	44	Equity per share	1.97	1.96

## Revenio in Brief

Revenio is a globally operating health technology corporation whose worldwide success is based on a Finnish invention – intraocular pressure measurement technology, which has a strong patent. The Revenio Group consists of Icare Finland Oy, Revenio Research Oy, Icare USA Inc., and Oscare Medical Oy, in which Revenio holds a 53.5 percent interest.

The main product and the core business of Icare Finland is Icare tonometers for the measurement, monitoring, and screening of intraocular pressure as part of diagnosing glaucoma. Revenio Research focuses on R&D projects with the objective of identifying and commercializing new health-related screening technologies.

After selecting specific screening technologies, Revenio's role is to produce simple and easy-to-use methods and devices that will replace old-fashioned and inefficient operating models for the screening of large populations. The health care sector currently faces many challenges, such as an aging population and the need to focus on prevention and cost efficiency, and screening provides a feasible solution to these problems. Revenio's objective is to become a global leader in health-related screening technologies. Meeting this objective requires a long-term commitment to research and development in various fields of health technology.





Timo Hildén:

"The United States continues to be our largest individual market, and it is important for us to succeed there."

## Dear Reader,

The year 2016 brought mainly successes, but also setbacks. Our achievements included strong sales in China, the completion of the Icare ic100 tonometer within the agreed schedule for sales, as well as the sales permit we obtained for it in the United States. The United States continues to be our largest individual market, and it is important for us to succeed there. Centralizing the manufacture of probes in Finland has also proved to be an extremely wise and well-managed move.



We continue to expect growth. We are becoming a true health technology product developer and marketer.

The past year has also been very challenging. In addition to our successes, we also experienced some setbacks: the application process for the sales permit for the Icare HOME tonometer in the United States did not go as smoothly as we had hoped, and we had to submit a new sales permit application to the U.S. Food and Drug Administration, FDA at the end of the year. The application process as a whole was a great deal more cumbersome than anticipated. However, thanks to the commitment and hard work put into the project by our employees, we believe that our efforts will eventually be rewarded.

Revenio Research Oy's development projects for skin cancer and asthma-related products are progressing as planned. Our asthma product was named Ventica and received a CE marking, which will give us the opportunity to launch the first clinical trials with the commercial product.

We continue to expect growth. We have invested in the future by complementing the rebound tonometry that we use for the measurement of intraocular pressure with two other technologies, on which we are focusing our expertise. This will ensure that we are not dependent on one product and technology but will become a true health technology product developer and marketer. We have prepared for the future by recruiting skilled professionals for various positions in Finland as well as abroad this year, and we expect solid results from them in terms of both sales and R&D. We have a good reputation and can choose from among the best applicants. We have kept our in-house team as compact as possible and have used skilled partners whenever possible for tasks requiring special expertise. These cooperation partners have made a valuable contribution to our achievements.

I would like to thank Olli-Pekka Salovaara, Revenio's long-term President and CEO, for his nearly ten-year journey as CEO, during which we have crafted Revenio into a successful health care technology company. We have been pioneers in many areas, in which we can be proud of as a company.

**Olli-Pekka Salovaara:** "Again, our personnel reached excellent results. Warmhearted thanks to them. I also wish to thank our shareholders for their trust in us. I am convinced that Revenio Group's world-class know-how and strategy form a solid platform for success in the future too. This creates a good foundation to continue from. I wish you continued success!"

**Timo Hildén,**  
President & CEO  
as of January 1, 2017  
Revenio Group





# Health technology is a business for the future



My job description will not change a great deal at the turn of the year. In addition to operative work, I will be responsible for shareholder relations and the other duties of President & CEO of a listed company.

## Timo Hildén, President and CEO of Revenio Group as of 1 January 2017

"I came to work for Icare Finland in April, 2012, when Icare employed a total of 12 people. Most of the business focused on the Icare TA01 tonometer and the Icare Tonovet measurement device developed for veterinarians.

As of the end of 2016, the Revenio Group has 41 employees. Personnel growth is not an end in itself – every new employee must have a well-defined, motivating, and interesting job description that allows them to realize their ambitions independently, yet while supported by the team. It is a testimonial to our standing among the professionals in our field that we can now select the best employees to work for us.

Over the last four years, we have concluded two rounds of strategy improvement and have created well-defined processes and goals for the company. All of our employees have been able to participate in this effort by offering their views of what the company's strategy, mission, and vision mean to them. It is an integral element of our strategy that every employee knows what is expected of them and how their individual work contributes to the achievement of our strategic goals.

Every Monday at 9 am, we meet with our employees to go through the highlights of the previous week and discuss future events. This routine promotes the exchange of information,

a sense of unity, and an awareness of the impact of each individual's efforts on the company's financial results. This is an excellent operational way to start the new week.

I served as director of an American health tech company for nearly twenty years. Those years taught me a great deal – including that I do not want to replicate the amount of reporting we did. My management philosophy includes giving people the space and responsibility to manage their own work. I am always available, but I do not interfere at the micro-level; I offer support but do not force it on anyone. I think it is important that there is a healthy amount of challenges, but there must also be opportunities for success. In our workplace, it is acceptable to make mistakes, as long as one learns from them; without room for failure, there can be no risk-taking capacity.

My job description will not change a great deal at the turn of the year. In addition to operative work, I will be responsible for shareholder relations and the other duties of President & CEO of a listed company. One of our major challenges is how to communicate with our almost 8,000 shareholders and potential investors. Twenty of our biggest investors own around 40 % of the company, but we are also owned by a significant number of small investors. Health technology differs from many other sectors due to its strong regulation and legislation as well as the long-term reach of

processes. This is something we must be able to communicate accurately.

The standards set by authorities for companies operating in this field have also become more stringent. The threshold to enter the industry is high, which makes it challenging for newcomers. Icare no longer needs to prove its existence, but we are not the only ones on the market.

I was given responsibility for an extremely well-managed company: we have products that have already established their place on the market as well as product concepts that are progressing to a new phase. The organization is solidly built as are its subcontractor and distributor networks. No changes are planned for the Management Team in the near future, either. As it stands, it is a well-functioning, expert team of experienced veterans. I am fortunate to work for a company that is constantly being approached by other companies and inventors with proposals for new product concepts. However, it is our policy that every new product concept or initiative must already be backed by some clinical evidence. We cannot afford to make wrong investments.

I am personally motivated by our products, which seek to improve people's wellbeing and health. I am exceedingly proud of this company, which is reflected not only in my work but also in me as a private individual."



**Timo Hildén:**

**"My management philosophy includes giving people the space and responsibility to manage their own work. It is a testimonial to our standing among the professionals in our field that we can now select the best employees to work for us."**



# A new-generation product has established its place on the market

**Glaucoma** is the second most common cause of blindness worldwide. Quick, reliable, accurate, and easy-to-use measurement devices are needed in the diagnosis of glaucoma. The market response to our new-generation product, the Icare ic100 tonometer, has exceeded all our expectations.

**Tomi Karvo:**

"The importance of the team for my work is huge - I have brilliant, self-motivated employees, who are capable of taking and bearing responsibility. Health technology as a sector has always motivated me."



"The feedback we have received from users of the Icare ic100 tonometer has been excellent in Europe as well as in the United States."

## Sales and Marketing Director Tomi Karvo, Icare Finland Oy:

"The main product and the core business of Icare Finland is Icare tonometers – Icare ic100, Icare PRO, Icare HOME, the outgoing Icare TA01 and naturally Tonovet for animal eye pressure – for the measurement, monitoring, and screening of intraocular pressure as part of diagnosing glaucoma.

In 2016, the major single event was the launch of the Icare ic100 tonometer in Europe and Australia at the start of the year and in the United States in May. The launch exceeded our expectations. In several markets, the new-generation product has replaced the Icare TA01, introduced in 2003, faster than anticipated or entirely in some cases. The sales of Icare TA01 are expected to continue for years to come, especially in developing countries.

The feedback received on Icare ic100 has been excellent both in Europe and the United States. We have made major improvements to the device's features and ergonomics compared to its predecessor. For new users, in particular, it is easier to adopt and start using. The changes we have made have also been recognized in international design competitions. Icare ic100 received the major international iF DESIGN AWARD in 2016. The device was also awarded the Red Dot Award: Product Design 2016, an internationally acclaimed recognition of outstanding design quality, as well as the IDSA (Industrial Designers Society of America) Silver Award in the United States.

The United States continues to be our largest market, followed by the UK, where we have worked hard for success. In the United States, the challenge is to find the right coverage in a narrow product portal; even if the sales channels are optimal, the geographically large area is physically challenging for a distributor network the size of ours. For this

reason, we are increasingly taking advantage of new digital marketing methods in the region, thus hoping to reach a broader customer contact base.

Growth in Asia and Eastern Europe is strong. We have also invested in these markets by increasing our resources. In Russia, our efforts bore fruit last year, as evidenced by two separate national recognitions. We will continue to work actively in Brazil, despite the country's political and economic challenges.

In certain countries, such as Finland, there are specific treatment paths for medical conditions. In the capacity of manufacturer, we are involved in a project investigating how the glaucoma treatment path should be arranged in the future. When the goal is the digitalization of services, we believe that the Icare HOME tonometer will play an important role in this endeavor.

Icare HOME is a superior product. The device is easy to use, fast, reliable, and customer-friendly. We have a sales permit for the product in all European countries, Japan, China, and Canada. In March, we filed a sales permit application with the U.S. Food and Drug Administration, FDA, for our home measurement device, but had to supplement the application with regard to the design and implementation of the feasibility study. A new application was submitted at the end of November.

We operate in a traditional industry where things change slowly. This is particularly evident in the case of the Icare HOME tonometer. In contrast to our other devices, the Icare HOME tonometer involves consultative selling rather than regular device sales due to its different method of use. We already have good references from home use in the UK, China, and Singapore. Positive results from

studies in Sweden, Australia, and China also support our growth expectations related to self-monitoring.

The Icare HOME tonometer will create new treatment practices. A doctor treating a glaucoma patient can lend a device to the patient for around-the-clock home measurement. The information on the patient's 24-hour intraocular pressure (IOP) fluctuation would help the doctor make the proper treatment decisions.

The need for our devices in the treatment of glaucoma is undisputed. It is estimated that 150 million people suffer from glaucoma, approximately half of them without knowing it. The risk of developing glaucoma increases with age. Early detection improves the likelihood of preventing serious eye damage or blindness, or halting the progression of the disease. Continuous IOP monitoring is a key part of glaucoma treatment in order to prevent the progression of the disease and to determine the proper medication. Considering the fact that intraocular pressure can vary significantly throughout the day, measurement at home can increase the reliability of treatment. In order to obtain reliable information, measurements must be taken at different times of the day.

The importance of the team for my work is huge. I have brilliant, self-motivated employees, who are capable of taking and bearing responsibility. I have worked in the health technology industry in international business, sales, and marketing management positions for two decades in Finland and abroad. Health technology as a field – the fact that our work genuinely helps people – has always motivated me. Our customers are our top priority; positive feedback from them always makes my day."





# Quality is integrated into the entire supply chain

**Icare's success** is based not just on strong technical expertise but also on strict quality criteria. The quality management system can also be perceived as an internal service, which ensures that quality considerations permeate all aspects of our operations.



Close cooperation with distributors and other independent parties is key to acquiring information.

## Quality Manager Heli Valtanen, Icare Finland Oy:

"A large part of the work of our quality department focuses on the acquisition and management of sales permits in more than 70 countries worldwide. Obtaining a sales permit requires us to function the requirements of the country that granted the permit over the entire life cycle of the product. The preparations for a sales permit begin as early as during the product development phase, which is when we compile technical material for sales permit applications. Each product development phase must leave a trail in a documented and systematic form. The authority or independent regulatory body of a country reviews our application and makes its decision based on product quality, effectiveness, and safety. A sales permit may be valid for a fixed term or until further notice.

Icare's quality management system has been certified in accordance with an international standard for health tech service providers and manufacturers and designers of medical devices. Our quality system was previously certified only for tonometers (ophthalmology). In 2016, our quality system and certification were extended to cover medical devices for screening and diagnostics in general. The new EN ISO 13485 standard for quality management systems for health care equipment and devices came into force in March 2016. Understanding legislative, product, and safety

requirements is a major component of quality. The European-wide legislation concerning medical devices is being reformed, and new country-specific requirements are continuously being introduced. Close cooperation with distributors and other independent parties is key to acquiring information. We also actively follow the official channels and portals in the market to stay up to date.

It is not enough for health technology devices to be good – they must also be safe for the patients. As a responsible manufacturer, Icare is committed to compliance with the requirements and laws of different countries in our product manufacturing and post-marketing operations. These requirements are integrated into our quality system. Our operations are audited in many countries against the requirements of the authorities or authorized third parties. In accordance with the directive on medical devices, we also conduct an annual clinical inspection, i.e. evaluation, of all our devices.

Our quality system dates back to 2003, but it is updated every year according to need. We have developed our processes so as to integrate quality into every aspect of our operations. When it comes to new employees, our quality system ensures that they receive adequate induction. It also makes sure that

each and every one of us understands the special characteristics of our industry. Quality control is not limited to our internal operations – quality standards must be high throughout our entire supply chain. A two-person team conducts an annual quality review of all our subcontractors.

In my opinion, our three-person quality department also provides an internal service. This is based on the premise that our company's professionals are experts on their own work, but we provide the framework for their activities. In practice, we measure processes and quality objectives and report on them to our Management Team. We also play the role of an adviser.

I have worked for the company since 2010. In six years, both the number of employees and company turnover have grown significantly. The development of processes and quality is a long-term effort. I have the support of our Management Team for my work, and they the need to invest in quality in order to maintain a high level of customer satisfaction. Personally, I find it rewarding that we have been able to build such a strong end-to-end supply chain that we can keep our customers happy. I am also proud that we are a Finnish company and our most successful product is a Finnish invention."



**Heli Valtanen:**

"I have the support of our Management Team for my work, and they understood the need to invest in quality in order to maintain a high level of customer satisfaction. I am proud that we are a Finnish company."





# Efficient processes ensure the quality of production

A **motivated** and committed staff and subcontractor network, as well as continuous process development, form the basis for efficient and profitable operations.

## Operations Director Ari Isomäki, Icare Finland Oy:

"Icare Finland Oy's operations include purchases, warehouse operations, maintenance, customer service, suppliers, and supply chains. Almost all of the functions are outsourced with the exception of customer service, maintenance, and final assembly. In terms of quality and process functionality, it is vital for us to manage and develop our supplier base together with our suppliers.

We are not only concerned about where our products are manufactured, but how. Finland has a great deal of subcontracting expertise as well as a willingness to develop processes together with the customer. This has resulted in a significant share of our products now being manufactured in Finland. We also have partners in the UK, Switzerland, China, and Malaysia. We focus primarily on developing our existing partner relationships, but the introduction of new products and technologies will inevitably lead to a continuing search for new potential partners.

Together with our carefully selected partners, we are committed to long-term cooperation and the continuous development of manufacturing methods and processes. We use a number of different quality tools for process development, including Lean, Zero-defect, Design for Six Sigma, and GMP. As a result, we have developed high-quality, cost-effective, and ecological solutions that provide the foundation for high customer satisfaction. In addition to employing quality tools, we assess our achievements in joint evaluation meetings, where we also discuss upcoming change and development projects in order to stay one step ahead of the increasingly more stringent regulatory requirements.



**Ari Isomäki:**  
"Health technology is an interesting industry - challenging in a positive sense. Revenio is an open, interactive, and supportive work community."



"Together with our carefully selected partners, we are committed to long-term cooperation and the continuous development of manufacturing methods and processes."

We always purchase products as smaller wholes. In this way, we aim to respond to fluctuations in demand and react to changes quickly. Risk analyses help keep us constantly up to date on which areas need reinforcement. As part of risk management, we make sure that we have more than one supplier for strategically important products. The configuration of the final product for sales takes place at our own warehouse.

In 2016, we continued working with Lean development in our own reception, warehouse, and dispatch operations. We managed to make processes more efficient by reducing activities that do not generate added value for the customer or our products. We are very satisfied with the results and the development trend. These actions have helped us ensure that we are prepared for the growth of existing and new products.

In maintenance, we continued the systematic development and expansion of the maintenance network. Major actions in 2016 included the changes implemented in maintenance services in the UK, Australia, and Korea.

I started as Operations Director of Icare Finland Oy in the fall of 2012, and since June, 2016, I have also been a member of Revenio Group's Management Team. I have worked in a number of different industries over the course of my career, which has provided me with a solid basis for operations management in my current position. Health technology is an interesting industry – challenging in a positive sense. I see Revenio as a company that keeps pushing forward, one that has an open, interactive, and supportive organizational climate."



**41**  
motivated and committed employees  
in Revenio Group at the end of 2016





**Ari Kukkonen:**

"It is personally important to me that we succeed in developing effective health technology products that make a big difference to the patients."

# Significant opportunities for product concepts in patient trials

**Revenio's objective** is to become a global leader in health-related screening technologies. Meeting this objective requires a long-term commitment to research and development in various fields of health technology. Revenio Research, which was established in late 2014, is tasked with managing the Group's outsourced research and development activities.



Our objective is to identify and commercialize new health tech opportunities and turn new product concepts into growth paths alongside the Group's existing products.

## R&D Director Ari Kukkonen, Revenio Research Oy:

"Revenio Research focuses on R&D projects with the objective of identifying and commercializing new health-related screening technologies. Some operational adjustments were made to ensure that Revenio plays an active and systematic role in these projects. An optimally sized, innovative team and skilled subcontractors guarantee operational quality and agility. Our objective is to identify and commercialize new health tech opportunities and turn new product concepts into growth paths alongside the Group's existing products. In this effort, we have found licensing to be a cost-effective and rapid way to go forward.

Both of our new offerings – the hyperspectral camera and Ventica – are related to major national diseases, skin cancer, and asthma, the early detection of which is essential for successful treatment. The related R&D projects are progressing according to schedule.

In 2016, we conducted patient trials using three hyperspectral camera prototypes in two leading Finnish hospitals. Our aim was to have 100 patients in each trial. The trials were implemented at the suggestion of a physician and with

the consent of the patient in connection with regular patient examinations. We expect to see analyses of the results during 2017.

The hyperspectral camera was also included in a three-year pan-European study solely involving projects on optical methods in the health tech industry.

Some three million cases of skin cancer are diagnosed worldwide each year. The increase in skin cancers and their precursors is a consequence of continuously increasing exposure to UV radiation as well as an aging population. The hyperspectral camera can be used to detect early cell changes and their borders that are invisible to the naked eye. The camera can see underneath a mole and indicate the extent of skin that needs to be excised in order to fully remove the tumor and avoid repeat surgery. This allows more precise identification of the affected skin area and treatment follow-up.

In accordance with our strategy, we aim to develop licensed technologies related to the measurement of asthma and skin cancer into successful new products and future growth

paths for the Group. The common denominators of these product concepts, as well as the products already on the market, include screening, monitoring, and the global need to generate cost savings in health care through preventive measures.

I joined Icare Finland as R&D Director at the end of 2011, and have been Revenio Research's Director since the fall of 2015. In addition to ongoing projects, continuous product development and quality improvement, inventions and patents form a major part of my work. We also continue to seek new product concepts for the future. I am personally inspired by new initiatives and continuous learning. I experience extra work motivation when we succeed in developing effective health tech products that make a big difference to patients."





We will take a big step forward in the early spring of 2017, when we can start the first measurements of healthy children in a children's hospital in Croatia.

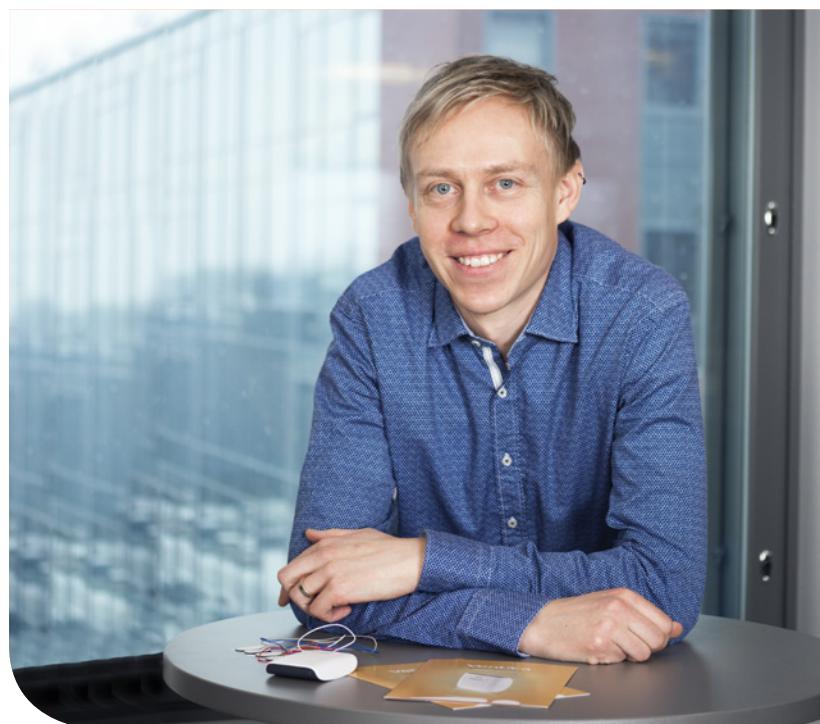
### Product Development Manager Ville-Pekka Seppä, Revenio Research Oy:

"I have a degree from the Department of Biomedical Sciences and Engineering at the Tampere University of Technology. I was drawn to this subject area by a desire to do something that would make a difference. It is easy find motivation in the field of medical technology.

In 2007, I spent six months in California as an exchange researcher and, in the following year, attended a class on respiration and blood circulation at a medical school under a flexible studies program. This deepened my knowledge of physiology and, in particular, the clinical diagnosis of diseases. I took the class for my previous thesis project, where I had been involved in developing a small measuring device that also enabled the measurement of breathing around the clock. I was trying to think of practical applications for this measurement device.

My greatest eureka moment in the development of the Ventica innovation came with the realization that the clinical picture of asthma is characterized by the fluctuation of airflow obstruction throughout the day. Obstruction is at its worst during the night. The decisive factor was learning that spirometry, the traditional method for measuring the degree of obstruction, cannot be used on small children. The diagnosis is largely based on subjective feelings or the parents' assessments, and there is an obvious need for a simple measurement method.

I set out to develop the measurement method into a clinical application for my doctoral dissertation. The best experts in the field have been of great help in this development work. The technology itself was developed at the Tampere University of Technology, and clinical studies have been conducted in cooperation with the Helsinki University Central Hospital and the Tampere University Hospital since 2012. So far, more than 150 child patients have participated in five separate studies. The study results and comments received from doctors have been very encouraging. The device is used to measure the expiratory flow of breathing as the child sleeps. These measurements detect changes in respiration that are



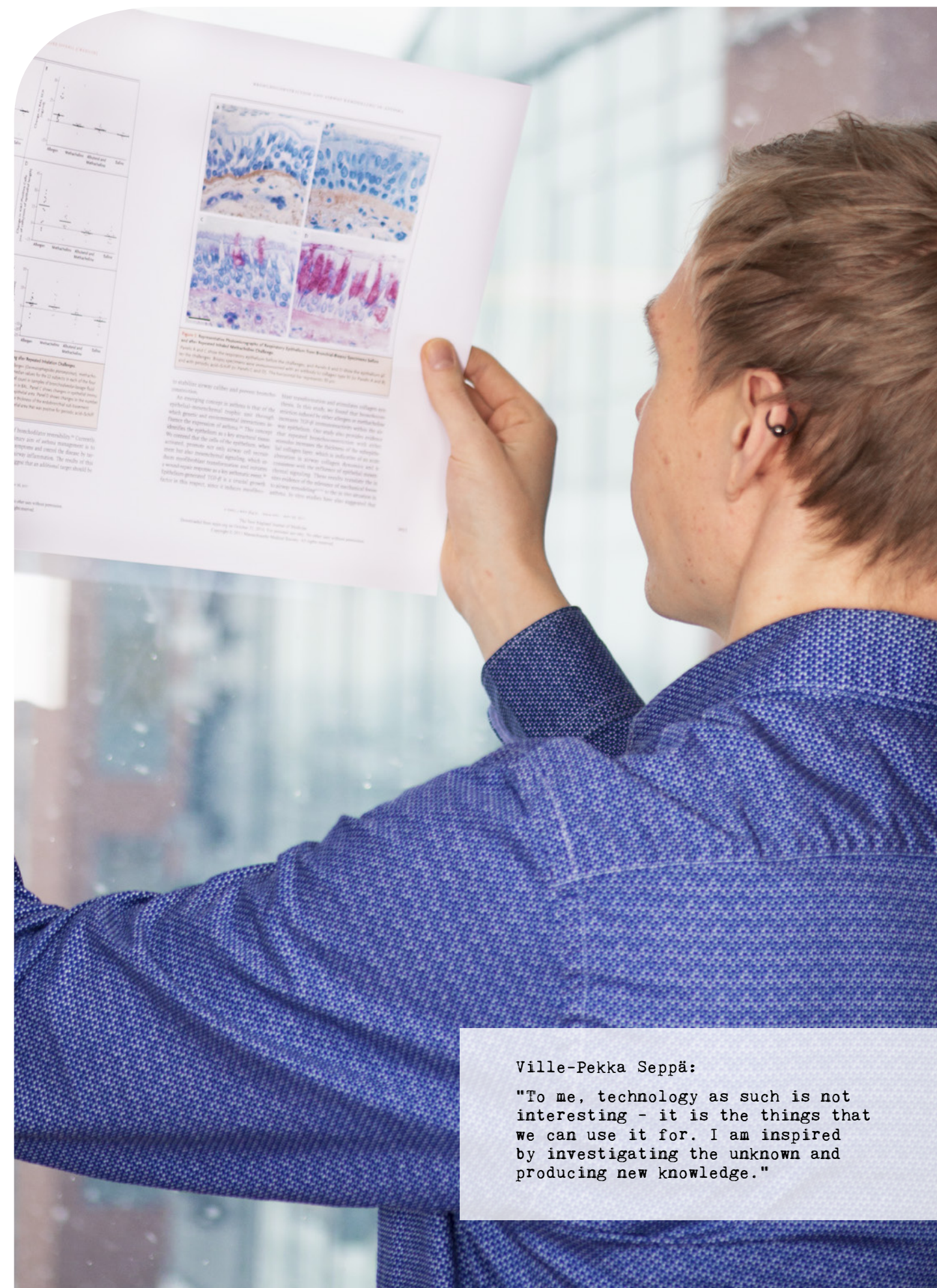
typical of asthma, helping physicians to diagnose the condition and determine the optimal medication for it.

In 2012, the University received commercialization funding from Tekes – the Finnish Funding Agency for Innovation, and in 2014, I founded Tide Medical Oy, to which the technology rights were transferred from the University. A licensing agreement was signed with Revenio in early 2015, when I also joined Revenio Research as Product Development Manager. I had been thinking about promoting the innovation through my own company, but now that I have seen the extent of resources and the high level of expertise required for the development of a medical device, I have been very happy with my licensing decision.

In 2016, we arranged an internal contest for our personnel to name the asthma product, resulting in the name Ventica. In the summer, we filed an application for CE marking for the product.

The marking will make it easier to launch clinical trials in Finland and elsewhere in Europe. We will take a big step forward in the early spring of 2017, when we start the first measurements on healthy children in a children's hospital in Croatia. The wider goal of the trials is to understand and demonstrate how Ventica fits into physicians' current set of tools and patient treatment. The challenge with Ventica is the lack of direct reference measurement methods – at the same time, this is an indication of the innovativeness of the product.

I am inspired by investigating the unknown and producing new knowledge. To me, technology as such is not interesting – it is the things that we can use it for. I have learned about asthma by through my research and our collaborative physicians, but on a concrete and practical level, I understood the need for the device when my own child developed asthma. "



Ville-Pekka Seppä:

"To me, technology as such is not interesting – it is the things that we can use it for. I am inspired by investigating the unknown and producing new knowledge."





# Global operations require market expertise

Revenio's business is global. The individual characteristics of the markets make country-specific expertise vital.

Around 50,000 Icare tonometers have been sold globally. The market area covers more than 75 countries. A solid understanding of every market is particularly important for Revenio's operations. This ensures that the sales and marketing of products is as effective as possible in each specific target country and that all user channels are exploited. A large part of country-specific differences result from local legislation and habits of use.

## Examples from around the world:

In the United States, there are professional optometrists in addition to opticians and ophthalmologists. Optometrists play a leading role in ophthalmological diagnostics, but are not permitted to perform procedures.

Significant changes are expected to take place in the quality systems (MDF) in Europe, and companies have to adapt to them.

In many conservative markets, such as France, the possibilities of opticians to measure intraocular pressure are limited by regulations. On the other hand, in some markets, such as Finland and Norway, intraocular pressure is increasingly measured by general practitioners.

In New Zealand and the UK, for example, approval for public health care use is initiated at the end-user level. End-user feedback affects that country's health care decisions and purchases.

Emergency clinics are globally major users of tonometers, but they must often be approached through different distribution channels.

Products are registered in very different ways in different parts of the world, and therefore companies must have a competent team to manage product registrations.

In emerging markets, such as India, public health care represents about 30% and private health care about 70% of the country's health care infrastructure. The potential is high, although the number of doctors is still low.





# Investor information



## General Meeting

The Annual General Meeting of the Revenio Group Corporation will be held on Tuesday, March 22th, 2017 at 4.30 p.m., at Finlandia Hall, Mannerheimintie 13 e, 00100 Helsinki, Finland. The listing of persons registered for the meeting and the distribution of voting tickets will commence at 3.30 p.m.

Shareholders who have been registered in the Company's shareholder register, maintained by Euroclear Finland Ltd, by March 10, 2017, have the right to attend the Annual General Meeting.

Revenio's annual report will be available on the company website at [www.revenio.fi](http://www.revenio.fi) on week 9/2017. More information on the Annual General Meeting is available at

**[www.reveniogroup.fi/en/annual-general-meeting-2017/](http://www.reveniogroup.fi/en/annual-general-meeting-2017/)**

## Payment of dividend

The Board of Directors of Revenio Group Corporation propose a dividend of EUR 0.74 per share for 2017. If the Annual General Meeting approves the Board's proposal, the balance date of dividend payment will be March 24, 2017 and the payment date March 31, 2017.

## Share register

Shareowners are requested to notify the book-entry register in which they have their book-entry account of any changes in their contact details.

## Financial information

Revenio Group Corporation will publish its 2017 financial reports in Finnish and English as follows:

- Interim report Q1: April 20, 2017
- Interim report Q1-Q2: August 7, 2017
- Interim report Q1-Q3: October 26, 2017

Due to an amendment to the Securities Market Act, which came into force on November 26, 2015, the descriptive sections of Revenio's interim reports Q1/2017 and Q1-Q3/2017 will be shorter and more concise than before. The table sections will be reported in accordance with previous practices.

## Revenio as an investment

Revenio represents Finnish health technology expertise on the international market. We use Finnish technology to improve the life expectancy and quality of life of people around the world. Health care megatrends, such as aging populations and a global need for cost savings, support our growth targets. We have strong evidence of the growth of net sales and our good level of profitability. We have an excellent operating profit margin. Approximately 59 per cent of our share capital is owned by private investors and briskly traded. We always seek to remember our owners and have a history of good dividend payment performance.

## Principles of investor relations

Revenio is committed to proactive, transparent communications with all stakeholders. The company's communications are based on facts and transparency. They are systematic, honest, impartial, and up to date. Revenio's communications seek to provide a factual picture of the company's operations, operating environment, strategy, targets and financial performance.

Revenio's website, [www.revenio.fi](http://www.revenio.fi), and its stock exchange releases are the most important publication channels for information regarding the company's operations and finances. All stakeholders have an equal opportunity to use the information provided on the website.

A separate document about Revenio's disclosure policy, approved by the Board of Directors, describes the principles and key channels of the company's communications.

The Revenio Group Corporation's President & CEO is responsible for investor relations.

**[www.revenio.fi](http://www.revenio.fi)**



# Board of Directors



## Kyösti Kakkonen

Kyösti Kakkonen is the founder of Tokmanni Group and served as CEO of the Group for 20 years, until 2009. Currently, Mr. Kakkonen acts as CEO or Chair of the Board in several companies of his own, including Joensuun Kauppa ja Kone Oy, K2 Invest Oy, and Kakkonen-Yhtiöt Oy. Kakkonen has been a member of Revenio's Board of Directors since March 20, 2014.

## Pekka Rönkä

Pekka Rönkä has held positions in the health tech segment, including Chair of the Board of Directors of HLD Healthy Life Devices Oy and Magnasense Technologies Oy, and was Senior Vice President and General Manager of Thermo Fisher Scientific (1999–2012). Rönkä has been a Member of Revenio's Board of Directors since March 20, 2014.

## Pekka Tammela

Pekka Tammela is a partner in Korona Invest Oy and PJ Maa Partners Oy. He served in various managerial posts in 1999–2006, such as CFO of Solteq Oy and of Panostaja Oy, and as a senior manager at both KPMG and PricewaterhouseCoopers. Tammela has been a member of Revenio's Board of Directors since April 3, 2007.

## Ari Kohonen

Ari Kohonen is Chair of the Board of Directors of Gerako Oy. He previously worked in several international and investment banking positions at Nordea (1983–2003) and later as Managing Director of Tekla Oy (2004–2013). Kohonen has been a member of Revenio's Board of Directors since March 21, 2013.

## Ann-Christine Sundell

Ann-Christine Sundell is a member of the Board of Directors of Raisio Oy, Minerva Foundation, Serres Oy, Zymonostics ApS (Denmark), Oy Medix Ab, and Ledil Oy, as well as Chair of the Board of Directors of Medix Biochemica Oy. She has previously held positions as President, Segment Manager, and Sales and Marketing Manager at PerkinElmer (1999–2010). Sundell has been a member of Revenio's Board of Directors since March 15, 2016.

# Management Team



## Ari Kukkonen

Ari Kukkonen is the R&D Director of Revenio Research Ltd. He was appointed a member of the Management Team starting from August 6, 2015.

## Ari Isomäki

Ari Isomäki holds the position of Operations director in Icare Finland Ltd. He was appointed as a member of the Management Team starting from June 1, 2016.

## Timo Hildén

Timo Hildén is the CEO of Icare Finland Ltd and Revenio Research Ltd. Hildén has been a member of the Management Team since May 22, 2014. He has been appointed as CEO of Revenio Group from January 1, 2017.

## Olli-Pekka Salovaara (not pictured)

Olli-Pekka Salovaara acted as the CEO of Revenio Group until December 31, 2016.

## Tiina Oikkonen (not pictured)

Tiina Oikkonen takes part as an external communications specialist.

## John Floyd (not pictured)

John Floyd is the CEO of Icare USA Inc. Since June 1, 2016, he has been a part of an Extended Management Team that meets on quarterly basis.

## Tomi Karvo

Tomi Karvo is the Sales and Marketing Director of Icare Finland Ltd. He was appointed a member of the Management Team starting from August 6, 2015.

## Robin Pulkkinen

Robin Pulkkinen is the CFO in the Revenio Group and has been a member of the Management Team since August 6, 2015.





# Review of operations and financial statements 2016

## Table of contents

<b>Review by the Board of Directors</b>	<b>26–30</b>
<b>Financial statements</b>	
Key figures	31
Consolidated comprehensive Profit & Loss Statement Jan 1–Dec 31, 2016	33
Consolidated balance sheet Dec 31, 2016	34
Consolidated statement of changes in equity	35
Consolidated cash flow statement Jan 1–Dec 31, 2016	36
Notes to the consolidated financial statements Dec 31, 2016	37–60
Parent company profit & loss statement (FAS)	61
Parent company balance sheet (FAS)	62
Parent company cash flow statement (FAS)	63
Notes to the parent company's financial statements Dec 31, 2016	65–70
Auditor's note	71
Signatures to the financial statements and review of operations	75
Corporate governance statement of the Revenio Group Corporation 2016	77

### Review by the Board of Directors 1 January–31 December 2016

Revenio is a Finnish, globally operating health technology corporation whose worldwide success is based on a strongly patented intraocular pressure measurement technology. In addition to the parent company, the Revenio Group consists of Icare Finland Oy, Revenio Research Oy, Icare USA Inc., and Oscare Medical Oy, in which Revenio holds a 53.5% interest.

The main product and the core business of Icare Finland is Icare tonometers for the measurement, monitoring, and screening of intraocular pressure as part of diagnosing glaucoma. Revenio Research focuses on R&D projects with the objective of identifying and commercializing new health tech-related screening technologies.

After selecting specific screening technologies, Revenio's role is to produce simple and easy-to-use methods and devices that will replace old-fashioned and inefficient operating models in the screening of large populations. The health care sector is now facing many challenges, such as an aging population and the need to focus on prevention and cost efficiency – screening provides a feasible solution to these problems. The Revenio Group's objective is to become a global leader in health tech-related screening technologies. Meeting this objective requires a long term commitment to research and development in various fields of health technology.

### Operating environment and development of business operations

Revenio Group consists of, in addition to the parent company, Icare Finland Oy which focuses on intraocular pressure measurement technology and its fully owned subsidiary Icare USA Inc., research and development company Revenio Research Oy and Oscare Medical Oy, in which Revenio holds a 53.5% interest. The Revenio Health Tech segment comprises Icare Finland Oy, Icare USA Inc., Revenio Research Oy, and Oscare Medical Oy.

Revenio Group's net sales grew to EUR 23.4 (20.3) million, an increase of 15.7 per cent. Positive sales trends in China, Australia, Canada, Russia, Italy, the Netherlands, and Spain, as well as in smaller Asian countries, contributed to net sales growth.

Revenio Group's operating profit for the period amounted to EUR 7.1 (5.8) million, an

increase of 22.5 per cent. Operating profit accounted for 30.1 (28.4) per cent of net sales.

Salary costs for the review period were nearly 15 per cent higher than the preceding year due to marketing and sales investments, especially for the new-generation ic100 tonometer. Most of the recruitments that focused on sales and marketing and product development personnel took place after summer 2015. As a result, the growth of fixed costs has leveled off towards the end of the review period. The increase in manufacturing costs can be partly attributed to changes in the product mix.

The new-generation Icare ic100 tonometer was awarded the CE mark and received a sales permit in Europe at the beginning of the review period, with strong sales performance throughout the period. The product was granted a sales permit in the United States in April, and device sales kicked off after the launch in May. Excellent feedback was received from users in Europe and in the United States. More than 3,000 devices were sold during the period. Sales growth during the review period was slower than anticipated in the United States, which was partly due to the change in product generations from the Icare TA01 to the Icare ic100. Although we expect the Icare ic100 to gradually replace the Icare TA01 tonometer, which was launched in 2003, we believe that the TA01 will continue to generate healthy sales for several years, particularly in developing countries. Icare ic100 registrations are already under way in Japan and Canada.

In March, the FDA rejected the sales permit application for the Icare HOME tonometer. The FDA required more extensive feasibility study, which was launched in the summer. A new application for a sales permit for the Icare HOME tonometer was submitted to the FDA at the end of November. After the review period in January, the company received four additional questions from the FDA, to which it replied within 20 days. The FDA stopped the handling process during that time and the company estimates that the FDA's decision will be postponed with 20 days from the originally expected handling time. This is a normal procedure related to the sales permit application process. The company estimates that the decision regarding the sales permit application will be received in late March 2017. During the period, the Icare HOME tonometer was sold in all the European countries, Japan, Canada, Australia, and China.

Net sales Jan–Dec

23.4M€

During the review period, a third probe production line was taken into use in Finland. Over 90 per cent of the probe production is now in Finland. In addition to probes, all the tonometers are manufactured in Finland. Strong growth continued in probe sales, as anticipated, along with a growing stock of installed devices. Probe sales was 24.4 per cent higher than in the previous year. Probes accounted for 26.8 per cent of total sales.

Revenio Research Oy's development projects on product concepts related to skin cancer and asthma are progressing as planned. An application for the CE mark for the asthma product was submitted in the summer, and, later in the fall, the product was named Ventica®. After the end of the review period, in January, Ventica® was awarded the CE mark, which will allow sales and marketing to be launched in Europe. Clinical trials are already underway in Finland and several European countries. The results of the trials will be important for marketing the product and building its credibility. Patient studies with the prototype of a skin cancer detection device continued in two Finnish hospitals during the period. Development of the commercial product will begin after analysis of the results.

The sales performance of Oscare Medical Oy was disappointing. There has been a considerable amount of interest in different parts of Europe and in the Far East, but decision-making has been slow. In a positive development during the period, the major pharmacy chain Boots adopted the device for limited use in Norwegian pharmacies. Negotiations are currently underway with several European pharmacy chains.

### Net sales and financial review

Revenio Group's consolidated net sales in January 1–December 31, 2016 totaled EUR 23.4 (20.3) million. This represented a net sales growth of 15.7 per cent. The increase in net sales can primarily be attributed to







the strong sales in China, the completion of the Icare ic100 tonometer within the agreed schedule for sales, as well as the sales permit we obtained for this device in Europe the United States.

Profit before taxes totaled EUR 7.1 (5.9) million, or 30.4 (29.2) per cent of net sales, up by 20.5 per cent. In January–December 2016, consolidated operating profit totaled EUR 7.1 (5.8) million, 22.5 per cent higher than the previous year. The increase in operating profit can be attributed to the slowdown in the growth of fixed costs, with simultaneous strong growth in sales.

Revenio Group's net sales in October–December 2016 totaled EUR 6.6 (5.5) million, an increase of 21.3 per cent. Profit before taxes totaled EUR 2.2 (1.3) million, or 33.2 (23.0) per cent of net sales, up by 74.9 per cent.

Both diluted and basic earnings per share totaled EUR 0.70 (0.61) in January–December 2016. Equity per share was EUR 1.97 (1.52).

In January–December 2016, the net sales of the Revenio Health Tech segment totaled EUR 23.4 (20.3) million, up 15.7 per cent. The segment's operating profit for the period totaled EUR 8.6 (7.4) million, an increase of 17.0 per cent on the previous year.

## Balance sheet, financial position and investments

The consolidated balance sheet total stood at EUR 19.0 (18.4) million on December 31, 2016. Shareholders' equity amounted to EUR 15.0 (15.0) million. At the end of the review period, interest-bearing net liabilities amounted to EUR -6.3 (-7.1) million and net leveraging stood at -43.8 (-48.3) per cent. The consolidated equity ratio was 78.9 (81.6) per cent. The Group's liquid assets amounted to EUR 7.1 (8.3) million on December 31,

2016. Interest-bearing liabilities totaled EUR 0.7 (0.9) million. Despite investments in the Health Tech segment's future growth, the Group's financial position remained stable during the reporting period. The consolidated goodwill recorded on the balance sheet on December 31, 2016 was EUR 1.2 (1.1) million.

Cash flow from operations totaled EUR 6.0 (4.9) million. The Group's purchases of PPE and intangible assets totaled EUR 1.4 (1.5) million. Investments focused mainly on product development.

## Group structure

At the end of the fiscal year, the Revenio Group consisted of the parent company Revenio Group Corporation and its wholly owned subsidiaries, all active companies: Icare Finland Oy and Revenio Research Oy. The Group includes Icare Finland Oy's wholly owned Icare USA Inc., Oscare Medical Oy as a 53.5% owned subsidiary and Done Medical Oy as a 100% owned operationally inoperative subsidiary.

## Personnel

The annualized average number of personnel employed by the Group in continuing operations during the period amounted to 41 (37). At the end of the period, the number of employees was 41 (40).

In May during the review period, Revenio Group Corporation's Board of Directors appointed Timo Hildén, M. Sc., (born 1959) as the new Group CEO as of January 1, 2017, as Olli-Pekka Salovaara had resigned his position at the end of the period. Hildén has been the CEO of Revenio Group's subsidiary Icare Finland Oy since April, 2012. At the same time, Hildén was appointed as the Segment Director of Revenio Health Tech as of May 16, 2016.

The Management Team of Revenio Group was expanded, and as of June 1, 2016, members include Revenio Group Corporation's CEO Olli-Pekka Salovaara (until December 31, 2016), Icare Finland Oy's CEO and Segment Director of Revenio Health Tech Timo Hildén, Revenio Group Corporation's CFO Robin Pulkkinen, Sales and Marketing Director Tomi Karvo, Revenio Research Oy's R&D Director Ari Kukkonen and, as a new member, Icare Finland Oy's Operations Director Ari Isomäki. Tiina Olkkonen will attend Management Team meetings as an external communication specialist and Management Team secretary. In addition, an Extended Management Team was established on June 1, 2016. This team meets quarterly and consists of Management Team members and John Floyd, the CEO of Icare USA Inc.

## Shares, share capital and management holdings

On December 31, 2016, Revenio Group Corporation's fully paid-up share capital registered with the Trade Register was EUR 5,314,918.72 and the number of shares totaled 7,979,406.

During the review period, the number of shares increased by 32,978 following subscriptions made on the basis of the 2007 stock option scheme. Series 2007C option rights were used to subscribe for 32,978 shares. The subscription period for Series 2007C options ended on May 1, 2016.

The company has one class of share, and all shares confer the same voting rights and an equal right to dividends and the company's funds. On December 31, 2016, the President & CEO, members of the Board of Directors, and their closely related parties held 13.5 per cent, or 1,073,742 of the company's shares, and 5.0 per cent of the option rights.

The Annual General Meeting of Revenio Group Corporation held on March 15, 2016

decided that 40 per cent of Board members' emoluments will be settled in the form of company shares. Accordingly, as announced on May 27, 2016, Revenio Group Corporation transferred to Board members a total of 2,455 shares as follows: A total of 819 shares were transferred to Board Chair Pekka Tammela, as a result of which his ownership of instruments issued by the company amounts to 26,888 shares. A total of 409 shares were transferred to Board member Ari Kohonen, as a result of which his personal and his related parties' ownership of instruments issued by the company amounts to 342,269 shares. A total of 409 shares were transferred to Board member Pekka Rönkä, as a result of which his ownership of instruments issued by the company amounts to 1,210 shares. A total of 409 shares were transferred to Board member Kyösti Kakkonen, as a result of which

## Average number of personnel during the period by segment:

	Dec 31, 2016	Dec 31, 2015	Change
Revenio Health Tech	35	32	3
Parent company	5	5	0
Total	40	37	3

Wages, salaries, and other remuneration paid for personnel in continuing operations during the period totaled EUR 3.7 (2.7) million.

his personal and his related parties' ownership of instruments issued by the company amounts to 592,719 shares. A total of 409 shares were transferred to Board member Ann-Christine Sundell, as a result of which her ownership of instruments issued by the company amounts to 809 shares. As a result of these transfers, the share-based Board member fees have been settled in full. After the transfers, Revenio Group Corporation holds 4,959 of its own shares.

In late 2015, the employees of Revenio Group established a personnel fund into which any bonuses earned by employees working in Finland on the basis of incentive schemes can be paid. All employees are included in the performance-based bonus scheme. The personnel fund has almost 6,000 Revenio shares.

## Changes in shareholding

There were no changes in shareholding during the review period.

## Buyback of own shares

On February 25, 2016, the Board of Directors of Revenio Group Corporation decided to start purchasing the company's own shares, a maximum of seven thousand, (7,000) based on an authorization granted at the AGM of March 19, 2015. During the specified period, a total of 6,860 shares were purchased. At the end of the review period, on December 31, 2016, Revenio Group Corporation held 4,959 of its own shares.

Shares were purchased by using the invested non-restricted equity fund.

## Option schemes

The company has a stock option program decided by the Board of Directors on August 10, 2015, based on the authorization of

subscription price for Series 2015A options will be the trade-weighted average price of the Revenio Group Corporation share quoted on NASDAQ OMX Helsinki Oy during the period September 1 – October 15, 2015 plus 15 percent 26.92 EUR, for Series 2015B options the trade-weighted average price of the Revenio Group Corporation share quoted on NASDAQ OMX Helsinki Oy during the period September 1 – October 15, 2016 plus 15 percent 31.93 EUR, and for Series 2015C options the trade-weighted average price of the Revenio Group Corporation share quoted on NASDAQ OMX Helsinki Oy during the period September 1 – October 15, 2017 plus 15 percent. The subscription price for Series A was EUR 26.94. 43,000 options were allocated during the review period. The subscription price for Series B was EUR 31.93.

## Trading on Nasdaq Helsinki

During the period January 1–December 31, 2016, Revenio Group Corporation's share turnover on the Nasdaq Helsinki exchange totaled EUR 48.2 (62.3) million, representing 1.9 (2.8) million shares or 23.6 (33.7) per cent of all shares outstanding. The highest trading price was EUR 30.74 (34.9), and the lowest price was EUR 22.20 (14.33). At the end of the period, the closing price was EUR 30.48 (28.61), and the average share price for the period was EUR 25.66 (22.06). Revenio Group Corporation's market value stood at EUR 243.2 (227.3) million on December 31, 2016.

## An Assessment of Major Business Risks and Uncertainty Factors

The Revenio Group's risks are divided into strategic, operational, trade cycle, hazard, and financial risks.

The Group's strategic risks include competition in all sectors, the threat posed by new competing products, and any other actions of the company's rivals that may affect the competitive situation. Another strategic risk is related to the ability to succeed in R&D activities and to maintain a competitive product mix. The Group develops new technologies under Revenio Research Oy. Failure to commercialize these development projects may lead to write downs of the activated costs. Strategic risks in the Group's segments that require special expertise are also associated with the successful management and development of key human resources and management of the subcontractor and supplier network.



## Net sales and segment margins (MEUR), continuing operations

		Health Tech	Parent company	Group
Net sales 1–12/2016		23.4	0.0	23.4
Net sales 1–12/2015		20.3	0.0	20.3
	Change (%)	16	0	16
Segment profit margin 1–12/2016		8.6	-1.6	7.1
Segment profit margin 1–12/2015		7.4	-1.6	5.8
	Change (%)	17	-3	23







Corporate acquisitions and the purchase of assets with growth potential related to health tech are part of the Group strategy. The success of these acquisitions has a significant impact on the achievement of growth and profitability targets. Acquisitions may also change the Group's risk profile.

Strategic risks and the need for action are regularly assessed and are monitored in connection with day-to-day management, monthly Group reporting, and annual strategy updates.

Operational risks are associated with the retention and development of major customers, the operations of the distribution network, and success in extending the customer base and markets. Especially in the Revenio Health Tech segment, operational risks include factors related to expansion into new markets, such as the national regulations various countries have governing marketing authorizations for medical instruments and the related official decisions concerning the health care market. Success in health tech R&D projects launched in accordance with the strategy can also be classified as an operational risk.

The operational risks related to the manufacture, product development, and production control of medical instruments are estimated to be higher than average in the Revenio Health Tech segment because of that sector's quality requirements.

Hazard risks are covered by insurance. Property and business interruption insurance provides protection against risks in these areas. The business pursued is covered by international liability insurance.

Financial risks can be further categorized into credit, interest-rate, liquidity, and foreign exchange risks. To manage credit loss risks, the Group has taken out credit insurance that covers all companies in the Group. Every month, and more frequently if necessary, the Board, at its meetings, assesses matters related to financial issues. If required, the Board provides decisions and guidelines for the management of financial risks concerning interest-rate and currency hedging, for instance. Liquidity risks can be affected by the availability of external financing, the development of the Group's credit standing, the trend in business operations, and changes in the payment behavior of customers. Liquidity risks are monitored by means of cash forecasts, which are drawn up for periods of 12 months, at the most, at a time.

## Annual General Meeting and Board Authorizations in effect

The Annual General Meeting decided to elect five members to the Board of Directors. Ari Kohonen, Pekka Rönkä, Kyösti Kakkonen, and Pekka Tammela were re-elected, while Ann-Christine Sundell was elected as a new member. At its organizing meeting held after the Annual General Meeting, the Board of Directors re-elected Pekka Tammela as Chair of the Board.

The AGM decided that the Chair of the Board should be paid a director's fee of EUR 48,000 per annum and other Board members a director's fee of EUR 24,000 per annum. A total of 40 per cent of Board members' emoluments will be paid out in the form of company shares, while 60 per cent will comprise a monetary payment.

The AGM re-appointed PricewaterhouseCoopers Oy, Authorized Public Accountants, as the company's auditors, with Samuli Perälä, Authorized Public Accountant, as principal auditor. The AGM decided to compensate the auditors upon the presentation of a reasonable invoice.

The AGM accepted the Board's proposal on profit distribution according to which the parent company's profit for the financial period, EUR 5,759,744.54, will be added to retained earnings, and a dividend of EUR 0.70 per share will be paid. The dividend payment date was March 24, 2016.

The AGM authorized the Board of Directors to decide on the acquisition of a maximum of 795,392 of the company's own shares in one or several tranches using the company's non-restricted equity capital. The company may buy back shares, to develop its capital structure, in order to finance and implement any corporate acquisitions or other transactions, and to implement share-based incentive plans, or, otherwise, dispose of or cancel them.

The company may buy back shares in public trading in marketplaces the rules and regulations of which allow the company to trade in its own shares. In such a case, the company would buy back shares through a directed purchase, that is, in a proportion other than its shareholders' holdings in company shares, with consideration for the shares based on their publicly quoted market price, in such a manner that the minimum price of the purchased shares equals the lowest market price quoted in public trading during

the authorization period, and, similarly, their highest price equals the highest market price quoted in public trading during that period.

This authorization will be valid until April 30, 2017. This authorization supersedes the buyback authorization granted at the AGM of March 19, 2015.

The AGM authorized the Board of Directors, following the approval of the reverse share split, to decide on the issuance of a maximum of 795,392 shares or to grant special rights (including stock options) conferring entitlement to shares, as referred to in Section 1 of Chapter 10 of the Limited Liability Companies Act, in one or several tranches.

This authorization was granted for the purpose of financing and implementing any prospective corporate acquisitions or other transactions, implementing the company's share-based incentive schemes, or for other purposes determined by the Board.

The authorization grants the Board the right to decide on all terms and conditions governing the said share issue and the granting of special rights, including the subscribers or grantees of the special rights, and the consideration payable. It also includes the right to waive shareholders' pre-emptive subscription rights, i.e. through a directed purchase, and covers the issue of new shares and the transfer of any shares that may be held by the company.

This authorization will be valid until April 30, 2017. This authorization supersedes the authorization to decide on an issuance of new shares and on the granting of special rights that give entitlement to shares adopted at the AGM of March 19, 2015.

## Board of Directors and Auditors

The members of the Board of Directors are Ari Kohonen, Pekka Rönkä, Kyösti Kakkonen, Ann-Christine Sundell, and Pekka Tammela, who serves as Chair.

PricewaterhouseCoopers Oy, Authorized Public Accountants, serves as the company's Auditors, with Samuli Perälä, Authorized Public Accountant, as Principal Auditor.

In 2016, the Board of Directors met 15 times, and the average attendance of Board members at meetings was 90%. In accordance with the AGM's decision, 40 per cent of Board members' total emoluments were paid out in

the form of shares in the company, while 60 per cent consisted of monetary payment. In the course of the fiscal year, the company made, in total, EUR 81,000 in monetary payments as Board emoluments. In addition, 2,455 Revenio Group Corporation shares in all were granted as Board emoluments.

## Compliance with Corporate Governance Recommendations

Revenio Group Corporation complies with the Guidelines for Insiders issued by Nasdaq Helsinki Ltd, which came into force on July 3, 2016, and the Finnish Corporate Governance Code, which entered into force on October 1, 2015. Corporate Governance Statement is published yearly at the company's web page in connection with the Annual Report. The company's general principles of corporate governance are stated in the Investors section of Revenio's website.

## Disputes

The company is not currently involved in any disputes or trials that would have a significant impact on the Group's financial position according to the opinion of the Board.

## Environmental factors

The direct environmental impact of the Revenio Group Corporation's operations is minor.

## Research and development activities

R&D expenditure during the fiscal year totaled EUR 0.8 million (EUR 0.9 million). A total of EUR 0.6 (0.8) million of R&D costs were capitalized during the reporting period.

## Major events after the close of the period

After the end of the review period, in January 2017, the asthma product Ventica® was awarded the CE mark. Marketing measures for the product have already been launched.

A new CEO was appointed for the Revenio Group after the end of the review period, as Timo Hildén, appointed on May 16, 2016, started as CEO of the Group on January 1, 2017.

## Financial guidance for 2017

Net sales growth is expected to remain strong. Profitability is expected to remain at a healthy level despite growth investments.

## The Board's proposal to the Annual General Meeting

The consolidated net profit for the year totaled EUR 5,584,014.59 and that of the parent company EUR 8,099,312.66. The parent company's distributable earnings on December 31, 2016 totaled EUR 13,628,185.43. The Board of Directors will propose to the Annual General Meeting on March 22, 2017 that the parent company's distributable earnings be allocated by paying a per share dividend of EUR 0.74, for a total of EUR 5,904,760.44, against the total number of shares at the close of the reporting period. The rest of the distributable retained earnings will be entered under equity. In the Board's opinion, the proposed distribution of earnings does not endanger the parent company's or Group's liquidity.







## Key figures

	Jan–Dec, 2016 12 months IFRS	Jan–Dec, 2015 12 months IFRS	Jan–Dec, 2014 12 months IFRS	Jan–Dec, 2013 12 months IFRS	Jan–Dec, 2012 12 months IFRS
Net sales, TEUR	23,434	20,250	16,031	13,508	21,563
Operating profit, TEUR	7,058	5,760	4,413	4,273	4,255
Operating profit, %	30.1	28.4	27.5	31.6	19.7
Profit before taxes, TEUR	7,116	5,903	4,658	4,191	4,683
Profit before taxes, %	30.4	29.2	29.1	31.0	21.7
Net profit for financial period, TEUR	5,584	6,497	-694	4,338	-287
Net profit, %	23.8	32.1	-4.3	32.1	-1.3
Gross capital expenditure in non-current assets, TEUR	1,494	2,273	1,150	913	287
Gross capital expenditure, % of net sales	6.4	11.2	7.2	6.8	1.3
R&D expenses, TEUR	776	882	1,020	846	350
R&D expenses, %	3.3	4.4	6.4	6.3	1.6
Return on equity, %	37.2	48.0	-5.1	25.7	-1.8
Return on investment, %	45.6	55.0	1.1	29.7	0.4
Equity ratio, %	78.9	81.6	62.4	66.1	62.2
Net leveraging, %	-43.8	-48.3	-22.4	-16.8	-12.2
Leveraging	5.0	6.1	11.6	17.7	21.6
Average number of personnel	41	37	74	209	198

Key indicators per share	Jan–Dec, 2016 12 months IFRS	Jan–Dec, 2015 12 months IFRS	Jan–Dec, 2014 12 months IFRS	Jan–Dec, 2013 12 months IFRS	Jan–Dec, 2012 12 months IFRS
Earnings per share, continuing operations, EUR	0.70	0.61	0.47	0.38	0.50
Earnings per share, discontinued operations, EUR	0.00	0.24	-0.56	0.18	-0.54
Equity attributable to equity owners of the parent company per share, EUR	1.97	1.96	1.52	1.91	1.91
Dividend per share, EUR	0.74	0.70	0.45	0.30	0.20
Dividend payout ratio, %	105.8	82.1	*	54.3	*
Effective dividend yield, %	2.4	2.4	3.1	2.4	5.0
P/E ratio, continuing operations	43.5	46.7	30.7	22.4	8.0
Diluted number of shares at end of period	7,979,406	7,946,428	7,932,078	7,850,479	7,692,973
Diluted number of shares average during period (acquired own shares excluded)	7,968,685	7,936,670	7,876,183	7,845,121	7,683,379
Share price, year low, EUR	22.20	14.33	11.32	4.00	3.30
Share price, year high, EUR	30.74	34.90	17.20	14.30	5.00
Share price, average, EUR	25.66	22.06	14.38	8.34	4.20
Share price at end of period, EUR	30.48	28.61	14.55	12.38	4.00
Market capitalization at end of period, MEUR	243.2	227.3	115.4	97.2	30.8
Turnover, number of shares	1 880 141	2 822 593	2 669 163	2 964 541	3 268 179
Turnover, %	23.6	35.5	33.7	37.8	42.5

The earnings per share indicators have been calculated using the average diluted numbers of shares during the financial periods, and the equity per share indicators have been calculated using the diluted numbers of shares at the ends of financial periods, taking account of the effect of the reverse share split implemented on March 27, 2013. The dividend per share of EUR 0.74 in 2016 represents the proposal made by the Board of Directors to the Annual General Meeting of March 22, 2017.



## Definition of key figures:

Profit before taxes:		operating profit + financing income – financing expenses
Return on equity %:	100 x	$\frac{\text{profit for the financial period}}{\text{shareholders' equity} + \text{non-controlling interest (average during period)}}$
Return on investment %:	100 x	$\frac{\text{profit before taxes} + \text{interest and other financial expenses}}{\text{balance sheet total} - \text{non-interest-bearing debt (average during period)}}$
Equity ratio %:	100 x	$\frac{\text{balance sheet equity} + \text{non-controlling interest}}{\text{balance sheet total} - \text{advance payments received}}$
Net gearing, %:	100 x	$\frac{\text{interest-bearing debt} - \text{cash \& equivalents}}{\text{total equity}}$
Equity per share:		$\frac{\text{equity attributable to shareholders}}{\text{number of shares at end of the reporting period}}$
Earnings per share:		$\frac{\text{net profit for the reporting period}}{\text{average number of shares during the reporting period}}$
Dividend payout ratio %:		$\frac{\text{dividend per share}}{\text{earnings per share}}$
Effective dividend yield %:		$\frac{\text{dividend per share}}{\text{final share price at end of the reporting period}}$
P/E ratio:		$\frac{\text{final share price at end of period}}{\text{earnings per share}}$
Average share price:		$\frac{\text{total value of shares traded during the period, in euros}}{\text{total number of shares traded during financial period}}$
Gearing %:	100 x	$\frac{\text{interest-bearing net debt}}{\text{total equity}}$





## Consolidated comprehensive Profit &amp; Loss Statement

	Note no.	Jan 1 – Dec 31, 2016 TEUR	Jan 1 – Dec 31, 2015 TEUR
<b>Continuing operations</b>			
<b>Net sales</b>	1, 2	<b>23,434</b>	<b>20,250</b>
<b>Other operating income</b>	5	<b>68</b>	<b>78</b>
<b>Use of materials and services</b>			
Materials:			
Purchases during the financial period		-4,752	-3,675
Change in inventories		508	501
External services		-2,556	-2,130
<b>Materials and services total</b>		<b>-6,801</b>	<b>-5,303</b>
<b>Employee benefit expenses</b>	6		
Salaries and remunerations	6, 21	-3,688	-3,206
Indirect personnel costs			
Pension costs	6	-603	-551
Other indirect personnel expenses		-180	-139
<b>Employee benefit expenses total</b>		<b>-4,472</b>	<b>-3,896</b>
<b>Depreciation, amortization, and impairment</b>	7		
Depreciation		-664	-542
<b>Depreciation, amortization and impairment total</b>		<b>-664</b>	<b>-542</b>
<b>Other operating expenses</b>	8, 9	<b>-4,509</b>	<b>-4,827</b>
<b>Operating profit</b>		<b>7,058</b>	<b>5,760</b>
<b>Financial income and expenses</b>	10		
Financial expenses		-109	-286
Financial income		167	430
<b>Financial income and expenses total</b>		<b>58</b>	<b>144</b>
<b>Profit before taxes</b>		<b>7,116</b>	<b>5,903</b>
<b>Taxes</b>	11		
Income taxes		-1,533	-1,313
<b>Taxes total</b>		<b>-1,533</b>	<b>-1,313</b>
<b>Net profit from continuing operations</b>		<b>5,583</b>	<b>4,590</b>
<b>Discontinued operations</b>			
<b>Net profit from discontinued operations</b>	3	<b>1</b>	<b>1,907</b>
<b>Profit for the period</b>		<b>5,584</b>	<b>6,497</b>
<b>Other comprehensive income items</b>			
Items that may be reclassified subsequently to profit or loss			
Translation differences		1	0
<b>Total comprehensive income for the period</b>		<b>5,585</b>	<b>6,497</b>
<b>Total comprehensive income attributable to</b>			
<b>Parent company owners</b>		<b>5,850</b>	<b>6,772</b>
<b>Non-controlling interest</b>		<b>-265</b>	<b>-275</b>
<b>Earnings per share calculated from the profit of the period attributable to the parent company shareholders</b>	12		
Basic earnings per share (EUR), continuing operations		0.70	0.61
Diluted earnings per share (EUR), continuing operations		0.70	0.61
Basic earnings per share (EUR), discontinued operations		0.00	0.24
Diluted earnings per share (EUR), discontinued operations		0.00	0.24
Basic earnings per share (EUR), net profit for the period		0.70	0.85
Diluted earnings per share (EUR), net profit for the period		0.70	0.85

The notes to the financial statements form an essential part of the financial statements.

## Consolidated balance sheet

	Appendix	Dec 31, 2016 TEUR	Dec 31, 2015 TEUR
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant, and equipment	13	928	691
Goodwill	14	1,191	1,191
Other intangible assets	15	4,152	3,670
Deferred tax assets	16	314	237
<b>Non-current assets total</b>		<b>6,585</b>	<b>5,788</b>
<b>Current assets</b>			
Inventories	17	2,262	1,759
Accounts receivable and other receivables	18	3,051	2,559
Cash and cash equivalents	19, 26	7,077	8,319
<b>Current assets total</b>		<b>12,390</b>	<b>12,636</b>
<b>Non-current assets held for sale from discontinued operations</b>		<b>0</b>	<b>0</b>
<b>Assets total</b>		<b>18,975</b>	<b>18,425</b>
<b>Equity and liabilities</b>			
	Appendix	TEUR	TEUR
<b>Parent company shareholders' equity</b>	20		
Share capital		5,315	5,315
Share issue		0	9
Share premium reserve		2,439	2,439
Fair value reserve		300	300
Reserve for invested non-restricted equity		4,707	4,650
Other reserves		280	280
Retained earnings		2,842	2,520
Translation differences		10	8
Own shares		-142	29
<b>Parent company shareholders' equity total</b>		<b>15,750</b>	<b>15,550</b>
<b>Share of non-controlling interest</b>		<b>-782</b>	<b>-517</b>
<b>Shareholders' equity total</b>		<b>14,969</b>	<b>15,033</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	16	13	16
Financial liabilities	22, 26	731	480
<b>Non-current liabilities total</b>		<b>744</b>	<b>496</b>
<b>Current liabilities</b>			
Accounts payable and other payables	24	3,245	2,462
Financial liabilities	22, 26	17	433
<b>Current liabilities total</b>		<b>3,262</b>	<b>2,895</b>
<b>Non-current liabilities from discontinued operations</b>		<b>0</b>	<b>1</b>
<b>Liabilities total</b>		<b>4,006</b>	<b>3,392</b>
<b>Equity and liabilities total</b>		<b>18,975</b>	<b>18,425</b>

The notes to the financial statements form an essential part of the financial statements.







## Consolidated statement of changes in equity

Parent company shareholders' equity

EUR thousand	Equity	Share issue	Share premium reserve	Reserve for invested non-restricted equity	Other reserves	Own shares	Translation differences	Retained earnings	Total	Share of non-controlling interest	Total equity
<b>Total equity Jan 1, 2015</b>	<b>5,315</b>	<b>0</b>	<b>2,439</b>	<b>4,631</b>	<b>580</b>	<b>-14</b>	<b>3</b>	<b>-651</b>	<b>12,303</b>	<b>-242</b>	<b>12,061</b>
<b>Comprehensive profit</b>											
Net profit for the period								6,772	6,772	-275	6,497
Translation differences							5		5	0	5
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>6,772</b>	<b>6,777</b>	<b>-275</b>	<b>6,502</b>
<b>Transactions with owners</b>											
Dividends								-3,569	-3,569	0	-3,569
Purchase of own shares						43			43	0	43
Other direct entries to retained earnings								-32	-32	0	-32
Exercised options		9		18					28	0	28
<b>Transactions with owners total</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>18</b>	<b>0</b>	<b>43</b>	<b>0</b>	<b>-3,601</b>	<b>-3,530</b>	<b>0</b>	<b>-3,530</b>
<b>Shareholders' equity Dec 31, 2015</b>	<b>5,315</b>	<b>9</b>	<b>2,439</b>	<b>4,650</b>	<b>580</b>	<b>29</b>	<b>8</b>	<b>2,520</b>	<b>15,550</b>	<b>-517</b>	<b>15,033</b>
<b>Shareholders' equity Jan 1, 2016</b>	<b>5,315</b>	<b>9</b>	<b>2,439</b>	<b>4,650</b>	<b>580</b>	<b>29</b>	<b>8</b>	<b>2,520</b>	<b>15,550</b>	<b>-517</b>	<b>15,033</b>
<b>Comprehensive profit</b>											
Net profit for the period								5,849	5,849	-265	5,584
Translation differences							1	5	7	0	7
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>5,854</b>	<b>5,855</b>	<b>-265</b>	<b>5,591</b>
<b>Transactions with owners</b>											
Dividends								-5,563	-5,563	0	-5,563
Purchase of own shares						-171			-171	0	-171
Other direct entries to retained earnings								31	31	0	31
Exercised options		-9		57					48	0	48
<b>Transactions with owners total</b>	<b>0</b>	<b>-9</b>	<b>0</b>	<b>57</b>	<b>0</b>	<b>-171</b>	<b>0</b>	<b>-5,532</b>	<b>-5,655</b>	<b>0</b>	<b>-5,655</b>
<b>Shareholders' equity Dec 31, 2016</b>	<b>5,315</b>	<b>0</b>	<b>2,439</b>	<b>4,707</b>	<b>580</b>	<b>-142</b>	<b>10</b>	<b>2,842</b>	<b>15,750</b>	<b>-782</b>	<b>14,969</b>

## Consolidated cash flow statement

	Note	Jan 1 – Dec 31, 2016 TEUR	Jan 1 – Dec 31, 2015 TEUR
<b>Cash flow from operations</b>			
Profit for the period		5,583	4,590
Adjustments:			
Non-cash items	26	774	542
Interest and other financial expenses	10	109	286
Interest and other financial gains	10	-167	-430
Taxes	11	1,533	1,313
Change in working capital:			
Changes in accounts receivable and other receivables	19	-495	-231
Changes in inventory	18	-504	-503
Changes in accounts payable and other payables	25	15	252
Other items		-1	12
Change in working capital, total		-985	-470
Interests paid	10	-30	-286
Interests received	10	9	430
Taxes paid	11	-779	-1,071
<b>Net cash flow from operations</b>		<b>6,046</b>	<b>4,904</b>
Cash flow from discontinued operations		0	1,907
<b>Cash flow from investing activities</b>			
Proceeds from sale of subsidiary less cash and cash equivalents at the time of sale	3	0	2,816
Acquisitions of tangible current assets	13	-563	-373
Acquisitions of intangible assets	15	-825	-1,120
<b>Net cash flow from investing activities</b>		<b>-1,389</b>	<b>1,323</b>
Cash flow from discontinued operations		0	-20
<b>Cash flow from financing activities</b>			
Proceeds from current creditors	22	103	41
Repayments of current creditors	22	-269	-562
Dividends paid and capital repayment	20	-5,563	-3,569
Share subscription through exercised options	21	23	28
Buyback of own shares		-195	0
<b>Net cash flow from financing activities</b>		<b>-5,900</b>	<b>-4,062</b>
Cash flow from discontinued operations		0	162
<b>Net change in cash and credit accounts</b>		<b>-1,242</b>	<b>4,214</b>
Cash and cash equivalents at beginning of period	19	8,319	4,105
Cash and cash equivalents at end of period	19	7,077	8,319

The notes to the financial statements form an essential part of the financial statements.







## Notes to the consolidated financial statements December 31, 2016

### General

Revenio Group is a Finnish, globally operating health technology corporation whose worldwide success is based on intraocular pressure measurement technology that has a strong patent. The Revenio Group consists of Icare Finland Oy, Icare Inc. USA, Revenio Research Oy, and Oscare Medical Oy, in which Revenio holds a 53.5% interest. Revenio Group's main business is the design, manufacture, and sales of medical instruments used for measuring intraocular pressure and bone density. The continuing operations of the Revenio Group constitute a single reported business area. Besides Finland, the company operates in the United States, where it has a subsidiary.

Revenio Group Corporation (1700625-7) is the parent company of the Revenio Group. The company is a public limited company registered in Finland, with its domicile in the City of Vantaa, and is listed on the Nasdaq Helsinki Stock Exchange since October 2001. The company's registered address is Äyritie 22, 01510 Vantaa, Finland.

The figures in the consolidated financial statements are expressed in thousands of euros.

The Board of Directors of the Revenio Group Corporation approved these financial statements for publication at its meeting on February 16, 2017. According to the Finnish Limited Liability Companies Act, shareholders have the right to approve or reject the financial statements at the Annual General Meeting following their issuance.

The AGM may also decide on amendments to the financial statements. Copies of the financial statements are available at the Head Office of the Group's parent company and on the company's website at [www.revenio.fi](http://www.revenio.fi)

### Accounting principles for the consolidated financial statements

#### Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards, IFRS, approved for use in the EU. The IAS and IFRS Standards and SIC and IFRIC Interpretations in effect on December 31, 2016 have been applied. International Financial Reporting Standards refer to the Standards and their interpretations approved

for application in the EU in accordance with the procedure stipulated in EU regulation (EU) no 1606/2002 and embodied in Finnish accounting legislation and the statutes enacted under it. The notes to the consolidated financial statements also comply with Finnish accounting and company legislation complementing the IFRS Standards.

The consolidated financial statements are chiefly based on the purchase method of accounting. Exceptions are available-for-sale financial assets, stated at cost, and financial assets, recognized at fair value through profit or loss, including derivatives.

The preparation of financial statements in conformity with the IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting principles. These are disclosed under "Critical accounting estimates and judgments" below.

The consolidated financial statements are presented in the euro currency, which is the operational and accounting currency for the Group's parent company and all of its subsidiaries, with the exception of Icare Inc. USA, whose operating currency is the U.S. dollar.

#### Application of new or revised IFRS Standards and IFRIC Interpretations

The consolidated financial statements have been prepared on the same principles as in 2015, with the exception of the following new Standards, Interpretations, and amendments to existing Standards, which the Group has applied as of January 1, 2016. The Group applies all new Standards in its financial statements, but the impact of these changes to the company is expected to be minor.

#### Annual improvements to IFRS Standards for 2012–2014

Minor and less urgent amendments made through the Annual Improvements process are compiled into a package and implemented once a year. The impact of the amendments vary by standard, but they have not had have a material impact on the Group's consolidated financial statements.

#### IAS 27 Separate Financial Statements

– Equity Method in Separate Financial Statements (amendment) The amendment allows the equity method as an accounting option for measuring investments in subsidiaries, joint ventures, and associates in separate financial statements, which has been a local requirement in some countries. Therefore, an increasing number of entities are able to prepare their separate financial statements in compliance with

the IFRS. The amendment has not had an impact on the consolidated financial statements.

#### IAS 16 Property Plant and Equipment and IAS 41 Agriculture

– Bearer Plants (amendment): The amendment allows the option to recognize productive biological assets at acquisition cost, while the Standard previously required them to be recognized at fair value. The products produced from these biological assets, however, will continue to be measured according to IAS 41 at fair value less costs to sell. The amendments have not had an impact on the consolidated financial statements.

#### IAS 16 Property Plant and Equipment and IAS 38 Intangible Assets

– Clarification of Acceptable Methods of Depreciation and Amortization (amendment): The amendment prohibits revenue-based depreciation of tangible assets. As an exception, revenue-based depreciation is possible only when the revenue and consumption of the intangible economic benefit are very highly correlated. Nor can the revenue-based method be used to depreciate property, plant, and equipment. The amendments have not had an impact on the consolidated financial statements.

#### IFRS 11 Joint arrangements

– Accounting for Acquisitions of Interests in Joint Operations (amendment). The amendment requires the use of business combination accounting for the acquisition of an interest in a joint operation that constitutes a business. The amendment has not had an impact on the consolidated financial statements.

#### IAS 1 Presentation of Financial Statements

– Disclosure Initiative (amendment) The amendment clarifies the IAS 1 guidelines concerning materiality, the combination of income statement and balance sheet items, the presentation of subheadings, as well as the structure of the financial statements and accounting policies. The amendment has not had a material impact on the consolidated financial statements.

#### IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures

– Investment entities: Applying the Consolidation Exception (amendment) The amendment clarifies the exemption from the requirement to prepare consolidated financial statements when the Group includes investment entities. The amendment also makes it easier for investors that are not investment entities to account for investments in associates and joint ventures that themselves are investment entities. The amendments have not had an impact on the consolidated financial statements.

### Subsidiary companies

Subsidiary companies are companies (including structured entities) in which the Group has a controlling interest. The Group has a controlling interest in a company if the interest exposes the Group to the company's variable returns or entitles it to such returns, and the Group is able to influence these returns by exercising its power over the company. Subsidiary companies are consolidated wholly from and including the date on which the Group has acquired the right of control. The consolidation will cease when the right of control ends.

Additional purchase costs, if applicable, are recognized at fair value on the acquisition date and classified as a liability or shareholder equity. Additional purchase cost classified as a liability is recognized via a gain or a loss at fair value on the last day of each reporting period. Additional purchase cost classified as equity is not re-recognized.

The amount of shareholders' equity attributable to non-controlling interests is recognized either at fair value or at an amount corresponding to the non-controlling interests' proportion of the individualized net assets. The recognition principles are determined separately for each acquisition. The recognition of goodwill created through acquisitions is detailed in the section Goodwill.

Acquired companies are consolidated from the moment when the Group has acquired the right of control, and divested companies are consolidated until the moment when the right of control ceases to exist. All intercompany transactions, receivables, payables, unrealized profits, and internal distribution of profit between subsidiaries are eliminated as part of the consolidation process. Unrealized losses are not eliminated if the loss is a result of impairment. The distribution of profit or loss between owners of the parent company and non-controlling interests is presented in a separate Profit & Loss Statement. The distribution of comprehensive profit between owners of the parent company and non-controlling interests is presented in the comprehensive Profit & Loss Statement. The comprehensive profit is shared between parent company owners and non-controlling interests even if it means that the share of non-controlling interests becomes negative. The share of equity of non-controlling interests is presented on the balance sheet as a separate item under equity. Changes in the parent company's holdings in subsidiaries that do not lead to loss of right of control are treated as equity-related transactions. In gradual acquisitions, the earlier holdings are recognized at fair value, and

the subsequent profit or loss is recognized as a gain or a loss. When the Group ceases to have control, any retained interest in the equity is re-assessed to its fair value at the date when control is lost, with the change in carrying amount recognized as a gain or loss.

Acquisitions that took place before January 1, 2010 are recognized according to the prevailing provisions at that time.

### Translation of foreign currency items

Transactions in foreign currency are recognized in the Group's operating currency (euro) using the exchange rate in effect on the date of the transaction. Monetary foreign currency items are translated into euros using the rates prevailing on the last day of the reporting period.

Gains or losses from the translation of foreign currency transactions and monetary items are recognized via a gain or a loss. Exchange rate gains and losses are included in the corresponding items above operational profit. Exchange rate gains and losses from financing are recorded in financial gains and losses.

### Translation of the financial statements of Group companies outside Finland

The income and expense items in the separate Profit & Loss Statements of Group companies outside Finland are translated into euros at the rates prevailing on the dates of the respective transactions, and balance sheets are translated using the rates in effect on the last day of the reporting month. The income and comprehensive income translations at varying exchange rates in the Profit & Loss Statement and comprehensive Profit & Loss Statement, on the one hand, and on the Balance Sheet, on the other, create a translation difference recognized under equity, the effect of which is recorded in other comprehensive income items. The accumulated translation differences are treated as gain or loss in the case of divestments.

When a Group company outside Finland is founded by the Group itself, its acquisition does not entail goodwill or adjustments to its fair book value that should be translated into euros at the rate in effect on the last day of the reporting month.

### Recognition principles

Reported net sales include the income from the sale of goods and services at fair value and adjusted by indirect taxes, discount, and foreign currency exchange rate differences.

Income from the sale of goods is recognized when the material risks, rewards, and ownership of the goods have been transferred to the buyer. This usually happens at the moment of handover as stated in the terms and conditions of the sale of products. Income from services is recognized in the financial period when the service is delivered. Over 99% of the Group's net sales consists of sales of tonometers and probes.

### Government grants

Government grants for offsetting realized expenses are recorded under other operating income. Government grants are recognized at the same time as the expenses relating to the target of the grant are recorded as an expense.

### Operating profit

Operating profit is the net sum of net sales plus other operating income, less consumption of materials and services adjusted with change in inventories, less employee benefit expenses, depreciation, amortization, and any impairment losses, as well as other operating expenses. All other items in the income statement are disclosed after the operating profit. Exchange rate differences are included in the operating profit if they arise from items related to operations. Otherwise they are recognized in financial items.

### Research and development expenses

Research expenses are recognized through profit or loss. Development expenses for new or more advanced products are capitalized on the balance sheet as intangible goods from the moment the product is technically feasible, it can be utilized commercially, and it is estimated that commercial benefits can be extracted from it. Capitalized development expenses include those material, work, and testing costs directly attributable to the completion of the product for its intended use. Development expenses recognized as expenses earlier are not capitalized later.

Amortization is recognized for a good from the moment it is ready for use. A good not yet ready for use is annually tested for impairment. After initial recording, capitalized R&D expenses are recognized adjusted by amortization on the purchase cost and impairment. The useful life of capitalized R&D costs is at least 10 years, during which period they are recorded as expenses through straight-line amortization.







## Employee benefits

### Pension liabilities

The Group's pensions are handled by external pension insurance companies. The Group only has defined contribution plans. Expenses related to defined contribution plans are recorded as expenses for the financial period they arise.

Revenio also has an individual supplementary pension scheme for a limited personnel group. The insured retirement age is 60 years. These supplementary pensions are arranged with external pension insurance companies.

### Share-based payments

The Group has a share-based incentive program in which shares can be subscribed for at a price defined in the program. The benefits granted on the basis of the arrangement are recognized at fair value at grant date, and they are recorded in the Profit & Loss Statement on a straight-line basis during the vesting period. The expense at grant date is based on fair value calculated according to the Black-Scholes option pricing model. The effect on the financial result of the arrangement is presented in the Profit & Loss Statement under employee benefit expenses. Granted options are equity instruments. When option rights are exercised, the considerations received on the basis of share subscriptions are recorded in the unrestricted equity reserve under shareholders' equity.

## Lease agreements

### The Group as lessee

Part of the equipment used for the Group's production and business support functions is leased. Leases for tangible and intangible goods in which the Group carries a substantial portion of the risks and rewards of ownership are classified as finance lease agreements. Finance leases are capitalized at the commencement of the lease at the present value of the minimum lease payments, and these are depreciated over the useful life of the asset or over the lease period, if shorter. Each lease payment is allocated between liability and finance charges during the lease period in a way that the interest rate of the outstanding liability remains unchanged.

Leases in which the lessor retains a significant portion of the risks and rewards are classified as other leases. Payments made under these leases are recognized in the Profit & Loss Statement as an expense on a straight-line basis over the period of the lease.

The Group does not act as a lessor towards external parties.

## Dividends

Payment of dividends to the company's shareholders is recognized as a liability on the consolidated balance sheet for the financial period during which the distribution of profit is approved by the Annual General Meeting.

## Income taxes

The tax expense in the Profit & Loss Statement comprises the tax based on the company's taxable income for the period together with deferred taxes. The tax based on taxable income for the period is the taxable income of the Group companies calculated according to the applicable tax rate. The tax is adjusted for any tax related to previous periods. Deferred tax is calculated on all temporary differences between their book and actual tax values. Deferred tax is not recognized for accountable assets and liabilities not concerning the combination of operations when the recognition of such an asset or liability will neither affect accounting results nor taxable income at the time of the transaction. Deferred tax is not recognized for non-deductible goodwill impairment or for distributable earnings of subsidiaries where it is probable that the difference will not reverse in the foreseeable future.

The greatest temporary differences, i.e. deferred taxes, arise from internal margins on inventories.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit, against which the temporary differences can be utilized, will be available.

## Property, plant, and equipment

Property, plant, and equipment are valued at original acquisition cost less accumulated depreciation and amortization as well as impairment losses.

Property, plant, and equipment are amortized using the straight-line method based on the estimated useful life of the asset. Estimated useful lives for various assets are:

Machinery and equipment	straight-line depreciation 3–5 years
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When a part of property, plant, and equipment is dealt with as a separate entity, costs related to its replacement are capitalized. In other cases, costs arising later are included in the accounting for a tangible asset only if it is likely that the asset will generate commercial benefit to the Group, and the acquisition cost of the asset can be reliably determined.

Other repair and maintenance costs are recognized through profit or loss as realized.

When a tangible asset is classified as available for sale in accordance with the IFRS 5 standard, its depreciation is discontinued. The residual value and useful life of assets are checked at least in connection with each financial statement and, if necessary, adjusted to reflect changes in the expectation of economic benefit.

Gains and losses from disposals are determined by comparing the disposal proceeds with the book amount and are included in other operating income or expenses.

## Intangible assets

### Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired company at the date of acquisition. For companies acquired before January 1, 2004, goodwill represents the excess of the cost of an acquisition over the book value of the Group's share of the net assets of the acquired company at the date of acquisition.

Goodwill is not amortized but tested annually for any impairment. For this purpose, goodwill is attributed to the one cash generating unit that the Group expects to benefit from the combination of operations having created the goodwill. Goodwill is valued at acquisition cost less impairment losses.

### Other intangible assets

An intangible asset is recognized on the balance sheet only if its acquisition cost can be reliably determined and it is likely that the asset will generate commercial benefit to the Group.

Patents and trademarks	straight-line depreciation 10 years
Software	straight-line depreciation 3–7 years
Capitalized product development expenses	straight-line depreciation 10 years

The Group has no intangible assets with an unlimited useful life.

## Impairments of tangible and intangible assets

The Group management reviews continuously asset items for any indication of impairment. If there are such indications, the amount recoverable from the said asset item is assessed. The recoverable amount is the higher of the asset item's fair value less the cost arising from disposal and the asset item's value in use. When determining value in use, the expected future net cash flows from the asset item or cash-generating unit are discounted based on their present values. The interest rate calculated using the WACC method (Weighted Average Cost of Capital) before taxes is used as the discount interest rate. Factors that affect the interest in the WACC calculation include a risk-free interest rate, the cost of borrowed capital, the risk premium on the stock market, the beta coefficient, and the industry's capital structure.

An impairment loss is recognized in the Profit & Loss Statement when the book value of an asset item is greater than its recoverable amount. The impairment loss is recognized in the Profit & Loss Statement. For other asset items except goodwill, the impairment loss can later be reversed if a change in the estimates used for determining the recoverable amount has occurred. The impairment loss is, however, not reversed by more than what the book value of the asset would be without the recognition of the impairment loss.

Factors considered by the Group management as central to determining whether impairment testing should be done include the asset item's significantly lower profit in comparison with previous or expected future profits, negative changes in the industry or market conditions or threats thereof, and significant changes in the way the asset item is used or in the business strategy.

## Financial assets

### Categorization

The Group's financial assets are categorized under financial assets measured at fair value through profit and loss, loans and other receivables, and available-for-sale financial assets. The categorization depends on the purpose for which the asset has been acquired and takes place in connection with the original recognition of the asset.

### Financial assets measured at fair value through profit and loss

Financial assets measured at fair value through profit and loss are held for trading purposes. A financial asset falls into this category if it has been acquired mainly for sale

in the near future. Derivatives are also held for trading purposes unless they are categorized as hedges. Asset items in this group are short-term assets.

### Loans and other receivables

Loans and other receivables are assets that do not belong to derivative assets, the payments of which are fixed or quantifiable and are not quoted on an active market. They are included in short-term assets except when they mature more than 12 months after the closing date, in which case they are categorized as long-term assets.

Financial assets available for sale Financial assets available for sale are assets that do not belong to derivative assets that are either explicitly categorized as such or not placed in any other category.

Financial assets available for sale include listed shares included in long-term assets unless they are held for sale within 12 months of the closing date, in which case they are categorized as short-term assets.

### Financial assets — recognition and measurement

The acquisition and disposal of financial assets are recognized based on the date of the transaction. Investments in financial assets not recognized through profit and loss are recognized at the original value including transaction costs. Financial assets recognized through profit and loss are recognized at the original value, and the transaction costs are recognized as income in the Profit & Loss Statement. Financial assets are derecognized when rights to the cash flows from the investment have expired or been transferred, and the Group has transferred an essential part of their ownership-related risks and rewards. Financial assets available for sale and recognized through profit and loss are later measured at fair value.

Loans and other receivables are measured at amortized cost using the effective interest method.

Unrealized and realized gains and losses due to changes in fair value relating to assets categorized as financial assets at fair value through profit or loss are recognized in operating profit in the accounting period in which they arise. Dividend income from financial assets recognized at fair value, through profit or loss, are recorded on the balance sheet as other income when the right to payment has arisen for the Group.

When securities categorized as available for sale are sold or depreciated, the changes in

fair value recognized in equity are included under the balance sheet item "other operating profit/loss net."

Interest on securities available for sale, calculated using the effective interest method, is recognized in financial items on the balance sheet. Dividends from equity instruments available for sale are recognized in other income on the balance sheet when the right to payment has arisen for the Group.

The fair values of quoted investments are based on current bid prices. If there is no active market for a financial asset, fair value is established by using valuation techniques. These include the use of recent arm's length transactions, the fair values of other instruments that are substantially the same, or the present value of discounted cash flows. On each closing date, it is evaluated whether objective evidence exists that a financial asset is impaired. For available-for-sale equity instruments, a significant or prolonged decrease in their fair values below the acquisition cost is considered to constitute evidence of impairment. The accumulated loss, determined as the difference between acquisition cost and current fair value less previously recognized impairment loss for the said asset, is transferred through profit or loss. An impairment loss relating to equity investment is not later reversed through profit or loss.

## Financial liabilities

Financial liabilities are initially recognized in accounting at fair value less transaction costs. Subsequently, all financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities include current and non-current liabilities. Financial liabilities are categorized as current unless the Group has an unconditional right to postpone payment at least for 12 months after the closing date.

Commissions associated with loan commitments are recognized as transaction costs to the extent that it is probable that the entire loan commitment, or part of it, will be taken up. In such a case, the commission is entered in the balance sheet until the loan is taken up. When it is, the commission associated with the loan commitment is recognized as part of the transaction cost. If the loan commitment is unlikely to be taken up, the commission is recognized as an advance payment for a liquidity service and is amortized as a cost for the period of the loan commitment.

A financial liability is removed from the balance sheet when the contractual obligations related to the liability expire. If needed, credit







accounts are included in loans recognized in current debt. The fair values of all financial assets and liabilities are presented in Note 26.

### Equity

Outstanding ordinary shares are presented as share capital. Transaction costs due to the issuance of new equity instruments are presented as a deduction from equity. The own shares repurchased by Revenio Group Corporation are presented as a deduction from equity.

### Goodwill

Regardless of whether any indications of impairment exist, the recoverable amount for goodwill is assessed annually. The recoverable amount is the fair value of the asset less disposal cost, or the fair value, if higher. Fair value means estimated future cash flows from the said asset or cash-generating unit that are discounted to their present value. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized in the Profit & Loss Statement when the book value of an asset item is greater than its recoverable amount. The impairment loss is recognized in the Profit & Loss Statement.

The assessment of fair value is based on estimates of future cash flows. Cash flows are most affected by discount interest rates, closing values, as well as the assumptions and estimates used in assessing cash flows. Management determines the discount interest rate based on the WACC method (Weighted Average Cost of Capital). Even though management estimates that the assessments have been made with due diligence, the estimates may differ significantly from actual future values. Discounted cash flows are calculated at the level of cash-generating units.

### Inventories

Inventories are recognized at the lower of cost and net realizable value. The acquisition cost is determined using the FIFO method. The net realizable value is the estimated selling price in a conventional transaction less the cost to make the sale. The acquisition cost of completed products and work in progress comprises direct costs such as materials, direct costs of labor, other direct costs, and the allocation of the variable manufacturing overheads and fixed overhead at normal operating capacity.

### Sales receivables

Sales receivables are recognized at original invoiced price less impairment loss. An impairment loss is recognized when evidence exists that the company cannot collect its receivables in accordance with the initial terms and conditions. The impairment loss is the difference between the book value of the receivables and their recoverable amount, and it corresponds to the present value of expected cash flows. Evidence is regularly considered to exist when a receivable is more than 180 days outstanding and when no credit insurance, or a security through other means, is available. External evidence of a risk related to a receivable even before it is 180 days outstanding will lead to the recognition of impairment loss. Such evidence may be, for example, the debtor's significant economic difficulties, company reorganization, or bankruptcy proceedings. The impairment loss is recognized in the Profit & Loss Statement in other operating expenses.

### Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank deposits withdrawable on demand, and other liquid short-term investments with original maturities of one month or less from acquisition.

### Provisions

Provisions on the balance sheet are probable future liabilities due to earlier events, the amount of which can be reliably estimated. Provisions are measured at the present value of the cost required to cover the liability.

### Critical accounting estimates and assumptions

The preparation of the financial statements requires the use of estimates and assumptions about the future. The actual results may differ from these estimates and assumptions. In addition, judgment needs to be exercised in the application of accounting principles.

The most significant items of the financial statements where management has been required to use its judgment and for which the estimates include significant uncertainty are presented below.

In acquired businesses, the definition of the fair value of intangible assets is based on estimates about the cash flows from those assets. Estimates and prognoses need to be used for the duration of customer contracts and the cash flows generated by them with regard to intangible assets. The Group tests goodwill annually and assesses indications of impairment as described above under accounting principles. The recoverable amounts

of cash-generating units are defined based on value in use. These calculations require the use of estimates on the profitability of the business and on all factors that may affect it. For intangible assets with a limited useful life, it is estimated annually whether any indications of their impairment exist. If such indications are detected, the intangible assets are subjected to impairment testing. The recoverable amounts of cash-generating units are defined based on value in use. These calculations require the use of estimates. More information on the impairment testing of goodwill and intangible assets is provided in Note 14.

Besides the Group strategy, and action and financial plans and prognoses for the coming years, Group management bases its prognoses on estimates about the macro- and micro-economic factors that affect demand in the business. The estimates used reflect actual history and are consistent with external information.

### Forthcoming requirements of IFRS Standards, interpretations and amendments

The IASB has published the following new or revised Standards and Interpretations, which the Group has not applied as of yet. The Group will adopt each Standard and Interpretation from the date of their becoming effective or, if the date is not the first day of a financial period, from the beginning of the financial period following their becoming effective.

Annual improvements to IFRS Standards for 2017–2021. Minor and less urgent amendments made through the Annual Improvements process are compiled into a package and implemented once a year.

The new IFRS 9 Standard (January 1, 2018) will change the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment on financial assets. The Standard will replace the existing IAS 39 Standard. The classification and measurement of financial liabilities largely correspond to the current guidance in IAS 39. With regard to hedging, three hedging calculation types will remain in effect. More risk positions than before can be included in hedge accounting, and the principles regarding hedge accounting have been made more consistent with risk management. The Group is assessing the potential effects of the standard. The Standard has not yet been approved for application in the EU.

The new IFRS 15 Standard (January 1, 2018) includes guidelines on recognizing revenue

from contracts with customers, replacing existing IAS 18 and IAS 11 Standards. The Revenio Group's customer contracts typically include a single performance obligation, which is satisfied by transferring control of the delivered products to the customer at a specific point in time. The Revenio Group engages in business activities in which the performance obligation is in all cases satisfied at a specific point in time. Hence, there is no change to the previous recognition principle, in which the criterion for satisfaction of the performance obligation was the transfer of risk and benefit, which is also a key indicator of the transfer of control to the customer. There are no variable considerations involved in determining the transaction price of Revenio Group's customer contracts, nor do they include a significant financing component. Furthermore, the transaction price is allocated to one performance obligation. Therefore, the adoption of the IFRS 15 Standard does not have a euro-denominated impact on the Revenio Group. The new IFRS 15 Standard requires the recognition of the incremental costs of obtaining a contract with a customer and the costs incurred to fulfill a contract with a customer in the balance sheet. In the Revenio Group, there are external fees involved in obtaining customer contracts in certain market areas; these constitute incremental costs of obtaining a contract with a customer. In the Revenio Group, the performance obligation is satisfied at a specific point in time, and therefore the incremental costs of obtaining a customer contract are recorded as expenses. The Revenio Group's contracts with customers do not involve costs incurred to fulfill a contract with a customer. The notes required by the IFRS 15 Standard will be implemented as additional information on sales revenue from customer contracts in the notes to the financial statement. Of the requirements regarding notes, the requirements related to the recognition of revenue over time and accounting for the costs incurred to fulfill a contract with a customer are not relevant to the Revenio Group. Of the transition options provided for transition to the IFRS 15 Standard, the Revenio Group has chosen the retrospective application of the Standard, as no euro-denominated effects of the adoption of the Standard have been found.

IFRS 16 Leases (applicable as of January 1, 2019): IFRS 16 was published in January 2016. As a result, almost all lease agreements will be entered in the balance sheet, as operative lease agreements and finance lease agreements will no longer be differentiated. The asset item (the right to use the leased asset) and the financial liability for the payment of rents will be recognized according to the new Standard. The only exceptions are short-term lease agreements that pertain to

asset items of insignificant value. There will be no major changes to the accounting applied by lessors. The Group is currently assessing the impact of the adoption of the Standard. The Standard has not yet been approved for application in the EU.

IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses (amendment, applicable as of January, 1 2017): Amendments were made to IAS 12 in January 2016 to clarify the recognition of deferred taxes when an asset item is measured at fair value, and the fair value is smaller than the taxable value of the asset. The amendment is not expected to have a material impact on the consolidated financial statements. The amendments have not yet been approved for application in the EU.

IAS 7 Statement of Cash Flows – Disclosure Initiative (amendment, applicable as of January, 1 2017): Companies must in future present a statement of changes in liabilities arising from financing activities. This applies to changes arising from cash flows (e.g. proceeds from and repayment of borrowings), as well as non-cash changes such as acquisitions, transfers, interest accrued, and unrealized exchange rate differences. The Group is assessing the potential effects of the changes. The amendments have not yet been approved for application in the EU.

IFRS 4 Insurance Contracts (amendment; effective for financial periods beginning on or after January 1, 2018): Application of the IFRS 9 Financial Instruments Standard in combination with the IFRS 4 Insurance Contracts Standard: The amendment is not expected to have an impact on the consolidated financial statements. The amendments have not yet been approved for application in the EU.

IFRS 2 Share-based Payment (amendment, applicable as of January 1, 2018): Clarifications to the classification and measurement of share-based transactions. The amendment is not expected to have a material impact on the consolidated financial statements. The amendments have not yet been approved for application in the EU.

### Management of financial risks

#### Financial risks and the risk management process

The management of financial risks is the responsibility of the CEO together with the Board of Directors. The Board defines the main outlines of the company's financing and the general management principles for financial risks, and it gives guidelines as necessary for any special issues such as liquidity risk, interest risk, credit risk, and the investment of surplus liquid funds. The Board of Directors discusses the Group's financial standing at its monthly meetings.

According to its strategy, the company may seek growth through acquisitions of companies and business operations. The implementation of these acquisitions may require debt financing. Debt can also be used for other strategic and operational purposes decided on by the Board. Equity financing may also be used for all financing needs, in particular for acquisitions of companies and business operations.

#### Types of financial risks

In its operational activities, the company may be exposed to several types of financial risks, including changes in currency exchange rates, interest rates, and changes in the stock market. A central objective of financial risk management is to identify financial market risks that are relevant to the Group and seek to minimize the harmful effects of financial market changes on the Group's profit.

The main areas of financial risk management are:

#### i) Currency risk

The United States is a significant export market for the company's Health Tech segment. The company has a subsidiary in the United States through which sales are conducted on the U.S. market. The operating currency of the subsidiary is the U.S. dollar. In sales to and local purchases in the U.S., the company is exposed to a risk of fluctuating exchange rates between the U.S. dollar and the euro. At the end of the financial period, the company's cash and cash equivalents in U.S. dollars were USD 816,000. In the event the Euro weakens against the U.S. dollar by 10 per-cent, this would increase the company's cash and cash equivalents on the closing date by EUR 77,000.

Invoicing between Icare Finland Oy and Icare US Inc. takes place in USD. The currency risk is borne by Icare Finland Oy since business transactions between Group companies are not hedged against currency risks. Sales in U.S. dollars represent approximately 43.5% of the total net sales of the Group's continuing functions. Icare USA Inc. had USD 1,068,000 in account receivables from sales on the closing date. Icare Inc. had USD 268,000 cash in bank on the closing date. The Group's USD currency account had a balance of USD 548,000 on the closing date.

#### (ii) Interest rate risk

In the company's balance sheet structure, interest rate risk is involved in borrowings. The Group's profit and cash flow from operations are, to an essential extent, independent of fluctuations in market interest.







When taking up new financing, for example for corporate acquisitions, the company always evaluates the need for interest rate hedging, taking into account the amount of debt, hedging costs, and expected interest rate development during the financing period. All of the Group's borrowings have fixed interest rates. The increase in reference rates by one percentage point would not on December 31, 2016 increase the annual interest cost of interest-bearing debt. The company has no interest rate investments or derivatives to which cash flow hedging would be applied.

**(iii) Credit risk**

The Group's credit policy lays down the requirements for selling on credit and the requirements for credit management. The credit quality of a new customer is controlled by applying for a credit insurance limit every time a new customer relationship is established. The credit limit and credit sales eligibility is reassessed if the customer's purchase volumes change or if the credit insurance company changes the granted credit limit as a result of a change in the customer's credit quality.

No single customer or customer group constitutes a significant credit risk concentration for the Group. During the financial period, credit losses and credit loss reserves recognized through profit and loss totaled EUR 28,946.70 (2015: EUR 33,574.71). The theoretical maximum credit risk at the end of the period corresponds to the book value of sales receivables. The aging of sales receivables is presented in Note 18.

**(iv) Liquidity risk**

The most significant factor affecting the sufficiency of liquid funds in the short term is the profitability of the business operations. Thus, the development of cash flows from operations is affected by management's profitability management measures, and additionally, operational risks and external risks such as general economic development, financial market conditions, and other macroeconomic demand factors over which the company management has no control.

The Group's liquidity in 2016 remained good. Liquidity was positively influenced by the good profitability development of the Health Tech segment. Liquid funds were decreased in 2016 by the payment of dividends. On December 31, 2016, the Group's cash and cash equivalents totaled EUR 7,077,000 (2015: EUR 8,319,000). The company continuously monitors and assesses the financing needs of its business operations to ensure sufficient liquidity for financing its operations. In addition to its cash and cash equivalents,

the company has a revolving credit limit of EUR 2 million for efficient management of its liquidity at Group level. The limit was not used during the financial period. The Board of Directors follows the actual and forecast development of the Group's liquidity monthly, and decides on possible corrective actions.



**The Group's interest-bearing debt at end of period:**

Liability		Use	Initial amount, TEUR	Principal outstanding, TEUR	Vintage
Bank loan	Subsidiary's TEKES loan		502	324	2010–2013

The table below details the contractual maturity analysis. The figures are not discounted and include both interest and principal payments.

	Dec 31, 2016	Appendix	Under 1 year	1–2 years	2–5 years	Over 5 years	Cash flow total
<b>Trade payables and other non-interest-bearing debt</b>		24	3,245	0	0	0	3,245
<b>Loans from financial institutions</b>							
-principal		22	17	0	265	466	748
-interest payments			1	5	5	1	11

	Dec 31, 2015	Appendix	Under 1 year	1–2 years	2–5 years	Over 5 years	Cash flow total
<b>Accounts payable and other non-interest-bearing debt</b>		24	2,462	0	0	0	2,462
<b>Loans from financial institutions</b>							
-principal		22	433	59	117	304	914
-interest payments			5	2	2	0	9

The Group's capital management activities seek to optimize capital structure and thereby support the Group's business activities by ensuring normal operating conditions for business activities, while also increasing shareholder value and aiming for the best possible profit.

Capital structure can be influenced by dividend distribution and the issue of shares. The Group may vary and adjust the amount of dividends paid to shareholders, or the number of new shares issued, or decide to sell assets in order to reduce its debts.

The Group monitors its capital structure through leveraging. At the end of 2016, the Group's interest-bearing net liabilities totaled EUR -6.3 million (EUR -7.1 million at the end of 2015) and leveraging stood at -43.8 percent (-48.3%). When calculating leveraging, interest-bearing net liabilities are divided by shareholders' equity. Interest-bearing liabilities are included in net liabilities, with interest-bearing receivables and cash and cash equivalents deducted. The Group's strategy is to keep leveraging below 25 percent. There has been no change in this strategy since the previous year.

	Jan 1–Dec 31, 2016	Jan 1–Dec 31, 2015
Financial liabilities	748	1,178
Cash and cash equivalents	7,077	8,319
Net liabilities	-6,329	-7,141
Total equity	14,969	15,033
Net leveraging, %	-43.8%	-48.3%

Earlier corporate acquisitions by the Group have included stock swaps, which may involve contingent considerations agreed for periods of several years. These contingent considerations can also be balanced by transferring the company's own shares to the seller. An estimate of such contingent considerations is recognized on the balance sheet under other financing liabilities at the time of the transaction. The consolidated balance sheet did not include such contingent considerations at the end of 2016 or in the comparison period.



1) Operating segments

The Group consists of a single reportable segment formed out of its independent subsidiaries with business operations.

The segment reported by the Group is: <b>Revenio Health Tech</b> (Icare Finland Oy, Oscare Medical Oy, Icare USA Inc., and Revenio Research Oy)	Design, manufacture, and sales of tonometers and probes; design, manufacture, and sales of bone density measurement device; management of the Group's R&D projects
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Information about geographical areas

2016, TEUR				
	Finland	Other Europe	Others	Total
Net sales	705	5,497	17,233	23,434
Assets	16,937	0	2,038	18,975
Capital expenditure	1,414	0	80	1,494
2015, TEUR				
	Finland	Other Europe	Others	Total
Net sales	774	4,809	14,667	20,250
Assets	16,250	0	2,175	18,425
Capital expenditure	2,239	0	34	2,273

2) Net sales

TEUR	2016	2015
Net sales, goods	23,434	20,250
<b>Total</b>	<b>23,434</b>	<b>20,250</b>

3) Discontinued operations

The discontinued operations of the Group in 2016 comprise the business operations of Kauhajoen Sisälogistiikka Oy. The dissolution of the company was registered on June 13, 2016. The Boomeranger Boats Oy business was sold on February 25, 2015, and the Done Software Solutions Oy business was sold on May 7, 2015. Kauhajoen Sisälogistiikka Oy was dissolved during 2016.

The profits, gains from divestments, and share of cash flows for the discontinued operations were:

Jan 1–Dec 31, 2016		Jan 1–Dec 31, 2015
TEUR	Boomeranger Boats Oy	
Income	0	230
Expenses	0	-398
Profit before taxes	0	-168
Taxes	0	0
Profit after taxes	0	-168
Gains from divestment before taxes	0	341
Taxes	0	0
Gains from divestment after taxes	0	341
Profit for the period, discontinued operations	0	173
Cash flow from operations	0	5
Cash flow from investing activities	0	-3
Cash flow from financing activities	0	0



Jan 1–Dec 31, 2016		Jan 1–Dec 31, 2015
TEUR	Kauhajoen Sisälogistiikka Oy /Done Logistics Oy	
Income	0	0
Expenses	0	-33
Profit before taxes	0	-33
Taxes	0	0
Profit after taxes	0	-33
Gains from divestment before taxes	0	0
Taxes	0	0
Gains from divestment after taxes	0	0
Profit for the period, discontinued operations	0	-33
Cash flow from operations	0	-58
Cash flow from investing activities	0	0
Cash flow from financing activities	0	0

Jan 1- Dec 31, 2016		Jan 1 - Dec 31, 2015
TEUR	Done Software Solutions Oy	
Income	0	631
Expenses	0	-453
Profit before taxes	0	178
Taxes	0	0
Profit after taxes	0	178
Gains from divestment before taxes	0	1,648
Taxes	0	0
Gains from divestment after taxes	0	1,648
Profit for the period, discontinued operations	0	1,826
Cash flows:		
Cash flow from operations	0	5
Cash flow from investing activities	0	-5
Cash flow from financing activities	0	0

Profit from discontinued operations is presented on the Profit & Loss Statement row Net profit from discontinued operations, consisting of sold or available-for-sale companies.





#### 4) Acquired businesses

The Group did not acquire any new businesses in the 2016 financial period.

#### 5) Other operating income

	Jan 1–Dec 31, 2016 TEUR	Jan 1–Dec 31, 2015 TEUR
Grants and subsidies received	66	50
Others	2	27
<b>Total</b>	<b>68</b>	<b>78</b>

#### 6) Employee benefit expenses

	Jan 1–Dec 31, 2016 TEUR	Jan 1–Dec 31, 2015 TEUR
Salaries and remuneration	-3,688	-3,206
Pension costs – defined contribution plans	-603	-551
Other indirect personnel expenses	-180	-139
<b>Total</b>	<b>-4,472</b>	<b>-3,896</b>
<b>Average number of personnel during financial period</b>	<b>Jan 1–Dec 31, 2016</b>	<b>Jan 1–Dec 31, 2015</b>
Revenio Health Tech (Icare Finland Oy, Icare USA Inc., Oscare Medical Oy, and Revenio Research Oy)	36	32
Administration (Revenio Group Corporation)	5	5
<b>Total</b>	<b>41</b>	<b>37</b>

Information on management's employment benefits, shareholdings, and option rights are presented in Note 28. Related party transactions. Information on options granted are presented in Note 21. Share-based payments.

#### 7) Depreciation, amortization, and impairment

	Jan 1–Dec 31, 2016 TEUR	Jan 1–Dec 31, 2015 TEUR
<b>Depreciation and amortization by type of asset</b>		
Development expenses	-273	-195
Intangible assets	-71	-80
<b>Depreciation and amortization by type of asset, intangible assets total</b>	<b>-343</b>	<b>-275</b>
Property, plant, and equipment		
Machinery and equipment	-320	-268
<b>Depreciation, amortization, and impairment during financial period, total</b>	<b>-320</b>	<b>-268</b>
<b>Depreciation, amortization, and impairment during financial period, total</b>	<b>-664</b>	<b>-542</b>



#### 8) Other operating expenses

	Jan 1–Dec 31, 2016 TEUR	Jan 1–Dec 31, 2015 TEUR
Voluntary personnel expenses	-188	-221
Rent	-363	-315
Other office space expenses	-25	-16
IT, machinery, and equipment expenses	-369	-371
Marketing and travel expenses	-1,554	-1,676
R&D expenses	-180	-96
Administrative services	-1,796	-2,083
Other operating expenses	-35	-47
<b>Total</b>	<b>-4,509</b>	<b>-4,827</b>

#### 9) Research and development expenses

The Profit & Loss Statement includes R&D costs recognized as expenses in the amount of EUR 180,000 in 2016 (2015: EUR 96,000)

#### 10) Financing expenses (net)

	Jan 1–Dec 31, 2016 TEUR	Jan 1–Dec 31, 2015 TEUR
Interest on financial liabilities	-6	-15
Exchange rate losses from liabilities	-87	-241
Other financial expenses	-16	-30
Exchange rate gain from liabilities	163	419
Other financial income	3	11
<b>Total</b>	<b>58</b>	<b>144</b>

**11) Income taxes**

	Jan 1–Dec 31, 2016 TEUR	Jan 1–Dec 31, 2015 TEUR
Income tax for actual operations	-1,606	-1,343
Tax from previous financial periods	4	18
Change in deferred tax liabilities and assets	69	12
<b>Income taxes</b>	<b>-1,533</b>	<b>-1,313</b>

Reconciliation of tax expenses in the Profit & Loss Statement and taxes calculated using the parent company tax rate 20% (20%):

Tax rate reconciliation	Jan 1–Dec 31, 2016 TEUR	Jan 1–Dec 31, 2015 TEUR
Profit before taxes	7,116	5,903
Income tax using parent company tax rate	-1,423	-1,181
Different tax rates of foreign subsidiaries	0	-41
Non-taxable income	16	310
Non-deductible expenses	-30	-314
Temporary differences created and reversed in deferred tax assets and liabilities	16	12
Tax adjustments for previous fiscal years	4	18
Tax losses without recognized deferred tax assets	-116	-117
<b>Taxes recognized in Profit &amp; Loss Statement</b>	<b>-1,533</b>	<b>-1,313</b>

**12) Earnings per share**

The basic earnings per share are calculated by dividing the profit for the period by the weighted average number of outstanding shares during the financial period.

	Jan 1–Dec 31, 2016	Jan 1–Dec 31, 2015
Net profit from continuing operations	5,583	4,590
Net profit from discontinued operations	1	1,907
Profit for the period attributable to owners of parent (TEUR), continuing operations	5,850	4,865
Profit for the period attributable to owners of parent (TEUR), discontinued operations	1	1,907
Weighted average number of outstanding shares during the financial period (own shares deducted), qty	7,968,685	7,936,670
Basic earnings per share (EUR), continuing operations	0.70	0.61
Basic earnings per share (EUR), discontinued operations	0.00	0.24
Diluted earnings per share (EUR), continuing operations	0.70	0.61
Diluted earnings per share (EUR), discontinued operations	0.00	0.24

The diluted earnings per share are calculated by dividing profit for the period by the weighted average number of outstanding shares during the financial period, including the diluting effect of stock options. The 150,000 (150,000) stock options did not have a diluting effect at the end of the financial period.

**13) Property, plant, and equipment**

Machinery and equipment	Jan 1–Dec 31, 2016 TEUR	Jan 1–Dec 31, 2015 TEUR
Acquisition cost Jan 1	1,608	2,691
Increase during the period	518	338
Decreases during period	-31	-1,421
Acquisition cost Dec 31	2,094	1,608
Accumulated depreciation Jan 1	-978	-2,198
Depreciation during the year	-325	-209
Decreases during period	30	1,428
Accumulated depreciation Dec 31	-1,274	-978
<b>Book value Dec 31</b>	<b>820</b>	<b>630</b>
<b>Book value Jan 1</b>	<b>630</b>	<b>493</b>

Finance lease agreements, machinery, and equipment	Jan 1–Dec 31, 2016 TEUR	Jan 1–Dec 31, 2015 TEUR
Acquisition cost Jan 1	0	444
Decreases during period	0	-444
Acquisition cost Dec 31	0	0
Accumulated depreciation Jan 1	0	-437
Decreases during period	0	437
Accumulated depreciation Dec 31	0	0
<b>Book value Dec 31</b>	<b>0</b>	<b>0</b>
<b>Book value Jan 1</b>	<b>0</b>	<b>7</b>

Advance payments and purchases in progress	Jan 1–Dec 31, 2016 TEUR	Jan 1–Dec 31, 2015 TEUR
Acquisition cost Jan 1	61	85
Increase during the period	91	61
Decreases during period	-45	-85
Acquisition cost Dec 31	107	61
<b>Book value Dec 31</b>	<b>107</b>	<b>61</b>
<b>Book value Jan 1</b>	<b>61</b>	<b>85</b>





14) Goodwill

Goodwill	Jan 1–Dec 31, 2016 TEUR	Jan 1–Dec 31, 2015 TEUR
Acquisition cost Jan 1	1,191	1,191
Book value Jan 1	1,191	1,191
Acquisition cost Dec 31	1,191	1,191
<b>Book value Dec 31</b>	<b>1,191</b>	<b>1,191</b>
<b>Breakdown of book values of goodwill:</b>		
Revenio Health Tech	1,191	1,191
<b>Book value Dec 31</b>	<b>1,191</b>	<b>1,191</b>

Goodwill impairment tests

For goodwill impairment testing in the 2016 financial period, the Group consisted of one cash-generating unit to which the goodwill stated on the consolidated balance sheet is allocated. The cash-generating unit and its allocated goodwill amount is:

Cash-generating unit (CGU)	Goodwill TEUR	
CGU1: Icare, Revenio Health Tech segment		1,191
<b>Total goodwill Dec 31, 2016</b>		<b>1,191</b>

This goodwill has accumulated through corporate acquisitions. The division of the companies into cash-generating units follows the Group's corporate structure.

The justifications for recognizing goodwill have been separately assessed in connection with each corporate acquisition. The justification for recognizing Icare Finland Oy's goodwill is the proprietary intraocular pressure measurement technology it has developed and owns, and the strong competitiveness and market potential of the products based on the technology.

The recoverable amounts from CGUs are determined by the value-in-use method. The cash flow projections are based on forecasts approved by management and covering a five-year period.

In addition to strategy, latest budgets, and forecasts, management bases its cash flow projections on an estimate of the effect of the recent trade cycle changes on the capability of the CGUs to generate cash flows, and on other external information management deems to have this effect. The assumptions used are consistent with past developments, and, in management's opinion, moderate in respect of the growth and profitability opportunities in the coming years.

The pre-tax discount interest rate used for calculating value-in-use is determined separately for each cash-generating unit using the WACC (Weighted Average Cost of Capital) method, which projects the total cost of own and borrowed capital taking into account the specific risks of the assets.



Goodwill impairment testing sensitivity analysis

According to the sensitivity analysis performed using goodwill testing methods, the following changes may also occur in key items without any need to lower existing goodwill:

Cash-generating unit (CGU)	Increase in discount rate, percentage points	Decrease in the operating profit level of the unit used in the forecast period, %
CGU1: Icare	136.9	97.9

As far as the assessment of Icare Finland Oy's recoverable amount is concerned, management is of the opinion that no potential change in any key forecast factor, reasonably assessed, could result in a situation in which the goodwill recorded in the consolidated balance sheet would have to be lowered.

15) Intangible assets

Intangible assets	Jan 1–Dec 31, 2016 TEUR	Jan 1–Dec 31, 2015 TEUR
Acquisition cost Jan 1	4,413	5,316
Increase during the period	958	1,113
Decreases during period	-117	-2,016
Acquisition cost Dec 31	5,255	4,413
Accumulated depreciation Jan 1	-743	-2,491
Depreciation during the year	-344	-268
Decreases during period	29	2,016
Accumulated depreciation Dec 31	-1 058	-743
<b>Book value Dec 31</b>	<b>4,197</b>	<b>3,670</b>
<b>Book value Jan 1</b>	<b>3,670</b>	<b>2,825</b>

Intangible assets consist mainly of capitalized R&D expenses, patents acquired in connection with corporate acquisitions, and other intangible assets. They also include software.



## 16) Deferred tax assets and liabilities

Itemization of deferred tax assets, 2016	Jan 1, 2016 TEUR	Recognized in the Profit & Loss Statement TEUR	Dec 31, 2016 TEUR
Internal inventory margin	231	60	291
Postponed depreciation	6	16	22
<b>Total</b>	<b>237</b>	<b>77</b>	<b>314</b>

Itemization of deferred tax assets, 2015	Jan 1, 2015 TEUR	Recognized in the Profit & Loss Statement TEUR	Dec 31, 2015 TEUR
Internal inventory margin	188	43	231
Postponed depreciation	17	-11	6
<b>Total</b>	<b>205</b>	<b>32</b>	<b>237</b>

Itemization of deferred tax liabilities, 2016	Jan 1, 2016 TEUR	Recognized in the Profit & Loss Statement TEUR	Dec 31, 2016 TEUR
Measurement of tangible and intangible assets at fair value in connection with combinations of business	16	-3	13
<b>Total</b>	<b>16</b>	<b>-3</b>	<b>13</b>

Itemization of deferred tax liabilities, 2015	Jan 1, 2015 TEUR	Recognized in the Profit & Loss Statement TEUR	Dec 31, 2015 TEUR
Capitalization of intangible assets from value allocation	127	-127	0
Measurement of tangible and intangible assets at fair value in connection with combinations of business	26	-10	16
Corporate restructuring	-135	135	0
<b>Total</b>	<b>18</b>	<b>-2</b>	<b>16</b>

Deferred tax assets and liabilities are temporary differences arising mainly from internal margins on inventories.

	Dec 31, 2016	Dec 31, 2015
Deferred tax assets net	301	221



## 17) Inventories

	Dec 31, 2016 TEUR	Dec 31, 2015 TEUR
Materials and supplies	1,076	977
Work in progress/advance payments	207	87
Finished products	980	695
<b>Total</b>	<b>2,262</b>	<b>1,759</b>

## 18) Accounts and other receivables

	Dec 31, 2016 TEUR	Dec 31, 2015 TEUR
Accounts receivables	2,431	2,031
Other receivables	185	176
Accrued income	434	352
<b>Total</b>	<b>3,051</b>	<b>2,559</b>

The balance sheet values of sales and other receivables constitute the maximum credit risk amounts. No significant credit risk concentrations are included in the receivables.

Aging of accounts receivables and items recognized as impairment	Dec 31, 2016 TEUR	Impairment losses	Net Dec 31, 2016
Not fallen due	1,535		1,535
Fallen due			
Under 30 days	600		600
30–60 days	247		247
61–90 days	34		34
Over 90 days	47	-33	14
<b>Total</b>	<b>2,464</b>	<b>-33</b>	<b>2,431</b>

Aging of accounts receivables and items recognized as impairment	Dec 31, 2015 TEUR	Impairment losses	Net Dec 31, 2015
Not fallen due	1,552		1,552
Fallen due			
Under 30 days	259		259
30–60 days	73		73
61–90 days	175		175
Over 90 days	6	-34	-28
<b>Total</b>	<b>2,065</b>	<b>-34</b>	<b>2,031</b>

## 19) Cash and cash equivalents

	Dec 31, 2016 TEUR	Dec 31, 2015 TEUR
Bank accounts and cash	7,077	8,319
<b>Total</b>	<b>7,077</b>	<b>8,319</b>





20) Changes in the number of shares and their impact on equity

The following presents the changes in the number of shares and their impact on shareholder equity in the 2015 and 2016 financial periods.

	Number of shares	Share capital TEUR	Share premium reserve TEUR	Reserve for invested unrestricted equity TEUR	Own shares	Total TEUR
Jan 1 2015	7,932,078	5,315	2,439	4,631	-14	12,371
Share subscription with options Mar 6, 2015	1,000			2		2
Share subscription with options Jun 4, 2015	2,211			3		3
Treasury shares held by company May 31, 2015					43	43
Share subscription with options Sep 25, 2015	8,522			11		11
Share subscription with options Dec 3, 2015	2,617			3		3
Dec 31 2015	7,946,428	5,315	2,439	4,650	29	12,433

	Number of shares	Share capital TEUR	Share premium reserve TEUR	Reserve for invested unrestricted equity TEUR	Own shares	Total TEUR
Jan 1 2016	7,946,428	5,315	2,439	4,650	29	12,433
Share subscription with options Feb 5, 2016	7,500			9		9
Share subscription with options Mar 1, 2016	215			0		0
Treasury shares held by company May 31, 2016				34	-171	-137
Share subscription with options May 24, 2016	25,263			14		14
Dec 31 2016	7,979,406	5,315	2,439	4,707	-142	12,319

All issued shares have been paid in full. The company's share capital consists of 7,979,406 shares of a single class. At the end of the financial period, the company held 4,959 of its own shares (REG1V). All shares confer an equal right to dividends and the company's funds.

Description of equity reserves:

Share premium reserve

Where shares have been issued or option rights granted under the repealed Finnish Companies Act (734/1978), the monetary considerations received from subscriptions are recorded in equity, and the share premium reserve is recorded according to the terms and conditions of the arrangement less transaction costs.

Reserve for invested non-restricted equity

The invested unrestricted equity fund includes other equity investments and the subscription price of shares to the extent this price is not recognized in share capital by an explicit decision.

Fair value reserve

The difference between the fair value and the subscription price of directed share issues used for consideration for acquired operations is recognized in the fair value reserve.

The Board of Directors proposes to the ordinary Annual General Meeting convening on March 22, 2017 that the parent company's distributable funds are used as follows:

- Payment of a dividend of EUR 0.74 per share, a total of EUR 5,904,760.44 with the number of shares at the end of the financial period
- Retention of the remainder of distributable funds in equity



21) Share-based payments

Option rights of personnel

Option program 2015

The company has a stock option program decided by the Board of Directors on August 10, 2015, based on the authorization of the Annual General Meeting on March 19, 2015, comprising a maximum of 150,000 option rights. Each option right entitles the holder to subscribe to one Revenio Group Corporation share.

The option rights are divided into three series: Series A (50,000), Series B (50,000), and Series C (50,000). The subscription periods for options are as follows: Series A: May 31, 2017–May 31, 2019; Series B: May 31, 2018–May 31, 2020; and Series C: May 31, 2019–May 31, 2021.

The share subscription price for Series 2015A options will be the trade-weighted average price of the Revenio share quoted on NASDAQ OMX Helsinki Oy during the period September 1 – October 15, 2015 plus 15 percent 26.92 EUR, for Series 2015B options, the trade-weighted average price of the Revenio

share quoted on NASDAQ OMX Helsinki Oy during the period September 1 – October 15, 2016 plus 15 percent 31.93 EUR, and, for Series 2015C options, the trade-weighted average price of the Revenio share quoted on NASDAQ OMX Helsinki Oy during the period September 1 – October 15, 2017 plus 15 percent.

On the record date of dividend distribution, the subscription price is decreased by the amount of dividend decided between the end of the determination period and the beginning of the share subscription period.

By way of deviation from the shareholders' preemptive subscription right, the option rights will be granted, without consideration, to Revenio Group's key personnel and to Revenio's wholly owned subsidiary, Done Medical Oy. The shareholders' preemptive subscription right is waived as the option rights are intended to constitute a part of the incentive program of Revenio Group Corporation.

The option rights will be allocated, as determined by the Board of Directors, to key personnel employed or to be employed by the Revenio Group. Subsidiaries will be granted the option rights that are not allocated to the Group's personnel.

Changes in options		2016
Outstanding options at beginning of financial period		150,000
New options granted during financial period		0
Options returned to the company		0
Reallocated options		0
Used options		0
Expired options		0
Outstanding options at end of financial period		150,000
Exercisable options at end of financial period		150,000

Definition of fair value

The Group uses the Black-Scholes model for determining the fair value of options. The expected volatility is determined on the basis of actual development, taking into account the remaining validity periods of the options. The fair value of the shares is based on actual quotations.



## 22) Financial liabilities

Long-term financial liabilities measured at amortized costs	Dec 31, 2016 TEUR	Dec 31, 2015 TEUR
Loans from financial institutions	324	176
Capital loans	407	264
Loans from minority shareholders	0	304
<b>Total</b>	<b>731</b>	<b>744</b>
Short-term financial liabilities measured at amortized costs	Dec 31, 2016 TEUR	Dec 31, 2015 TEUR
Repayments of long-term loans from financial institutions	0	398
Loans from financial institutions	17	36
<b>Total</b>	<b>17</b>	<b>433</b>

The fair values of liabilities are presented in Note 26. The Group's loans from financial institutions have fixed interest rates. The average interest rate is 1.1% (2015: 1.01%). All of the Group's current and non-current financial liabilities are in the euro denomination. The loans will mature by 2022. Some of the loans from financial institutions include collateral, for which the mortgage of company assets is used. The amounts of the Group's floating-interest liabilities and their contractual repricing periods are:

	2016 TEUR	2015 TEUR
Up to 6 months	0	250
<b>Total</b>	<b>0</b>	<b>250</b>

## 23) Operating leases

The Group as lessee Minimum lease payments payable on the basis of other noncancelable leases:	Dec 31, 2016 TEUR	Dec 31, 2015 TEUR
Within 1 year	393	387
In more than 1 and no more than 5 years	409	611
In over 5 years	0	50
<b>Total</b>	<b>802</b>	<b>1,049</b>

The Group leases the warehouses and office premises used by it. The Group's rent liability pertains to the premises in Vantaa used by the parent company and the Health Tech segment. The rent liability for the office premises ends in 2018.



## 24) Accounts payable and other current liabilities

	Dec 31, 2016 TEUR	Dec 31, 2015 TEUR
Accounts payable	474	675
Other liabilities	97	199
Accrued expenses and deferred income	2,674	1,588
<b>Total</b>	<b>3,245</b>	<b>2,462</b>
Material items included in accrued liabilities and deferred income		
Accrued personnel expenses	1,056	1,214
Other accruals and deferred income	1,619	374
<b>Total</b>	<b>2,674</b>	<b>1,588</b>

## 25) Adjustments to cash flows from operating activities

	Dec 31, 2016 TEUR	Dec 31, 2015 TEUR
Non-cash operations:		
Depreciation, amortization, and impairment	664	542
<b>Total</b>	<b>664</b>	<b>542</b>

## 26) Fair values of financial assets and liabilities

Non-current financial liabilities	Dec 31, 2016 Book value	Fair value	Dec 31, 2015 Book value	Fair value
Loans from financial institutions	324	324	176	176
Capital loans	407	407	304	304
<b>Total</b>	<b>731</b>	<b>731</b>	<b>480</b>	<b>480</b>

All non-current loans are fixed-rate, and their book values have been valued at their nominal value.

## 27) Commitments

Mortgages	Dec 31, 2016 TEUR	Dec 31, 2015 TEUR
Mortgages given		
Loans from financial institutions with mortgages as collateral	0	250
Mortgages given for bank loan collateral	0	2,000
Mortgages given for bank guarantees	0	2,743
<b>Mortgages given, total</b>	<b>0</b>	<b>4,743</b>

Collateral	Dec 31, 2016 TEUR	Dec 31, 2015 TEUR
<b>Guarantees</b>		
Bank loan guarantees for external entities	0	95
<b>Guarantees total</b>	<b>0</b>	<b>95</b>





28) Related party transactions

The Group's related parties consist of the parent company, the subsidiaries, the President and CEO, and the members of the Board of Directors, and the Management Team.

Parent and subsidiary relationships of the Group:		Domicile	Ownership
Parent company Revenio Group Corporation	Vantaa		
Done Medical Oy	Seinäjoki	100.0%	
Icare Finland Oy	Helsinki	100.0%	
Revenio Research Oy	Vantaa	100.0%	
Oscare Medical Oy	Helsinki	53.5%	
Icare USA Inc.	Missouri	100.0%	

All Group companies are consolidated in the parent company's consolidated financial statements.

Related party transactions:	Jan 1–Dec 31, 2016 TEUR	Jan 1–Dec 31, 2015 TEUR
<b>Employment benefits for management</b>		
Management includes the Board and the Group's Management Team		
Salaries and other short-term employment benefits	1,203	752
Other long-term benefits	37	51
Pension costs	135	125
<b>Total</b>	<b>1,376</b>	<b>928</b>

Expenses arising from incentive programs are recognized as provisions in the financial statements of the year of their determination and are presented under Related party transactions in the financial period during which the Board of Directors decides on their payment.

Salaries and remunerations of the members of the Board of Directors and the President and CEO:	Jan 1–Dec 31, 2016 TEUR	Jan 1–Dec 31, 2015 TEUR
Olli-Pekka Salovaara, President & CEO	428	296
Pekka Tammela, Chair of the Board	45	36
Rolf Fryckman, member of the Board	5	18
Ari Kohonen, member of the Board	23	18
Pekka Rönkä, member of the Board	23	18
Kyösti Kakkonen, member of the Board	23	18
Ann-Christine Sundell, member of the Board	18	0
<b>Total</b>	<b>563</b>	<b>404</b>

The Chair of the Board should be paid a director's fee of EUR 48,000 per annum and other Board members a director's fee of EUR 24,000 per annum. In accordance with the decision of the Annual General Meeting, a total of 40 percent of Board members' emoluments will be paid out in the form of company shares, and 60 percent will comprise a monetary payment. The President and CEO's period of notice for which he/she is entitled to a salary is 18 months if notice is given by the company and 6 months if notice is given by the CEO. The CEO's retirement age is defined by law. During the financial period, no credit loss provisions or expenses have been recognized for lost or uncertain related party transactions.

**Members of the Management Team deemed to be related parties and the managing directors of subsidiaries possessed the following option rights at the end of the financial period:**

Option right	Dec 31 2016	Dec 31 2015
2015	84,000	41,000
<b>Total</b>	<b>84,000</b>	<b>41,000</b>

By way of deviation from the shareholders' preemptive subscription right, the option rights for 2015 listed above will be granted, without consideration, to Revenio Group's key personnel and to Revenio Group Corporation's wholly owned subsidiary, Done Medical Oy. The shareholders' preemptive subscription right is waived as the option rights are intended to constitute a part of the commitment and incentive program for Revenio Group personnel. One option right entitles the holder to subscribe for one Revenio Group Corporation share. The main principles of the option program's conditions are detailed above in Note 21 Share-based payments. No option rights have been granted to members of the Board of Directors.

**Consulting fees paid to the Board's related company**

	Jan 1–Dec 31, 2016 TEUR	Jan 1–Dec 31, 2015 TEUR
	0	57



29) Key figures from the last five financial periods

	Jan–Dec, 2016 12 months IFRS	Jan–Dec, 2015 12 months IFRS	Jan–Dec, 2014 12 months IFRS	Jan–Dec, 2013 12 months IFRS	Jan–Dec, 2012 12 months IFRS
Net sales, TEUR	23,434	20,250	16,031	13,508	21,563
Operating profit, TEUR	7,058	5,760	4,413	4,273	4,255
Operating profit, %	30.1	28.4	27.5	31.6	19.7
Profit before taxes, TEUR	7,116	5,903	4,658	4,191	4,683
Profit before taxes, %	30.4	29.2	29.1	31.0	21.7
Net profit for financial period, TEUR	5,584	6,497	-694	4,338	-287
Net profit, %	23.8	32.1	-4.3	32.1	-1.3
Gross capital expenditure in non-current assets, TEUR	1,494	2,273	1,150	913	287
Gross capital expenditure, % of net sales	6.4	11.2	7.2	6.8	1.3
R&D expenses, TEUR	776	882	1,020	846	350
R&D expenses, %	3.3	4.4	6.4	6.3	1.6
Return on equity, %	37.2	48.0	-5.1	25.7	-1.8
Return on investment, %	45.6	55.0	1.1	29.7	0.4
Equity ratio, %	78.9	81.6	62.4	66.1	62.2
Net leveraging, %	-43.8	-48.3	-22.4	-16.8	-12.2
Leveraging	5.0	6.1	11.6	17.7	21.6
Average number of personnel	41	37	74	209	198

Key indicators per share	Jan–Dec, 2016 12 months IFRS	Jan–Dec, 2015 12 months IFRS	Jan–Dec, 2014 12 months IFRS	Jan–Dec, 2013 12 months IFRS	Jan–Dec, 2012 12 months IFRS
Earnings per share, continuing operations, EUR	0.70	0.61	0.47	0.38	0.50
Earnings per share, discontinued operations, EUR	0.0	0.24	-0.56	0.18	-0.54
Equity attributable to equity owners of the parent company per share, EUR	1.97	1.96	1.52	1.91	1.91
Dividend per share, EUR	0.74	0.70	0.45	0.30	0.20
Dividend payout ratio, %	105.8	82.1	*	54.3	*
Effective dividend yield, %	2.4	2.4	3.1	2.4	5.0
P/E ratio, continuing operations	43.5	46.7	30.7	22.4	8.0
Diluted number of shares at end of period	7,979,406	7,946,428	7,932,078	7,850,479	7,692,973
Diluted number of shares average during period (acquired own shares excluded)	7,968,685	7,936,670	7,876,183	7,845,121	7,683,379
Share price, year low, EUR	22.20	14.33	11.32	4.00	3.30
Share price, year high, EUR	30.74	34.90	17.20	14.30	5.00
Share price, average, EUR	25.66	22.06	14.38	8.34	4.20
Share price at end of period, EUR	30.48	28.61	14.55	12.38	4.00
Market capitalization at end of period, MEUR	243.2	227.3	115.4	97.2	30.8
Turnover, number of shares	1,880,141	2,822,593	2,669,163	2,964,541	3,268,179
Turnover, %	23.6	35.5	33.7	37.8	42.5

The earnings per share indicators have been calculated using the average diluted numbers of shares during the financial periods, and the equity per share indicators have been calculated using the diluted numbers of shares at the ends of financial periods, taking account of the effect of the reverse share split implemented on March 27, 2013. The dividend per share of EUR 0.74 in 2016 represents the proposal made by the Board of Directors to the Annual General Meeting of March 22, 2017

30) Shares and shareholders

Information on the shares and shareholders of the parent company is presented in the notes to the financial statements of the parent company.

31) Events after the financial period

There were no significant events after the financial period in view of the 2016 financial statements drawn up in accordance with the IFRS Standards.



## Parent company profit &amp; loss statement (FAS)

	Appendix	Jan 1 – Dec 31, 2016 EUR	Jan 1 – Dec 31, 2015 EUR
<b>NET SALES</b>	1	<b>450,967.06</b>	<b>431,920.00</b>
<b>Other operating income</b>	2	<b>1,938,773.63</b>	<b>1,533,974.77</b>
<b>Employee benefit expenses</b>			
Salaries and fees	3	-809,069.34	-838,912.84
Indirect personnel costs			
Pension costs		-158,913.27	-185,503.33
Other indirect personnel expenses		-62,299.44	-36,319.67
<b>Personnel expenses total</b>		<b>-1,030,282.05</b>	<b>-1,060,735.84</b>
<b>Depreciation, amortization, and impairment</b>			
Deprecation according to plan		-12,665.58	-17,067.24
<b>Depreciation, amortization, and impairment total</b>		<b>-12,665.58</b>	<b>-17,067.24</b>
<b>Other operating expenses</b>	4	<b>-974,234.82</b>	<b>1,718,007.80</b>
<b>Net profit/loss</b>		<b>372,558.24</b>	<b>-829,916.11</b>
<b>Financial income and expenses</b>	5		
Other financial income and interest income		19,245.68	343,452.89
Interest and other financial expenses		-6,260.69	-176,705.03
<b>Financial income and expenses total</b>		<b>12,984.99</b>	<b>-166,747.86</b>
<b>Profit/loss before appropriation and taxes</b>		<b>385,543.23</b>	<b>-663,168.25</b>
<b>Closing entries</b>	6	<b>9,260,808.29</b>	<b>7,675,986.64</b>
Income taxes for the financial period	7	-1,547,038.86	-1,253,073.85
<b>Net profit/loss</b>		<b>8,099,312.66</b>	<b>5,759,744.54</b>

## Parent company balance sheet (FAS)

Assets	Appendix	Dec 31, 2016 EUR	Dec 31, 2015 EUR
<b>Non-current assets</b>	8		
<b>Intangible assets</b>			
Other intangible rights		0.0	1,041.31
Advance payments and purchases in progress		0.0	27,983.80
<b>Intangible assets total</b>		<b>0.0</b>	<b>29,025.11</b>
<b>Tangible assets</b>			
Machinery and equipment		9,579.94	17,260.25
<b>Tangible assets total</b>		<b>9,579.94</b>	<b>17,260.25</b>
<b>Investments</b>	9		
Holdings in Group companies		6,850,528.74	6,851,528.74
<b>Investments total</b>		<b>6,850,528.74</b>	<b>6,851,528.74</b>
<b>Non-current assets total</b>		<b>6,860,108.68</b>	<b>6,897,814.10</b>
<b>Current assets</b>			
<b>Non-current receivables</b>			
Receivables from Group companies		1,951,099.00	4,622,999.00
<b>Non-current receivables, total</b>		<b>1,951,099.00</b>	<b>4,622,999.00</b>
<b>Short-term receivables</b>			
Accounts receivable		2,000.00	0.00
Receivables from Group companies	10	12,149,943.34	10,678,470.55
Other receivables		71,911.00	71,911.00
Accrued income	11	135,711.20	165,791.28
<b>Short-term receivables total</b>		<b>12,359,565.54</b>	<b>10,916,172.83</b>
<b>Bank and cash</b>		<b>6,273,637.35</b>	<b>7,326,493.50</b>
<b>Inventories and short-term assets total</b>		<b>20,584,301.89</b>	<b>22,865,665.33</b>
<b>Total assets</b>		<b>27,444,410.57</b>	<b>29,763,479.43</b>
<b>Shareholder equity and liabilities</b>	Appendix	EUR	EUR
<b>Shareholder equity</b>	12		
Share capital		5,314,918.72	5,314,918.72
Share issue		0.0	9,300.00
Share premium reserve		2,439,301.82	2,439,301.82
Reserve for invested non-restricted equity		4,565,082.17	4,649,524.08
Retained earnings		963,790.60	795,915.77
Profit for the period		8,099,312.66	5,759,744.54
<b>Shareholders' equity total</b>		<b>21,382,405.97</b>	<b>18,968,704.93</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Loans from financial institutions	13	0.00	250,000.00
Accounts payable		116,649.02	251,417.46
Liabilities to Group companies	14	4,590,835.12	9,537,195.12
Other liabilities		373.99	6,461.46
Accrued expenses and deferred income	15	1,354,146.47	749,700.43
<b>Current liabilities total</b>		<b>6,062,004.60</b>	<b>10,794,774.50</b>
<b>Total liabilities</b>		<b>6,062,004.60</b>	<b>10,794,774.50</b>
<b>Liabilities total</b>		<b>27,444,410.57</b>	<b>29,763,479.43</b>







Parent company cash flow statement (FAS)

	Jan 1 – Dec 31, 2016 EUR	Jan 1 – Dec 31, 2015 EUR
<b>Cash flow from operations</b>		
Profit before closing entries	385,543.23	-663,168.25
Adjustments:		
Profit from dissolution of subsidiary	-1,936,877.26	0.00
Income and expenses related to the dissolution of the subsidiary that do not involve payment	1,935,928.54	0.00
Profit or loss from disposal of non-current assets	0.00	-756,519.66
Depreciation according to plan	12,665.58	17,067.24
Unrealized exchange rate income and losses	0.00	-15,854.03
Financial income and expenses	-12,984.99	-150,893.83
Change in non-interest-bearing current receivables	-1,383,170.97	-44,458.61
Change in non-interest-bearing current liabilities	-861,101.04	334,995.75
Interest and payments paid from operations	-6,391.18	-176,705.03
Interest and payments received from operations	19,245.68	327,598.86
Direct taxes paid	-757,355.29	-1,011,018.80
<b>Cash flow from operations</b>	<b>-2,604,497.70</b>	<b>-2,138,956.36</b>
<b>Cash flow from investment activities</b>		
Investment in tangible and intangible assets	-4,639.81	-36,241.70
Repayment of loan receivables	-391,100.00	97,609.00
Capital gains from other investments	0.00	3,112,775.74
<b>Cash flow from investment activities</b>	<b>-395,739.81</b>	<b>3,174,143.04</b>
<b>Cash flow from financing activities</b>		
Share capital increase through issue of new shares	23,366.12	27,634.00
Buyback of own shares	-194,680.30	0.00
Repayments of long-term liabilities	-250,000.00	-500,000.00
Dividends paid and other distribution of profits	-5,562,597.44	-3,568,929.65
Group account	338,656.72	3,052,314.30
Group contributions received and paid	7,592,636.26	3,971,036.60
<b>Cash flow from financing activities</b>	<b>1,947,381.36</b>	<b>2,982,055.25</b>
<b>Change in cash and cash equivalents</b>	<b>-1,052,856.15</b>	<b>4,017,241.93</b>
Cash and cash equivalents at beginning of period	7,326,493.50	3,309,251.57
Cash and cash equivalents at end of period	6,273,637.35	7,326,493.50
<b>Change in cash and cash equivalents</b>	<b>-1,052,856.15</b>	<b>4,017,241.93</b>



## Notes to parent company financial statements Dec 31, 2016

### Accounting principles for the parent company financial statements

#### Basis of preparation

The financial statements of the parent company Revenio Group Corporation have been prepared in accordance with the Finnish Accounting Act, Limited Liability Companies Act, and the Finnish Accounting Standards (FAS).

#### Valuation and depreciation principles

##### Valuation of non-current assets

The company's non-current assets are stated at acquisition cost less planned depreciation. The depreciation plan is defined based on experiences. Value adjustments are made based on the difference between the acquisition cost and the residual value and estimated useful life. The bases for planned depreciation are as follows:

Intangible rights	3 years	straight-line depreciation
Other non-current expenses	3 years	straight-line depreciation
Machinery and equipment	3 years	straight-line depreciation

##### Subsidiaries

Direct expenses from the acquisition of subsidiary companies are recognized in the acquisition cost of subsidiary company holdings. The Group management continuously reviews Group items for any indication of impairment. If there are such indications, the amount recoverable from the said asset item is assessed.

##### Pension arrangements

Personnel pension security is handled by external pension insurance companies. Pension costs are recorded as expenses in the year in which they are incurred.

##### Lease agreements

Rent for assets acquired through lease agreements is recognized as expense in the Profit & Loss Statement over the lease period.

##### Changes to accounting policies

The layout of the profit and loss account has been changed in accordance with the amendment to the Accounting Act, including the reference information. Profit or loss from disposal of non-current assets is presented under operating profit. Group contributions received and paid are presented under closing entries.

### Notes to the profit & loss statement

#### 1) Distribution of net sales

	Jan 1 – Dec 31, 2016 EUR	1.1.–31.12.2015 EUR
Administrative services to subsidiaries	450,967.06	431,920.00
<b>Net sales total</b>	<b>450,967.06</b>	<b>431,920.00</b>

#### 2) Other operating income

	Jan 1 – Dec 31, 2016 EUR	Jan 1 – Dec 31, 2015 EUR
Profit from disposal of non-current assets; investments	1,936,877.26	1,521,774.77
Administrative services to others	0.00	12,200.00
Other income	1,896.37	0.00
<b>Other operating income total</b>	<b>1,938,773.63</b>	<b>1,533,974.77</b>

#### 3) Salaries and remunerations

	Jan 1 – Dec 31, 2016 EUR	Jan 1 – Dec 31, 2015 EUR
President & CEO	-111,957.60	-192,892.24
Board Members	-135,000.00	-108,000.00
Other salaries and remunerations	-444,965.05	-373,142.35
<b>Total</b>	<b>-691,922.65</b>	<b>-674,034.59</b>
<b>Accrued salaries and remunerations total</b>	<b>-809,069.34</b>	<b>-838,912.84</b>
	Jan 1 – Dec 31, 2016	Jan 1 – Dec 31, 2015
Average number of personnel during period		
Management	3	2
Others	2	3
<b>Total</b>	<b>5</b>	<b>5</b>

#### 4) Other operating expenses

	Jan 1 – Dec 31, 2016 EUR	Jan 1 – Dec 31, 2015 EUR
Rent of business premises	-64,578.25	-63,010.55
Vehicle and travel expenses	-180,718.63	-164,748.94
Machinery and equipment expenses	-84,039.54	-68,195.38
Marketing and entertainment	-76,041.86	-41,851.08
Expert services purchased	-265,331.20	-247,839.78
Administrative expenses	-211,645.88	-171,914.82
Loss from disposal of property, plant, and equipment; investments	-695.89	-765,255.11
Other operating expenses	-91,183.57	-195,192.14
<b>Total</b>	<b>-974,234.82</b>	<b>-1,718,007.80</b>
<b>Auditor's fees</b>		
Auditor's fees	-35,500.00	36,000.00
Certificates and statements	-1,500.00	200.00
Other fees	0.00	3,757.50
<b>Total</b>	<b>-37,000.00</b>	<b>39,957.50</b>



#### 5) Financing income and expenses

	Jan 1 – Dec 31, 2016 EUR	Jan 1 – Dec 31, 2015 EUR
Exchange rate gains and losses	-41.85	151,966.45
Interest income from others	3,373.36	10,327.10
Interest income from Group companies	15,872.32	15,723.54
Interest expenses to others	-4,116.37	-4,725.46
Other financing expenses to others	-2,102.47	-6,543.77
<b>Total</b>	<b>12,984.99</b>	<b>166,747.86</b>

#### 6) Closing entries

	Jan 1 – Dec 31, 2016 EUR	Jan 1 – Dec 31, 2015 EUR
Group contributions received	9,407,000.00	7,987,698.76
Group contributions paid	-146,191.71	-311,712.12
<b>Total</b>	<b>9,260,808.29</b>	<b>8,432,506.30</b>

#### 7) Income taxes

	Jan 1 – Dec 31, 2016 EUR	Jan 1 – Dec 31, 2015 EUR
Income tax for closing entries	-1,852,161.66	-1,535,197.33
Income tax for actual operations	305,218.40	282,123.48
Income tax for previous fiscal years	-95.60	0.00
<b>Total</b>	<b>-1,547,038.86</b>	<b>-1,253,073.85</b>

### Notes to balance sheet assets

#### 8) Changes in property, plant, and equipment acquisition costs and other non-current expenses by balance sheet item

	Dec 31, 2016 EUR	Dec 31, 2015 EUR
<b>Intangible assets</b>		
Other non-current expenses		
Acquisition cost Jan 1	43,989.54	43,989.54
Decreases during period	-29,113.76	0.00
Acquisition cost Dec 31	14,875.78	43,989.54
Accumulated depreciation Jan 1	-42,948.23	-39,837.00
Depreciation during the year	-1,041.31	-3,111.23
Decreases of accumulated depreciation	29,113.76	0.00
Accumulated depreciation Dec 31	-14,875.78	-42,948.23
<b>Book value Dec 31</b>	<b>0.00</b>	<b>1,041.31</b>
<b>Book value Jan 1</b>	<b>1,041.31</b>	<b>4,152.54</b>
<b>Advance payments and purchases in progress</b>		
Acquisition cost Jan 1	27,983.80	0.00
Increase during the period	20,118.92	27,983.80
Decreases during period	-48,102.72	0.00
Acquisition cost Dec 31	0.00	27,983.80
<b>Book value Dec 31</b>	<b>0.00</b>	<b>27,983.80</b>
<b>Book value Jan 1</b>	<b>27,983.80</b>	<b>0.00</b>
<b>Tangible assets</b>		
<b>Machinery and equipment</b>		
Acquisition cost Jan 1	49,088.11	40,830.21
Increase during the period	4,639.81	8,257.90
Decreases during period	-10,107.48	0.00
Acquisition cost Dec 31	43,620.44	49,088.11
Accumulated depreciation Jan 1	31,827.82	-17,871.85
Depreciation during the year	-11,624.27	-13,956.01
Decreases of accumulated depreciation	9,411.59	0.00
Accumulated depreciation Dec 31	-34,040.50	-31,827.86
<b>Book value Dec 31</b>	<b>9,579.94</b>	<b>17,260.25</b>
<b>Book value Jan 1</b>	<b>17,260.25</b>	<b>22,958.36</b>
<b>Holdings in Group companies</b>		
Acquisition cost Jan 1	6,851,528.74	9,135,177.73
Decreases during period	-1,000.00	-2,283,648.99
Acquisition cost Dec 31	6,850,528.74	6,851,528.74
<b>Book value Dec 31</b>	<b>6,850,528.74</b>	<b>6,851,528.74</b>





## 9) Holdings in other Group companies Dec 31, 2016

Group companies	Domicile	Ownership share
Done Medical Oy	Seinäjoki	100%
Kauhajoen Sisälogistiikka Oy	Helsinki	discontinued
Icare Finland Oy	Helsinki	100%
Oscare Medical Oy	Helsinki	53.5%
Revenio Research Oy	Helsinki	100%

## 10) Receivables from Group companies

	Dec 31, 2016 EUR	Dec 31, 2015 EUR
<b>Non-current receivables from Group companies</b>		
Capital loan receivables	1,482,831.00	4,293,831.00
Other receivables	468,268.00	329,168.00
<b>Total</b>	<b>1,951,099.00</b>	<b>4,622,999.00</b>
<b>Current receivables from Group companies</b>		
Accounts receivable	-22,363.47	156,122.20
Other receivables from Icare Finland Oy	10,556,991.77	9,175,531.86
Other receivables from other Group companies	1,537,703.96	1,331,092.95
Other receivables	12,094,695.73	10,506,624.81
Accrued income	77,611.08	15,723.54
<b>Total</b>	<b>12,149,943.34</b>	<b>10,678,470.55</b>
<b>Receivables from Group companies, total</b>	<b>14,101,042.34</b>	<b>15,301,469.55</b>

## 11) Prepaid expenses and accrued income

	Dec 31, 2016 EUR	Dec 31, 2015 EUR
Personnel expenses	48,754.74	42,751.94
Prepaid expenses	86,956.46	122,569.16
<b>Total</b>	<b>135,711.20</b>	<b>165,321.10</b>



## Notes to balance sheet liabilities

## 12) Changes in equity

	Dec 31, 2016 EUR	Dec 31, 2015 EUR
<b>Share capital</b>		
Share capital Jan 1	5,314,918.72	5,314,918.72
<b>Share capital Dec 31</b>	<b>5,314,918.72</b>	<b>5,314,918.72</b>
<b>Share issue</b>		
Share issue Jan 1	9,300.00	0.00
Registration of share subscriptions	-9,300.00	0.00
Unregistered share subscriptions	0.00	9,300.00
<b>Share issue Dec 31</b>	<b>0.00</b>	<b>9,300.00</b>
<b>Share premium reserve</b>		
Share premium reserve Jan 1	2,439,301.82	2,439,301.82
<b>Share premium reserve Dec 31</b>	<b>2,439,301.82</b>	<b>2,439,301.82</b>
<b>Reserve for invested non-restricted equity</b>		
Reserve for invested non-restricted equity Jan 1	4,649,524.08	4,631,190.08
Share subscriptions with stock options	23,366.12	18,334.00
Profit from transferred shares	34,087.92	0.00
<b>Reserve for invested non-restricted equity Dec 31</b>	<b>4,706,978.12</b>	<b>4,649,524.08</b>
<b>Profit/loss from previous financial periods</b>		
Profit/loss from previous financial periods Jan 1	6,526,388.04	4,335,573.15
Dividends	-5,562,597.44	-3,568,929.65
<b>Profit/loss from previous financial periods Dec 31</b>	<b>963,790.60</b>	<b>766,643.50</b>
<b>Amount paid for own shares in possession of the company</b>		
Own shares in possession of the company Jan 1	29,272.27	-13,927.73
Buyback of own shares	-194,680.30	0.00
Shares transferred as fees to members of the Board	23,512.08	43,200.00
Own shares in possession of the company Dec 31	-141,895.95	29,272.27
<b>Profit/loss for the period Dec 31</b>	<b>8,099,312.66</b>	<b>5,759,744.54</b>
<b>Equity total Dec 31</b>	<b>21,382,405.97</b>	<b>18,968,704.93</b>
<b>Distributable funds</b>		
Reserve for invested non-restricted equity	4,565,082.17	4,649,524.08
Profit from previous financial periods less treasury shares held by the company	963,790.60	795,915.77
Profit for the period	8,099,312.66	5,759,744.54
<b>Distributable funds Dec 31</b>	<b>13,628,185.43</b>	<b>11,205,184.39</b>

The share capital of Revenio Group Corporation on December 31, 2016 was EUR 5,314,918.72, and the number of shares was 7,979,406. There is one class of shares. All shares confer an equal right to dividends and the company's funds. On the closing date, the company held 4.959 of its own shares (REG1V).

## 13) Interest-bearing debt

	Dec 31, 2016 EUR	Dec 31, 2015 EUR
Bank loan	0.00	250,000.00
<b>Total</b>	<b>0.00</b>	<b>250,000.00</b>

## 14) Intra-group liabilities

	Dec 31, 2016 EUR	Dec 31, 2015 EUR
<b>Current intra-group liabilities</b>		
Intra-group bank account	3,944,014.01	3,605,357.29
Other liabilities	646,821.11	5,931,837.83
<b>Total</b>	<b>4,590,835.12</b>	<b>9,537,195.12</b>

## 15) Principal items of accrued liabilities and deferred income

	Dec 31, 2016 EUR	Dec 31, 2015 EUR
Personnel expenses	305,413.29	471,616.19
Income taxes	1,011,433.18	221,845.21
Other accruals and deferred income	37,300.00	56,239.03
<b>Total</b>	<b>1,354,146.47</b>	<b>749,700.43</b>



16) Notes to collateral and commitments

The company has mortgages on company assets worth EUR 2,000,000.

Collateral	Dec 31, 2016 EUR	Dec 31, 2015 EUR
<b>Guarantees</b>		
Bank loan guarantees for external entities	0.00	94,501.02
<b>Guarantees total</b>	<b>0.00</b>	<b>94,501.02</b>

Commitments and other liabilities	Dec 31, 2016 EUR	Dec 31, 2015 EUR
<b>Mortgages</b>		
Loans from financial institutions with mortgages as collateral	0.00	250,000.00
Mortgages given for bank loan collateral	0.00	2,000,000.00
<b>Lease commitments</b>		
Lease commitments maturing next year	3,665.64	3,987.84
Lease commitments maturing later than next year	10,996.92	14,284.80
<b>Total</b>	<b>14,662.56</b>	<b>18,272.64</b>

Lease agreements run for 2–5 years and do not include special notice or purchase option clauses.

Rent liabilities	Dec 31, 2016	Dec 31, 2015
Rent liabilities for office premises, maturing next year	313,777.09	308,783.66
Rent liabilities for office premises, maturing later than next year	130,740.45	437,443.52
<b>Total</b>	<b>444,517.54</b>	<b>746,227.18</b>

17) Other notes

Stock option rights granted to personnel and management

Option rights of personnel

Option program 2015

The company has a stock option program decided by the Board of Directors on August 10, 2015, based on the authorization of the Annual General Meeting on March 19, 2015, comprising a maximum of 150,000 option rights. Each option right entitles the holder to subscribe to one Revenio Group Corporation share.

The option rights are divided into three series: Series A (50,000), Series B (50,000), and Series C (50,000). The subscription periods for options are as follows: Series A: May 31, 2017–May 31, 2019; Series B: May 31, 2018–May 31, 2020; and Series C: May 31, 2019–May 31, 2021.

The share subscription price for Series 2015A options will be the trade-weighted average price of the Revenio Group Corporation share quoted on NASDAQ OMX Helsinki Oy during the period September 1 – October 15, 2015 plus 15 percent 26.92 EUR, for Series 2015B options the trade-weighted average price of the Revenio Group Corporation share quoted on NASDAQ OMX Helsinki Oy during the

period September 1 – October 15, 2016 plus 15 percent 31.93 EUR, and for Series 2015C options the trade-weighted average price of the Revenio Group Corporation share quoted on NASDAQ OMX Helsinki Oy during the period September 1 – October 15, 2017 plus 15 percent.

On the record date of dividend distribution, the subscription price is decreased by the amount of dividend decided between the end of the termination period and the beginning of the share subscription period.

By way of deviation from the shareholders' preemptive subscription right, the option rights will be granted, without consideration, to Revenio Group's key personnel and to Revenio Group Corporation's wholly owned subsidiary, Done Medical Oy. The shareholders' preemptive subscription right is waived as the option rights are intended to constitute a part of the incentive program of Revenio Group.

The option rights will be allocated, as determined by the Board of Directors, to key personnel employed or to be employed by the Revenio Group. Subsidiaries will be granted the option rights that are not allocated to the Group's personnel.



The number of shares and stock option rights held by the members of the Board of Directors, the President and CEO, and entities in their control on Dec 31, 2016

	%	No.
Shares	13.5	1,073,742
Option rights	5.0	7,500

At the end of the financial period on December 31, 2016, the valid and unused share issue authorization for the Board of Directors, as decided by the ordinary Annual General Meeting of March 15, 2016, covered 795,392 shares, including special rights to shares as stipulated in chapter 10, section 1 of the Finnish Limited Liability Companies Act, and the authorization to repurchase the company's own shares covered 795,392 shares. As of December 31, 2016, the company held 4.959 of its own shares (REG1V). The authorization to issue shares and repurchase the company's own shares is valid until April 30, 2017.

Major shareholders December 31, 2016

	No. of shares	Percentage of shares and percentage of voting rights
1 Joensuun Kauppa ja Kone Oy	596,309	7.5%
2 Merivirta Jyri	500,000	6.3%
3 Gerako Oy	340,000	4.3%
4 Sijoitusrahasto Evli Suomi Pienyhtiöt	282,546	3.5%
5 Keskinäinen Eläkevakuutusyhtiö Etera	265,000	3.3%
6 Alpisalo Mia	169,524	2.1%
7 Eyemakers Oy	155,000	1.9%
8 Sijoitusrahasto Evli Suomi Select	119,818	1.5%
9 Sijoitusrahasto Danske Invest Suomen Pienyhtiöt	115,000	1.4%
10 Salovaara Olli-Pekka	105,047	1.3%
Others	5,331,162	66.8%
<b>Total</b>	<b>7,979,406</b>	<b>100.0%</b>

Shareholders by sector Dec 31, 2016

	No. of shareholders	Percentage of shareholders	No. of shares	Percentage of shares and percentage of voting rights
Companies	328	4.2%	1,635,427	20.5%
Households	7,416	94.9%	4,752,105	59.6%
Financial and insurance institutions	19	0.2%	1,123,380	14.1%
Foreign entities and nominee-registered entities	40	0.5%	130,413	1.6%
Non-profit entities	9	0.1%	7,022	0.1%
Public entities	2	0.0%	331,059	4.1%
<b>Total</b>	<b>7,814</b>	<b>100.0%</b>	<b>7,979,406</b>	<b>100.0%</b>

Shareholders by share ownership Dec 31, 2016

Shares, qty	No. of shareholders	Percentage of shareholders	No. of shares	Percentage of shares and percentage of voting rights
1–1,000	7,025	89.9%	1,365,867	17.2%
1,001–5,000	622	8.0%	1,301,679	16.4%
5,001–10,000	84	1.1%	601,397	7.6%
10,001–50,000	64	0.8%	1,131,026	14.2%
50,001–	19	0.2%	3,549,437	44.7%
<b>Total</b>	<b>7,814</b>	<b>100.0%</b>	<b>7,949,406</b>	<b>100.0%</b>





# Auditor's report

## (Translation of the Finnish Original)

To the Annual General Meeting of Revenio Group Oyj

### Report on the Audit of the Financial Statements

#### Opinion

- In our opinion
- the consolidated financial statements give a true and fair view of the group's financial position and financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.
  - the financial statements give a true and fair view of the group's and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

#### What we have audited

We have audited the financial statements of Revenio Group Oyj (business identity code 1700625-7) for the year ended 31 December 2016.

The financial statements comprise:

- the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies
- the parent company's balance sheet, income statement, statement of cash flows and notes.

#### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Our Audit Approach

##### Overview

##### Materiality

- Overall group materiality: 355 k€, which represents 5 % of profit before tax.

##### Group scoping

- Audit scope: The object of our audit was the parent company and its Finnish subsidiaries. In addition to this we performed specified procedures in relation to the subsidiary in the USA.

##### Key audit matters

- Net sales recognition
- Valuation of intangible assets
- Valuation of investments in subsidiaries and inter-company loans (parent company)

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

##### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

Overall group materiality	355 k€ (previous year 295 k€)
How we determined it	5 % of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is within the range of acceptable quantitative materiality thresholds in auditing standards.

##### How we tailored our group audit scope

We tailored the scope of our audit, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

The object of our audit was the parent company and its Finnish subsidiaries. In addition to this we performed specified procedures in relation to the subsidiary in the USA.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
<p><b>Net sales recognition</b></p> <p><i>Refer to notes 1 and 2 in the consolidated financial statements</i></p> <p>Revenio Group’s net sales consists mostly of health technology products sold to different geographical areas. The sales of tonometers forms a significant part of the group’s net sales and its growth.</p> <p>Income from the sale of goods is recognised when the material risks, rewards and ownership of the goods have been transferred to the buyer. This usually happens at the moment of handover as stated in the terms and conditions of the sale of products.</p> <p>Because turnover is a significant item in the financial statement, our auditing has focused on recognition of turnover-related transactions in the correct financial period and based on actual events.</p>	<p>Our audit plan contained sales control measures and testing of accounting transactions as well as various analytical audit procedures, particularly as follows:</p> <ul style="list-style-type: none"><li>- We evaluated the accounting principles applied to revenue recognition for appropriateness.</li><li>- We audited turnover by comparing it with the received payments and contracts based on sampling.</li><li>- We audited the sales transactions made near the end of the financial period as regards recording them in the correct period based on sampling.</li><li>- We audited memo documents entered as turnover based on sampling.</li><li>- We audited turnover-related balance sheet items based on sampling.</li></ul>
<p><b>Valuation of intangible assets</b></p> <p><i>Refer to notes 15 in the consolidated financial statements</i></p> <p>Intangible assets consisting mainly of development costs are a significant balance sheet item in Revenio’s consolidated financial statements. Their accounting principles include measures involving management judgement, for example, related to the following:</p> <ul style="list-style-type: none"><li>- Activation principles of development costs</li><li>- Defining the economic life of development costs</li><li>- Defining the completion date of unfinished development costs and the start date of depreciation</li></ul> <p>We focused on the appreciation of intangible assets due to the inherent judgement involved with the item.</p>	<p>Our audit plan contained reviews of internal processes, testing of accounting transactions and various analytical audit procedures, such as:</p> <ul style="list-style-type: none"><li>- We evaluated the accounting principles applied to the activation, appreciation and depreciation dates of development costs for appropriateness.</li><li>- We tested individual development cost entries by sampling for appropriateness.</li><li>- We audited the classification and accounting of unfinished investments by discussing with the management and by reviewing the processes of the company.</li></ul>
Key audit matter in the audit of the parent company	How our audit addressed the key audit matter
<p><b>Valuation of investments in subsidiaries and inter-company loans (parent company)</b></p> <p><i>Refer to notes 9 and 10 in the financial statements</i></p> <p>Investments in and receivables from subsidiary companies are a significant balance sheet item in the parent company’s financial statement.</p> <p>The value of subsidiary shares and credit claims in the balance sheet is based on the management’s estimates of the future development of the subsidiaries. These estimates may involve uncertainty.</p> <p>We focused on the appreciation of subsidiary investments and loans admitted to them due to the inherent judgement involved with the items.</p> <p>Subsidiary investments or loans to the subsidiaries do not directly impact the figures of the group.</p>	<p>We audited the processes related to subsidiary investments and loans admitted to the subsidiaries. We focused the audit on the following items:</p> <ul style="list-style-type: none"><li>- We compared the company’s forecasts from previous years with actual results to evaluate their accuracy.</li><li>- We evaluated the most important assumptions used in the forecasts for appropriateness. We particularly focused on the management’s assumptions about the future cash flow of the company by evaluating them against external forecasts concerning the future development of the health technology sector.</li><li>- We tested the mathematical accuracy of the forecasts and reconciled the data with the plans and other assumptions approved by the management.</li></ul>



Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company’s and the group’s ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company’s or the group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Board of Directors’ and the Managing Director’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company’s or the group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.





Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises information included in the report of the Board of Directors and in the Annual Report, but does not include the financial statements and our auditor’s report thereon. We obtained the report of the Board of Directors prior to the date of this auditor’s report and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

- In our opinion
- the information in the report of the Board of Directors is consistent with the information in the financial statements.
  - the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the information included in the report of the Board of Directors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 28 February 2017

PricewaterhouseCoopers Oy  
Authorised Public Accountants

**Samuli Perälä**  
Authorised Public Accountant (KHT)

Signatures to the financial statements and review of operations

Vantaa, February 16, 2017

Board of Directors and President & CEO of Revenio Group Corporation

<b>Pekka Tammela</b> Chairman of the Board	<b>Ann-Christine Sundell</b> Board member	<b>Ari Kohonen</b> Board member
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<b>Kyösti Kakkonen</b> Board member	<b>Pekka Rönkä</b> Board member	<b>Timo Hildén</b> President & CEO
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Auditor’s note

We have issued an audit report today based on the audit we have performed.

Helsinki, February 28, 2017

PricewaterhouseCoopers Oy  
Authorized Public Accountants

**Samuli Perälä**  
Authorized Public Accountant



# Corporate governance statement of the Revenio Group Corporation

## The Revenio Group Corporation's Regulations and Administrative Code

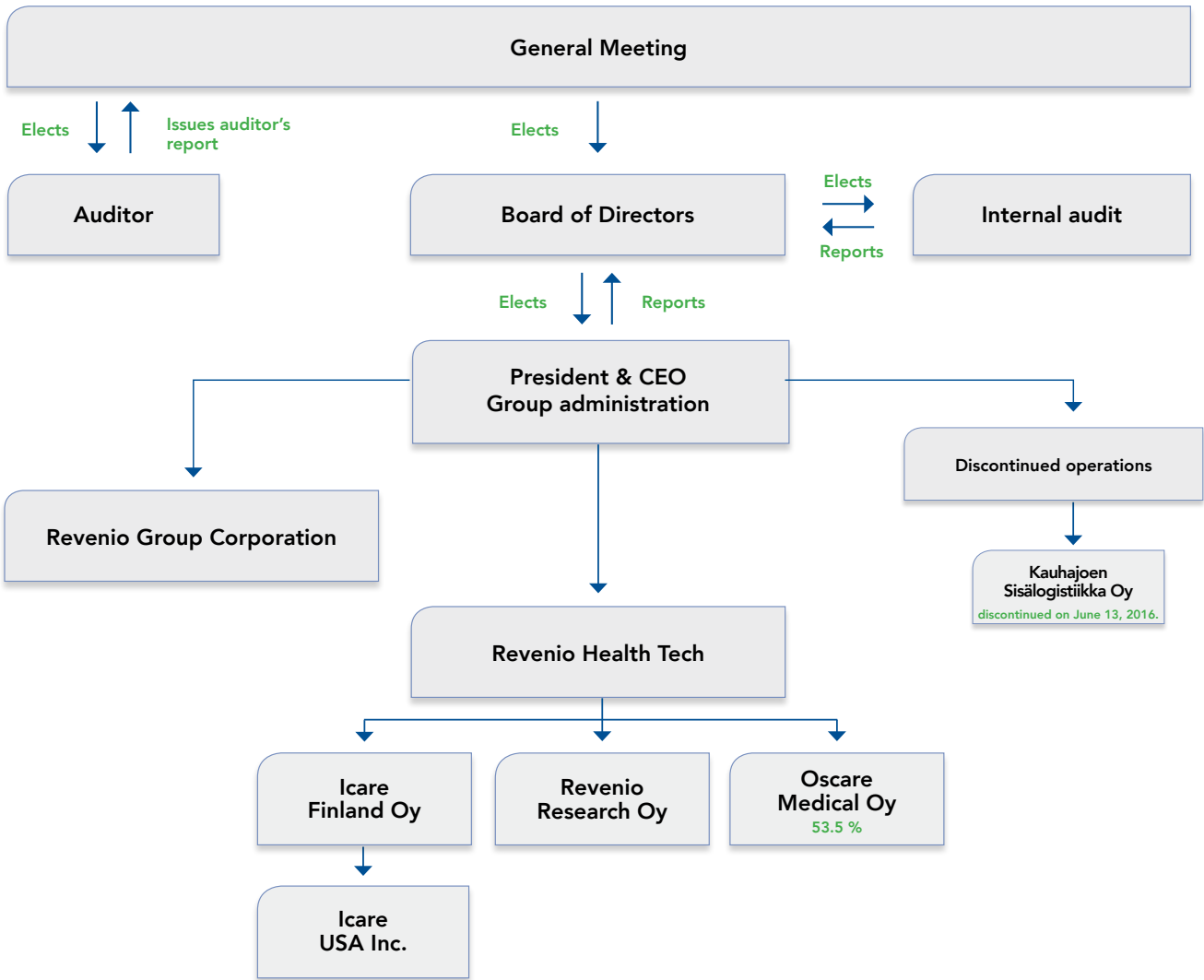
Revenio Group Corporation ("Revenio" or "the company") is a Finnish public limited company. Its obligations and the responsibilities of its decision-making body are governed by Finnish law. The Revenio Group comprises the parent company Revenio Group Corporation and its subsidiaries. The company is domiciled in Vantaa.

The highest decision-making authority rests with the Annual General Meeting of the company's shareholders. The shareholders elect the members of the Board of Directors and the auditors of the company at the Annual General Meeting. The day-to-day operations of

the Revenio Group are managed by the Board of Directors and the President & CEO. The company operates according to the single-tier administrative model.

In its decision-making and corporate governance, Revenio Group Corporation abides by the Finnish Limited Liability Companies Act, other legal provisions concerning listed companies, Revenio Group Corporation's Articles of Association, and the rules and guidelines issued by Nasdaq Helsinki Ltd. The company complies with the Finnish Corporate Governance Code approved on October 1, 2015 and issued on January 1, 2016 by the Securities Market Association ("governance code"). The full Governance Code is available at [www.cgfinland.fi](http://www.cgfinland.fi).

### Revenio Group Corporation Corporate Governance structure



## General Meeting

### Ordinary and extraordinary general meetings of shareholders

The ordinary Annual General Meeting is held annually on a date determined by the Board of Directors no later than the end of June. The AGM considers matters stipulated by the company's Articles of Incorporation, and any other proposals/recommendations made to the AGM. In recent years, Revenio's ordinary Annual General Meeting has been held in March–April. The company may also convene an extraordinary meeting of shareholders. General meetings of shareholders are convened by the Board of Directors.

An extraordinary general meeting of shareholders shall also be convened if shareholders with at least 10% of the company's shares demand so in writing for the consideration of a specific matter.

As a rule, the AGM considers matters presented to it by the Board of Directors. In accordance with the Finnish Limited Liability Companies Act, a shareholder has the right to submit a matter, under the jurisdiction of the AGM, for consideration through a request to the Board of Directors made sufficiently in advance for the matter to be included in the AGM notice. The shareholder shall deliver the request to include a matter on the agenda for the AGM, together with its grounds or suggested decision, to the address Revenio Group Corporation, Äyritie 22, 01510 VANTAA, FINLAND, in writing. The company will notify by the end of the financial year prior to the AGM the date by which shareholders must deliver their request. The notification will be published on the company's website and in the events calendar.

After the notice of the AGM has been published, similar proposals made by shareholders who own at least 10% must be published separately.

### Principal matters to be decided by the general meeting of shareholders

The principal matters to be decided by the general meeting of shareholders are:

- the number of members on the Board of Directors
- the election of the members of the Board of Directors
- the remuneration and financial benefits paid to members of the Board of Directors
- the election of the company's auditor and

- decision on the auditor's fee
- the adoption of the financial statements
- the discharge of the President & CEO and the members of the Board of Directors from liability
- amendments to the Articles of Association
- changes in share capital
- the distribution of the company's funds, such as the distribution of profit

### Notice of the general meeting of shareholders

Notice of a General Meeting shall be given no earlier than two (2) months and no later than twenty-one (21) days prior to the meeting by publishing the notice on the company's website at [www.revenio.fi](http://www.revenio.fi), or additionally also in at least one Finnish-language national daily newspaper as determined by the Board of Directors, or by delivering the notice in writing to the address entered for each shareholder in the shareholder register. The notice of the general meeting shall indicate:

- the time and place of the meeting
- the proposed agenda for the meeting
- candidates nominated to the Board of Directors together with their personal information
- proposal for the remuneration of the members of the Board of Directors
- proposal for auditor
- guidelines for the procedure the shareholder must follow in order to participate and vote in the general meeting
- the record date that determines the right to participate and vote in the general meeting
- the place where documents related to the meeting and decision proposals are available
- the address of the company's website

The notice and the Board's proposals for the meeting are to be published in the form of a stock exchange release.

In addition to the above information, the following will be presented to shareholders on the company's website no later than 21 days prior to the meeting:

- the total number of shares and votes by classes of shares on the date of the notice
- the documents to be presented to the general meeting
- decision proposals by the Board or any other executive body
- matters included on the agenda for which no decision is proposed

### Right to participate in general meetings of shareholders

Shareholders who are registered in the Company's shareholder register maintained by Euroclear Finland Ltd on the record date specified by the company have the right to attend the AGM. Participants are required to register for the general meeting by the date given in the notice, which is no later than ten (10) days prior to the date of the meeting. Shareholders may attend the meeting in person or by a proxy representative. A proxy representative must present a dated power of attorney or otherwise in a reliable manner prove that they are authorized to represent the shareholder. The shareholder or proxy representative may have one assistant at the meeting.

### Minutes of the Annual General Meeting

Minutes will be taken at general meetings of shareholders and made available, together with attachments relating to the decisions made by the meeting, to the shareholders on the company's website within two (2) weeks of the meeting. Attachments relating to decisions made by the meeting will be available only to the extent that they pertain to the actual subject matter of the decision. In addition, the decisions of the general meeting are to be published in the form of a stock exchange release without delay after the meeting. Documents of the General Meeting are to be available on the company's website for at least five years after the Annual General Meeting.

### Senior management presence at general meetings

The intention is for all members of Revenio Group Corporation's Board of Directors to be present at general meetings of shareholders. The Chair of the Board, members of the Board, and the President & CEO are present at general meetings. In addition, the auditor attends ordinary Annual General Meetings. A candidate to the Board of Directors must be present at the general meeting that decides on their election.

### Share classes

The company has one class of shares. Each shareholder is entitled to one vote per share. In a vote, the decision of the general meeting shall, according to the Finnish Limited Liability Companies Act, usually be the proposal carried by more than half of the votes given. According to the Finnish Limited Liability Companies Act, however, there are several matters that require a qualified majority in respect of the number of shares and the votes granted by shares. Such matters





include any amendment of the Articles of Incorporation and any decision on a directed share issue.

Revenio's Articles of Incorporation do not include any redemption clauses or voting restrictions. The company is not aware of any shareholder agreements concerning the use of voting rights in the company, or of any agreements limiting the surrender of company shares.

Board of Directors

Composition and Term of the Board of Directors and the independence of its members

According to its Articles of Incorporation, Revenio Group Corporation's Board of Directors is to be composed of no fewer than three (3) and no more than six (6) members.

The requirements set by the company's operation and its development phase will be considered with regard to the composition of the Board of Directors. A candidate to the Board of Directors must have the necessary qualifications for the position and the time to fulfill their duties. The number of members on the Board of Directors and its composition must enable efficient performance when the Board's tasks are being managed.

The general meeting of shareholders elects the members of the Board. The Board elects its Chair from among its members. All members of the Board of Directors are non-executive directors. According to the Articles of Incorporation, the term of a member of the Board is one year beginning at the end of the general meeting of shareholders at which the member was elected and ending at the close of the next ordinary general meeting of shareholders.

Diversity of the Board of Directors

The requirements set by the company's operation and its development phase will be considered with regard to the composition of the Board of Directors. A person elected to the Board of Directors must have the competence required for the position and be able to use a sufficient amount of time to attend to Board duties. The number of members on the Board of Directors and its composition must enable efficient performance in the management of the Board's tasks. To ensure the diversity of the Board of Directors, account must be taken of the members' competencies, experience and industry-specific knowledge when candidates are proposed as members of the Board. The company strives to have both genders represented

Assessment of independence of the members of Revenio Group Corporation's Board of Directors

	Independent of the company	Independent of shareholders
Kakkonen Kyösti	Yes	Yes
Kohonen Ari	Yes	Yes
Rönkä Pekka	Yes	Yes
Sundell Ann-Christine	Yes	Yes
Tammela Pekka	Yes	Yes
Fryckman Rolf*	Yes	Yes

\* Rolf Fryckman was a member of Revenio Group Corporation until March 15, 2016.

on the Board of Directors and aims to have members representing a wide range of diverse perspectives

Board Members

**Pekka Tammela** (b. 1962), M.Sc. (Econ. & Bus. Adm.), APA  
Pekka Tammela, M.Sc. (Econ. & Bus. Adm.), APA, is a partner in Korona Invest Oy and PJ Maa Partners Oy. He served in various managerial posts in 1999–2006, such as CFO of Solteq Oyj and of Panostaja Oyj, and as a senior manager at both KPMG and PricewaterhouseCoopers. Mr. Tammela has been a member of Revenio's Board of Directors since April 3, 2007.

Pekka Tammela and his controlling interest company owned on December 31, 2016 a total of 26,888 Revenio Group Corporation's shares and 0 options.

Kyösti Kakkonen (b. 1956), LL.B.

Kyösti Kakkonen is the founder of Tokmanni Group and served as CEO of the Group for 20 years, until 2009. Currently, Mr. Kakkonen acts as CEO or Chair of the Board in several companies of his own, including Joensuun Kauppa ja Kone Oy, K2 Invest Oy, and Kakkonen-Yhtiöt Oy. Mr. Kakkonen has been a member of Revenio's Board of Directors since March 20, 2014.

Kyösti Kakkonen and his controlling interest company owned on December 31, 2016 a total of 597,519 Revenio Group Corporation's shares and 0 options.

Ari Kohonen (b. 1955), M.Sc. (Eng.), M.Sc. (Econ.)

Ari Kohonen is Chair of the Board of Directors of Gerako Oy. He previously worked in several international and investment banking positions at Nordea (1983–2003) and later as Managing Director of Tekla Oyj (2004–2013). Mr. Kohonen has been a member of Revenio's Board of Directors since March 21, 2013.

Ari Kohonen and his controlling interest company owned on December 31, 2016 a total of 342,269 Revenio Group Corporation's shares and 0 options.

Pekka Rönkä (b. 1952), M.Sc. (Eng.)

Pekka Rönkä, M.Sc. (Eng.) has held positions in the health tech segment, including Chair of the Board of Directors of HLD Healthy Life Devices Oy and Magnasense Technologies Oy, and was Senior Vice President and General Manager of Thermo Fisher Scientific (1999–2012). Mr. Rönkä has been a Member of Revenio's Board of Directors since March 20, 2014.

Pekka Rönkä and his controlling interest company owned on December 31, 2016 a total of 1,120 Revenio Group Corporation's shares and 0 options.

Ann-Christine Sundell (b. 1964), MA

Ann-Christine Sundell is a member of the Board of Directors of Raisio Oyj, Minerva Foundation, Serres Oy, Zymonostics ApS (Denmark), Oy Medix Ab, and Ledil Oy, as well as Chair of the Board of Directors of Medix Biochemica Oy. She has previously held positions as President, Segment Manager, and Sales and Marketing Manager at PerkinElmer (1999–2010). Ms. Sundell has been a member of Revenio's Board of Directors since March 15, 2016.

Ann-Christine Sundell and her controlling interest company owned on December 31, 2016 a total of 809 Revenio Group Corporation's shares and 0 options.

Rolf Fryckman (b. 1954), optician

Rolf Fryckman is Chairman of the Board of Directors of Eyemaker's Finland Oy. He is also a partner in the company, and plays a leadership role in companies in which Eyemaker's Finland Oy has a stake. Since 2000, he has served in health technology startups and various sales and marketing roles. Mr. Fryckman was a member of

Remuneration to the President & CEO and the members of the Board of Directors 2015–2016 (TEUR):

	2016	2015
Olli-Pekka Salovaara, President & CEO	428	296
Pekka Tammela, Chairman of the Board	45	36
Rolf Fryckman, member of the Board *	5	18
Ari Kohonen, member of the Board	23	18
Pekka Rönkä, member of the Board	23	18
Kyösti Kakkonen, member of the Board	23	18
Ann-Christine Sundell, member of the Board	18	0

\* Rolf Fryckman was a member of Revenio Group Corporation until March 15, 2016.

Revenio's Board of Directors until March 15, 2016.

All Board Members are independent of the company and its major shareholders.

The Board reviews the neutrality of its members on a regular basis. Board Members are obligated to provide the Board of Directors with the information required for the assessment of neutrality.

Responsibilities of the Board of Directors

The Board is responsible for the company's administration and the appropriate organization of the company's business operations. It makes decisions on principles governing corporate strategy, organization, accounting, and finances.

The Board appoints the company's President & CEO and, based on the CEO's proposals, the members of the company's Management Team. It also ratifies the company's organization and structure. Since the Board has not established an audit committee, the Board also handles the tasks of an audit committee

according to the Governance Code.

The Board has prepared a written charter of its operation. The Board holds regular meetings approximately once a month and more often as required. The company's President & CEO is to ensure that all members of the Board of Directors have sufficient information on the company's operation, operating environment, and financial position, and that any new member of the Board receives induction into the company's operation.

As stipulated by its charter, the Board's principal tasks are to:

- decide on Group strategy and ratify the strategies of the various business areas
- approve the Group's annual plan (budget)
- approve the Group's financing and investment policies
- ratify the Group's risk management principles and discuss the Group's most important risks and factors of uncertainty
- confirm and ratify the Group's insurance policy
- discuss and approve the consolidated financial statements, interim financial

President and CEO's salary, bonuses and benefits in kind 2015–2016, EUR

	Monetary salary	Performance bonuses	Fringe benefits	Employment-based options	Total.
Olli-Pekka Salovaara	2015 217 024	2015 51 840	2015 26 705	2015 0	2015 295 569
	2016 266 593	2016 173 031	2016 40 181	2016 0	2016 427 726

President & CEO's age of retirement, pension benefits, period of notice and discharge compensation:

Retirement age	TyEL
Pension benefits	TyEL, supplementary pension
Period of notice	18 months
Compensation payable in addition to salary for period of notice	–

reports, stock exchange releases pertaining to these, and the review of operations

- decide on specific investments, acquisitions, divestments, corporate reorganization, and commitments that have strategic or financial importance
- decide on rules concerning management authorizations
- decide on the Group's high-level structure and organization
- appoint and dismiss the President & CEO, approve the CEO's service contract, and decide on the CEO's salary, benefits, and other financial remuneration
- approve the appointments of the members of the Group Management Team and the Managing Directors of subsidiaries
- decide on the incentive systems of the Revenio Group, including the granting of any stock options within limits set by the general meeting of shareholders

The Board's decision-making

The task of Revenio Group Corporation's Board of Directors is to further the interests of the Group and all of its shareholders. Members of the Board do not represent the entities or persons who nominated them for election. Members of the Board are disqualified from participating in the management of matters or transactions that take place between themselves and the company. Voting is based on the simple majority vote principle. In the case of an even vote, the proposal supported by the Chair will prevail.

The Board's meeting procedures and self-assessment

The Chair is responsible for convening and presiding over the Board meetings. The Board has not assigned to its members any particular areas of business to be monitored. The Board annually reviews its operation and procedures, and performs self-assessments at necessary intervals.

In 2016, the Board of Directors met 15 times, and the average attendance of Board members at meetings was 90%. In 2015, the attendance rate was 97%.

The attendance of Board members at meetings in 2016:

Kakkonen Kyösti	15/15	100%
Kohonen Ari	14/15	93%
Rönkä Pekka	15/15	100%
Tammela Pekka	15/15	100%
Sundell Ann-Christine	9/10	90%
Fryckman Rolf *	3/5	60%

\* Rolf Fryckman was a member of Revenio Group Corporation until March 15, 2016.





### Director's fees and other financial benefits of the members of the Board of Directors

The ordinary Annual General Meeting of shareholders decides the fees and other financial benefits of the members of the Board of Directors for one year at a time. According to the decision of the AGM on March 15, 2016, 40 percent of a Board members' fee is to be paid in the company's own shares and 60 percent in money. No separate fees are to be paid to Board members for meeting attendance. The travel expenses of the members of the Board are reimbursed in accordance with the Company's travel policy.

### President & CEO

According to the Articles of Incorporation, Revenio Group Corporation shall have a President and CEO. The CEO's task is to manage the operation of the company in accordance with the guidelines and rules laid out by the Board of Directors, and inform the Board of the development of the company's business operations and financial position. Additionally, the CEO is responsible for organizing the company's day-to-day management and to ensure that the company's asset management is arranged in a reliable way. The CEO is appointed by the Board of Directors, which also specifies the terms and conditions of the CEO's employment in a written employment contract that has been approved by the Board of Directors. The contract also contains the financial benefits of the employment, such as severance pay and any other compensations. The CEO may not be elected as Chair of the Board of Directors.

The Revenio Group Corporation's President and CEO until December 31, 2016, was Olli-Pekka Salovaara, M.Sc. (Econ.) (b. 1960). On January 1, 2017, Timo Hildén, M.Sc. (Econ.), was appointed CEO & President of the Group.

President and CEO Salovaara and his controlling interest company owned on December 31, 2016 a total of 105,047 Revenio Group Corporation's shares and 7,500 options.

### Company management and administration of subsidiaries

Revenio Group's Management Team consists of the President & CEO, heads of various functions, and Managing Directors of the Group's subsidiaries. In 2016, the

Management Team consisted of President & CEO Olli-Pekka Salovaara, Timo Hildén, Tomi Karvo, Ari Kukkonen, Ari Isomäki, and Robin Pulkkinen. Tiina Olkkonen is attending Management Team meetings as an external communication specialist. In addition, an Extended Management Team that meets on quarterly basis is established as of June 1st, 2016, consisting of Management Team members and the CEO of Icare USA Inc John Floyd.

The members of the Boards of Directors of the subsidiaries of the Revenio Group Corporation are elected from Group management. Persons who have employment agreements or service contracts with Group companies are not paid a separate fee for membership on the Boards of Directors of subsidiary companies. The responsibilities of the Boards of subsidiaries are provided for in legislation. Business control of the subsidiaries takes place through the parent company's Board of Directors, President & CEO, the subsidiary's Managing Director, and the Group's management system.

### Directors of the business segments and Managing Directors of subsidiaries December 31, 2016

#### Revenio Health Tech

The Revenio Health Tech segment is headed by Timo Hildén, CEO of Icare Finland Oy, in addition to his other duties. Timo Hildén has 30 years of experience in general management, and in sales and marketing positions within the health technology sector, at Orion Group, Labsystems, Thermo Electron, and Thermo Fisher Scientific. In the early 1990s, he was involved in the launch of production and sales companies in Russia and China, and he later assumed responsibility for production and marketing units in the USA, Mexico, and Finland. He was also in charge of product development units in Finland and the United States. Timo was involved in numerous acquisitions while working for Thermo.

Hildén and his controlling interest company owned on December 31, 2016 a total of 4,000 Revenio Group Corporation's shares and 22,500 options.

The Managing Directors of the segment companies as of December 31, 2016 are:

**Icare Finland Oy:** Timo Hildén, M.Sc. (Econ.) since April 9, 2012.

**Revenio Research Oy:** Timo Hildén, M.Sc. (Econ.) since December 29, 2014.

**Oscare Medical Oy:** At the end of 2013, Revenio acquired a share of 53.5 percent of Oscare Medical Oy, a company that specializes in the detection and screening of osteoporosis. Revenio Group Corporation's President and CEO Olli-Pekka Salovaara acted as the Chair of the Board of Oscare Medical Oy until December 31, 2016.

### Divested operations in 2016

No operations were divested in 2016.

### Remuneration

The remuneration system for the President & CEO, the Group Management Team, and the subsidiaries' Managing Directors comprises a fixed monthly salary, short and long-term bonuses determined by the profit impact of the position, and a stock option program. The company does not have a share-based incentive scheme. As of January 1, 2012, the CEO, Group Management Team, and Managing Directors of subsidiaries have benefited from group pension insurance and medical expenses insurance. The financial impact of this insurance is insignificant to the company.

The Board of Revenio Group Corporation decides on the salaries and other financial benefits of the Chair of the Board, members of the Management Team, and the Managing Directors of subsidiaries. The Board also decides on the criteria for the performance-based bonus system and other principles for management's performance-based bonuses. The President & CEO makes decisions pertaining to the salaries and bonuses of any Management Team members not mentioned above, and they also decide on the details of performance-based bonus schemes for other managerial staff, using the one-over-one principle.

The maximum amount of performance-based remuneration granted to members of Revenio Group Corporation's management is equal to four months' salary under the short-term performance-based bonus scheme and two months' salary under the long-term scheme. A determination period of one year is used for both. The maximum remuneration for the President & CEO is equal to six months' salary under the short-term performance-based bonus scheme and four months' salary under the long-term scheme. The criteria for the short-term performance-based bonus scheme are performance requirements at both Group level and one's own area of responsibility, along with an assessment component. The Group's operating profit is the criterion for

the long-term incentive scheme. The short-term performance-based bonus scheme applies to five people in managerial posts at Group companies. A part of the current Group Management Team falls within the scope of the long-term performance-based bonus scheme.

In addition to its performance-based bonus scheme, Revenio Group Corporation also has an option scheme for Group key personnel, dating from 2015. Revenio Group Corporation's Board of Directors decides on the distribution of options.

In addition to the key personnel bonus scheme, Revenio Group has a bonus scheme for employees. In accordance with the choice of the persons designated as entitled to a bonus, part of the annual bonus is to be paid into a personnel fund established by the employees, which invests the majority of its assets in the purchase of Revenio Group Corporation shares.

### The Group's financial reporting

The Group's financial development and achievement of the Group's financial goals are monitored through monthly financial reporting that covers the entire Group. The monthly performance reports include actual performance at the Group and segment levels together with analysis, realized performance over the year before, realized performance compared with financial plans, and forecasts for the current calendar year. In addition, each segment reports a number of key financial and business figures.

The Group's short-term financial planning is based on annually drawn-up financial plans for the following calendar year.

The Group's financial position and development are communicated through interim reports and the financial statements release.

### Risk management and control

#### Risk management

The Group's risk management aims to ensure the continuity of business and the Group's capacity to operate in any risk scenarios that can be identified in advance. Revenio Group Corporation's Board of Directors authorizes the risk management principles, strategic targets, and priorities.

Risk management responsibilities and roles



The implementation of risk management is the responsibility of business management teams and the Group's Management Team. These bodies ensure that sufficient risk identification, assessment, management, and reporting procedures are included in the processes under their respective responsibilities.

Subsidiaries' business management teams locally organize risk management implementation methods that take the subsidiary's size into account. For certain risk management areas in which a centralized approach is appropriate, such as the management of insurance and financial risks, the parent company's Board of Directors makes such decisions based on a proposal by the President & CEO.

Risks and any changes therein are reported to Revenio Group Corporation's Board of Directors. At least once a year, the Board considers major risks and their management and analyzes the effectiveness of risk management.

Risk management is assessed by the Internal Audit function during internal audit procedures.

#### Risk management implementation

The management of the subsidiaries is to assess risks when preparing annual plans. The management of business segments is to discuss risks and their management, and update risk assessments at least once a year. Separate risk analyses are made for significant projects, such as major customer projects.

#### Major risks and uncertainty factors

The Revenio Group's risks are divided into strategic, operational, trade cycle, hazard, and financial risks. The Group's strategic risks include competition in all sectors, the threat posed by new competing products, and any other actions of the company's rivals that may affect the competitive situation. Another strategic risk is related to the ability to succeed in R&D activities and to maintain a competitive product mix. Strategic risks in the Group's segments that require special expertise are also associated with the successful management and development of key human resources and the management of the subcontractor and supplier network.

Corporate acquisitions are part of the Group's strategy. The success of these acquisitions has a significant impact on the achievement of growth and profitability targets. Acquisitions

may also change the Group's risk profile. Strategic risks and the need for action are regularly assessed and are monitored in connection with day-to-day management, monthly Group reporting, and annual strategy updates.

Operational risks are associated with the retention and development of major customers, the operations of the distribution network, and success in extending the customer base and markets. In the Health Tech segment, operational risks include factors related to expansion into new markets, such as the national regulations various countries have governing marketing authorizations for medical instruments and the related official decisions concerning the health care market. The operational risks related to the manufacture, product development, and production control of medical instruments are estimated to be higher than average in the Health Tech segment because of that sector's quality requirements.

The ratio of deferred tax assets to assets in the consolidated Balance Sheet is not significant. Changes in business profitability and in both tax legislation and its interpretation could lead to changes in the availability and amount of deferred tax assets.

Hazard risks are covered by insurance. Property and business interruption insurance provide protection against risks in these areas. The business pursued is covered by international liability insurance.

Financial risks can be further categorized into credit, interest-rate, liquidity, and foreign exchange risks. To manage credit loss risks, the Group has taken out credit insurance that covers all companies in the Group. Every month, and more frequently if necessary, the Board, in its meetings, assesses matters related to financial issues. If required, the Board provides decisions and guidelines for the management of financial risks concerning interest-rate and currency hedging, for instance. The liquidity risk can be affected by the availability of external financing, the development of the Group's credit standing, the trend in business operations, and changes in the payment behavior of customers. Liquidity risks are monitored by means of cash forecasts, which are drawn up for periods of 12 months at the most at a time.

### Internal auditing

The Board of Directors is responsible for internal auditing, which is carried out by





an external public accountancy firm that is authorized by the Central Chamber of Commerce and selected by the Board. The authorized public accountancy firm that performs an internal audit cannot be the same firm that acts as the company's auditor.

The objective of internal auditing is to assess and verify the efficiency of risk management, internal control, and management and administration. The audits are based on an annual audit plan approved by the Board of Directors of Revenio Group Corporation.

Internal auditing is conducted by a third party separately determined by the Board of Directors.

Internal control

Revenio Group Corporation's internal control function is responsible for providing support and ensuring that:

- targets are achieved
- resources are used economically and efficiently
- operational risks are managed
- financial and other managerial information is reliable and accurate
- legislation and regulations, strategies, plans, and internal regulations and procedures are complied with

Internal control encompasses all financial and other control exercised by the Board of Directors, the President & CEO, and other personnel. At Group level, internal control is based on monthly reports, analyses, and forecasts prepared by subsidiaries, all of which are discussed at the parent company's monthly Board meetings. The internal control practices applied by subsidiaries with respect to, for example, key financial processes are defined in company-specific guidelines.

Related party transactions

Persons holding managerial positions in the company, as well as their closely related parties, have an obligation to notify the Financial Supervisory Authority and the company of any transactions they have conducted on their own account involving the company's shares, or debt instruments, or related derivatives, or other financial instruments.

The company is to disclose information on the transactions of persons holding managerial positions and their closely related parties without delay and no later than within three (3) working days of the transaction. Such disclosure is to be made in a stock exchange release in a manner that corresponds to the

disclosure of insider information, using the release class 'Management transactions.' A stock exchange release on disclosed information concerning management transactions is available on the company's website for at least five years from the publication of the release.

The company is to assess and monitor transactions carried out with related parties and ensure that any conflicts of interest are appropriately considered in the company's decision-making. The company is to maintain a list of related parties in its Group administration.

Revenio Group Corporation does not have any relevant related party transactions with in its regular business operations that would deviate from regular business operations or market conditions.

The company provides information on related party transactions according to the Limited Liability Companies Act and regulations governing the preparation of the financial statements in the review by the Board of Directors and notes to the financial statements.

Insider issues

Revenio Group Corporation complies with the rules and guidelines issued by Nasdaq Helsinki Ltd, including its Guidelines for Insiders; the Market Abuse Regulation ((EU) No. 596/2014, MAR); the provisions of the Securities Market Act and the Criminal Code; as well as the rules and guidelines of the Financial Supervisory Authority and the European Securities and Markets Authority (ESMA). These are supplemented by the company's own Guidelines for Insiders, which are designed to provide clear instructions and rules for the management of insider issues, the disclosure of insider information, the maintenance of insider lists, and the transactions of management and their closely related parties. The Guidelines for Insiders have been informed to all company employees. Revenio is to disclose any insider information that directly concerns the company as soon as possible. The company may delay the disclosure of insider information if all of the conditions stipulated by the applicable regulations for the delay of the disclosure of insider information are met. Revenio is to maintain project-specific insider registers in circumstances stipulated by the applicable regulations.

The company's CFO is responsible for insider issues. The CFO is responsible for the

implementation of the following tasks in the company, for example:

- internal communications regarding insider issues;
- training in insider issues;
- the preparation and maintenance of insider lists and their delivery to the Financial Supervisory Authority;
- obtaining approvals from persons on the insider list;
- supervision of insider issues, and
- monitoring regulatory changes concerning insider issues

Revenio Group Corporation's managers and their closely associated persons have an obligation to notify Revenio Group Corporation and the Finnish Financial Supervisory Authority of their transactions conducted relating to Revenio's shares or other financial instruments as of 3 July 2016 according to the provisions of the Market Abuse Regulation. The company publishes such information as a stock exchange release. In Revenio Group Corporation, the members of the Board of Directors, the President and CEO and the members of the Management team are included as persons having managerial responsibilities in the company (managers subject to the notification obligation).

The company maintains project insider lists of persons who have access to inside information. These lists and the information contained in the lists are not public. The insider lists and the information contained therein are available to the Financial Supervisory Authority. The information in the public insider register maintained by Euroclear Finland Ltd based on former legislation (updated until 2 July 2016) is available on Revenio's website as required by the transitional provisions of the Securities Market Act.

Managers subject to the notification obligation and persons separately defined by the company cannot acquire or dispose of securities issued by the company, or any securities or derivatives entitling to said securities, during the 30 days prior to the publication of an interim report and financial statements. These publication dates are announced annually in advance in a stock exchange release. In addition, those participating in projects involving insiders may not, during the project, trade in securities or derivatives issued by the company.

Group Management is to supervise compliance with the Guidelines for Insiders and maintain the company's insider registers in cooperation with Euroclear Finland Ltd. The company's managers subject to the

notification obligation are to be regularly sent an extract of the information entered into the register of managers' subject to the notification obligation. Their adherence to the restrictions on trading is to be monitored, and the related guidelines are to be provided.

Auditing

According to the Articles of Incorporation, the company must have one regular auditor, which must be a firm of Authorized Public Accountants certified by the Central Chamber of Commerce. The proposal to the Annual General Meeting for the company's auditor is to be prepared by the Board of Directors. The term of the auditor is to be equal to the financial period of the company, and the term of the auditor is to end at the end of the ordinary Annual General Meeting of shareholders following the election of the auditor.

The auditor is to provide the statutory auditor's report to the company's shareholders in connection with the financial statements and is to regularly report on its observations to the Board of Directors.

The AGM 2016 appointed PricewaterhouseCoopers Oy, Authorized Public Accountants, as the company's auditors with Samuli Perälä, Authorized Public Accountant, as the principal auditor. The AGM decided that the auditor's fee is to be paid according to an invoice approved by the company.

Auditors' fees in 2015–2016, TEUR:

	2016	2015
Auditing	35	36
Other services	2	4
Total	37	40

Other issues

Whistleblowing

Revenio Group Corporation (together with its subsidiaries, "the company") has drawn up the following guidelines for the handling of notifications concerning insider trading, market manipulation, or attempts at insider trading and market manipulation, or illegal or dishonest conduct related to accounting, internal control, auditing or other company operations by the company's employees or other parties ("whistleblowing notification"). The company's Board of Directors has appointed the Chair of the Board to receive and investigate whistleblowing notifications.



Whistleblowing notifications can be sent to the Chair of the Board in the following manner:

In writing:

Chair of the Board  
Revenio Group Corporation  
Äyritie 22  
FI-01510 Vantaa, Finland

E-mail:

whistleblowing@revenio.fi

All whistleblowing notifications addressed to the Chair of the Board must be clearly marked as confidential and urgent.

The Chair of the Board is to prepare a written agenda of all whistleblowing notifications ("Agenda") that contains the date of receipt of the notification, a summary of its content (including the allegations and the persons involved - the name of the informant will not be published), and the current status of any ongoing investigation concerning the notification, as well as any resolution in the matter. The Chair of the Board is to distribute the updated Agenda to the Board of Directors prior to each Board meeting, describing recent events at a sufficiently detailed level.

If the whistleblowing notification concerns the Chair of the Board, the Chair must promptly recuse themselves from the investigation and inform the Board of the fact in writing. The Board will subsequently appoint another person to investigate the whistleblowing notification in question and to report the results to the Board in accordance with these guidelines.

On receiving a notification, the Chair of the Board will promptly assess whether the notification qualifies as a whistleblowing notification. If the Chair finds that the notification is a whistleblowing notification, the Chair must investigate the matter and report the investigation results in writing to the Board of Directors ("Report"). The Reports are to be drafted in sufficient detail to supplement the information provided to the Board in the Agenda. The Report contains a description of the whistleblowing notification, any investigations conducted, and recommendations for action.

If the Chair of the Board considers that it would be appropriate to use external advisers or experts in the investigation or analysis of the investigation results, the Chair may delegate the responsibility for the investigation to one or more persons, including parties that are not employed by the company. All investigations are to be carried

out confidentially so that information is only disclosed in order to facilitate the examination of the investigation material, or when required by law. The Chair of the Board, or parties authorized by the Chair, may demand the assistance of the President & CEO or another director, the parent company's personnel, or any other company employee in the investigation and resolution of whistleblowing notifications, if they deem it necessary. The Chair of the Board, or parties authorized by the Chair, will define the limits of the investigation. The company and the company's employees must assist in any investigations as required.

The Board considers the Agenda and any written Reports submitted by the Chair of the Board. The Board has the authority to order the Company to carry out appropriate corrective action as a result of the whistleblowing notification. The Board can consult freely with any member of the company's management with the appropriate expertise for the assessment of the whistleblowing notification. At its discretion, the Board may also decide to use external auditors, advisers, and experts for the assessment of the results of the investigation concerning the whistleblowing notification.

The Board may at any time decide to investigate the whistleblowing notification as a collegiate body in place of the Chair of the Board. In such cases, the Board will promptly determine the need for assistance from an external party to conduct the investigation. When making the decision that it will investigate a whistleblowing notification as a collegiate body in place of the Chair, the Board may take into consideration the identity of the alleged offender, the gravity and extent of the offense, the credibility of the allegations, and any other factors relevant to the situation.

Based on the investigation, the Board decides on the appropriate further action. The Board maintains a register of all the actions proposed by the Chair and the action taken to resolve the whistleblowing notification.

Protection for whistleblowers

In accordance with company practices, the Board, Chair of the Board, or other company management will not take or attempt to take any measures against a person who has submitted a whistleblowing notification or who assists the Board, Chair of the Board, company management, or other person or group of people, including government authorities, who are investigating a whistleblowing notification or otherwise helping



to resolve it. Neither are countermeasures tolerated from any other person or group.

*Confidential and anonymous notifications from employees*

The company's employees have the right to submit whistleblowing notifications anonymously or confidentially according to the above guidelines. All whistleblowing notifications received from employees are to be handled anonymously or confidentially insofar as such handling is feasible and justified in view of the circumstances.

*Documents; Confidentiality*

The Chair of the Board is to store all documents related to the whistleblowing notification, its investigation, and the resulting decision on the matter, for a period of seven years. All documents are strictly confidential.

*Publication procedure*

The company is to deliver these guidelines to all employees.

**Stock exchange information and releases**

The financial content of stock exchange information and investor communications are the responsibility of the President and CEO. The observance of rules and regulations in respect of stock exchange information is to be controlled and monitored by the company's President and CEO and the CFO.

In its investor communications, the company is to observe a principle of equality and publish all investor information on its website in both Finnish and English.

**IR Principles**

The aim of the company is to provide continuous, correct, and up-to-date information to the market in order to provide a basis for determining the price of the company's share. The goal is to improve awareness of the company's operations and increase the transparency of investor information, thus, also increasing the attractiveness of the company as an investment.

The company publishes a printed annual report in both Finnish and English. The company maintains a mailing list for the annual report. Interested parties may subscribe to the mailing list by sending email to [info@revenio.fi](mailto:info@revenio.fi). Through this email address, it is also possible to subscribe to stock exchange

and press releases delivered by email. The company observes a 30-day silent period before the publication of its interim reports and a 30-day silent period before the publication of its financial statements. At other times, investor queries are replied to, if possible, by telephone, email, and by organizing investor meetings.

**Updates to the Corporate Governance statements and additional information**

These Corporate Governance statements are published simultaneously with the company's Annual Report for 2016 on the company website and will be updated as necessary. Please email any questions and comments regarding the Corporate Governance principles to [info@revenio.fi](mailto:info@revenio.fi).



The statements and estimates regarding markets and the future presented in this Annual Report are based on the best knowledge of the management of the Group and its subsidiaries at the time they were made. Due to their nature, they contain a certain amount of uncertainty and may change in the event of developments in the general economic situation or conditions within the industry.

[www.revenio.fi](http://www.revenio.fi)



