Q1

2019

Interim Report

REVENIO

ENABLING EASY & EFFICIENT DIAGNOSIS

Revenio Group Corporation: Interim report Q1/2019

Due to an amendment to the Securities Market Act, the descriptive sections of Revenio's Interim Reports Q1/2019 and Q1–Q3/2019 will be shorter and more concise. The normal Interim Report will be published for the first six months of the financial period, January–June 2019.

Figures in brackets refer to the same period in the previous year, unless otherwise stated.

Strong start to the year – net sales up over 20%

January–March 2019

- Net sales totaled EUR 8.4 (7.0) million, up by 20.7%
- EBITDA totaled EUR 2.9 (2.2) million, or 34.0% of net sales, up by 27.2%
- Operating profit totaled EUR 2.6 (2.1) million, or 30.6% of net sales, up by 20.8%
- The currency-adjusted growth of net sales in January–March was 15.6%, or 5.2 percentage points weaker than reported
- Operating profit was weighed down by non-recurring acquisition-related costs amounting to EUR 265,000. Operating profit adjusted by the non-recurring acquisition costs was EUR 2.8 million, or 33.7% or net sales.
- Earnings per share, undiluted EUR 0.086 (0.069)
- After the review period on April 13, 2019 Revenio signed an agreement to acquire all shares of the Italian company CenterVue SpA. The acquisition is estimated to be completed during the first half of 2019
- Revenio's current CEO Timo Hildén will, based on his own wish, move to lead the acquisition and integration work as Senior Advisor
- M.Sc. (EE) Mikko Moilanen has been appointed as the CEO of Revenio Group Corporation and Revenio's Group company Icare Finland Oy. He will assume the position at the latest on October 14, 2019, possibly even earlier.

Group key figures, MEUR

	1.1-31.3.2019	**1.1-31.3.2018**	**Change-%**
Net sales	8.4	7.0	20.7
EBITDA	2.9	2.2	27.2
Operating profit, EBIT	2.6	2.1	20.8
Undiluted earnings per share	0.086	0.069	
	31.3.2019	**31.3.2018**	**Change, %-point**
EBITDA-%	34.0	32.2	1.7
Operating profit-%, EBIT	30.6	30.5	0.0
Return on investment-%, ROI	17.9	15.3	2.6
Return on equity-%, ROE	13.1	11.8	1.3
Equity ratio-%	71.5	74.8	-3.3
Gearing-%	-35.8	-33.6	-2.2

The Group has adopted the IFRS 9 and IFRS 15 Standards from January 1, 2018 onwards. IFRS 16 has been adopted as from January 1, 2019. Additional information is available on pages 3-4.

Financial guidance for 2019

Due to the acquisition, Revenio will refine its financial guidance published on February 14, 2019 after the transaction is confirmed.

Earlier financial guidance: Net sales is expected to show strong growth compared to the previous year and profitability is expected to remain at a strong level.

CEO Timo Hildén:

"In terms of sales, 2019 got off to a strong start, despite the fact that a major one-time order was placed in the corresponding period last year. Our net sales grew by 20.7% and amounted to EUR 8.4 million. The EBITDA for the period was EUR 2.9 million, up by 27.2%. During the review period, operating profit was weighed down by non-recurring acquisition-related costs amounting to EUR 265,000. EBITDA adjusted by non-recurring acquisition costs was EUR 3.1 million, or 37.1% of net sales.

Sales were excellent, especially in what have traditionally been major countries for us, such as the United Kingdom, where distributors are to some extent already anticipating the uncertainties caused by Brexit. As a result, our deliveries to the UK were larger than usual during the period; in normal circumstances, they would have occurred partly only during the following quarter. Other strong countries were Germany, Australia, Canada, and Italy.

Icare ic200, launched in the fall of 2018, was granted a sales permit in Japan in March, and sales are already expected to start during the second quarter. Japan has been an important market for the predecessor of the product, Icare PRO, now replaced by Icare ic200. In the U.S., we launched clinical trials of the product, required for filing a sales permit application with the US Food and Drug Administration (FDA). We aim to file the sales permit application during 2019.

As we have previously noted, interest in the Icare HOME tonometer is gradually turning into demand. Icare HOME has been adopted for use with patients at six of our partner clinics in Finland, which we consider to be a very important development in the domestic market. In the U.S., we are planning to introduce a new marketing model for Icare HOME, in which optometrists will refer patients to ophthalmologists who are actively using Icare HOME. The marketing model involves renting the device to the patient. In addition, we launched a new Clinic software version for the Icare HOME, including several new features, such as alerts for eye pressure, reference tables, and new language versions. A number of major new studies on Icare HOME are underway or starting in the U.S.; we expect these to provide strong support for our marketing in the future. We have also launched a new Icare HOME publication that compiles all the clinical trials already conducted. In Germany, an extensive Icare HOME trial is starting at the University of Munster with over 1,000 patients.

Major growth continued in probe sales, totaling 36.3% of net sales.

We have signed new distribution agreements for the asthma product Ventica, with distributors in over 10 countries by the end of the period. Their primary goal in the first phase is to find good reference clinics to adopt Ventica for trial use and hence act as opinion leaders for local asthma specialists and pediatricians. Through distributors, we can also more easily participate in local country-specific conferences.

The development of the hyperspectral camera Cutica for skin cancer detection is progressing as planned. As a new step, we have studied the use of artificial intelligence for the automatic processing of image material.

After the review period on April 13, 2019 we informed that we have signed an agreement to acquire all shares of the Italian company CenterVue SpA. The acquisition is estimated to be completed during the first half of 2019. The acquisition is extremely important for Revenio's growth strategy, and therefore I have expressed the Board of Directors my wish to concentrate on leading the acquisition and integration work as Senior Advisor. I have been in the health technology industry for 40 years, of which 20 years I has served as CEO of various companies. During this time, I have gained considerable experience of coordinating and integrating different corporate cultures. In my new position, my focus will initially include, along with the CEO's duties and later full-time, finalization of the acquisition, launching and completing the integration work as well as supporting Mikko Moilanen in taking on his tasks. We will return to the progress of the acquisition process, it's impact on our financial guidance and progress of the integration work with separate releases."

Business review, January 1–March 31, 2019

January–March 2019

Revenio Group's net sales amounted to EUR 8.4 (7.0) million, up by 20.7%. Sales performance was good during the period, especially in the UK, Germany, Australia, Canada, and Italy.

The new product Icare Ic200 was well received on the market. The sales permit obtained in Japan during the period will allow to start marketing efforts in this important market. The sales permit application for the US market is expected to be submitted during 2019 after concluding clinical trials.

Several new studies have been launched on Icare HOME to investigate the significance of all-day monitoring of eye pressure in the treatment process. The studies undisputedly support the benefits of using Icare HOME. The six reference clinics in Finland are an important opening in the domestic market. In the U.S., the new marketing model is expected to increase customer volume.

The asthma product Ventica and the hyperspectral camera Cutica for skin cancer detection are progressing as planned.

Financial review January 1–March 31, 2019

INTERIM REPORT January 1–March 31, 2019, TABLE SECTION

Statement of accounting policies

Revenio has discontinued separate reporting for the parent company and will report the results as part of the Health Tech segment figures as from January 1, 2019.

This is not an interim report as specified in the IAS 34 standard. The company complies with half-yearly reporting according to the Finnish Securities Markets Act and discloses financial reviews for the first three and nine month periods of the year, in which key information regarding the company's financial situation and development will be presented. The figures of the interim report are unaudited.
The financial statement bulletin and interim report H1/2019 are prepared in compliance with IAS 34 Interim Financial Reporting.

The consolidated financial statements have been prepared on the same principles as in 2018, with the exception of the following new Standards, Interpretations, and amendments to existing Standards, which the Group has applied as of January 1, 2019:

The Group has adopted the IFRS 16 Leases Standard from the beginning of the financial period starting on January 1, 2019. The Standard will not be applied retroactively. As a result, almost all lease agreements have been entered in the balance sheet.

The Group's off-balance-sheet rent liabilities for business premises amounted to EUR 953,000 on December 31, 2018. In addition, the Group has lease agreements for parking spaces, cars, and office equipment totaling EUR 157,000. The Group has signed one new agreement in January 2019. Lease liabilities have been discounted using the incremental borrowing rate, and a lease liability of EUR 1,011,000 was entered in the balance sheet on January 1, 2019. Similarly, a right-of-use asset was recorded as if the Standard had always been applied. The right-of-use asset of EUR 984,000 recorded on January 1, 2019 was discounted at the incremental borrowing rate. The lease term of the lease agreements is defined as the non-cancellable period of the lease. The Group does not consider the exercise of extension or termination options as reasonably certain and they have therefore not been taken into account in the definition of the lease term. Liabilities not recognized in the balance sheet include short-term or low-value lease agreements. In accordance with IFRS 16, the rental cost associated with lease agreements entered in the balance sheet will be replaced by the interest expense associated with lease liabilities and right-of-use asset depreciation in the income statement. As a result of this change, the reported EBITDA, operating profit, and net financial expenses will increase. The change will have a negative impact on balance sheet key figures, such as leveraging.

Impact of the adoption of the Standard on the consolidated income statement in 1-3/2019(EUR thousand)

EBITDA	128
Operating profit	4
Net financial expenses	4

Group key figures and ratios (MEUR)	**1-3/2019**	**1-3/2018**	**1-12/2018**
Net sales	8.4	7.0	30.7
EBITDA	2.9	2.2	10.8
EBITDA-%	34.0	32.2	35.1
Operating profit	2.6	2.1	10.2
Operating profit-%	30.6	30.5	33.3
Pre-tax profit	2.6	2.1	10.2
Pre-tax profit-%	30.7	30.4	33.4
Net profit	2.1	1.6	8.1
Net profit-%	24.6	23.3	26.4
Gross capital expenditure	0.2	3.0	1.9
Gross capital expenditure-%	2.0	5.0	6.2

R&D costs	0.8	0.9	3.5
R&D costs-% from net sales	9.3	12.3	11.3
Gearing-%	-35.8	-33.6	-55.6
Equity ratio-%	71.5	74.8	81.8
Return on investment (ROI)	17.9	15.3	59.5
Return on equity (ROE)	13.1	11.8	47.6
Undiluted earnings per share, EUR	0.086	0.069	0.339
Diluted Earnings per share, EUR	0.086	0.069	0.338
Equity per share, EUR	0.56	0.48	0.75
Average no. of employees	53	41	48
Cash flow from operating activities	0.6	1.8	10.4
Cash flow from investing activities	-0.1	-0.3	-1.8
Net cash used in financing activities	-5.7	-5.2	-6.3
Total cash flow	-5.3	-3.8	2.3

Consolidated comprehensive income statement (MEUR)	**1-3/2019**	**1-3/2018**	**1-12/2018**
NET SALES	8.4	7.0	30.7
Other operating income	0.0	0.1	0.2
Materials and services	-2.1	-1.7	-7.8
Employee benefits	-1.5	-1.3	-5.2
Depreciation/amortization	-0.3	-0.1	-0.5
Other operating expenses	-2.1	-1.8	-7.1
OPERATING PROFIT	2.6	2.1	10.2
Financial income and expenses (net)	0.0	0.0	0.0
PRE-TAX PROFIT	2.6	2.1	10.2
Income tax expense	-0.5	-0.5	-2.1
NET PROFIT	2.1	1.6	8.1
Other comprehensive income items	0.1	0.0	0.0
TOTAL COMPREHENSIVE INCOME	2.1	1.6	8.1
Earnings per share, undiluted, EUR	0.086	0.069	0.339
Earnings per share, diluted, EUR	0.086	0.069	0.338

Consolidated balance sheet(MEUR)	**31.3.2019**	**31.8.2018**	**31.12.2018**
ASSETS			
NON-CURRENT ASSETS			
Property. plant and equipment	1.8	0.8	0.9
Goodwill	1.2	1.2	1.2
Intangible assets	4.2	3.2	4.2
Other receivables	0.1	0.0	0.1
Deferred tax assets	0.3	0.7	0.1
TOTAL NON-CURRENT ASSETS	7.5	5.9	6.4
CURRENT ASSETS			

Inventories	1.5	1.9	1.5
Trade and other receivables	4.6	3.2	3.8
Deferred tax assets	0.0	0.0	0.2
Cash and cash equivalents	5.2	4.2	10.4
TOTAL CURRENT ASSETS	11.3	9.3	15.9
TOTAL ASSETS	18.8	15.2	22.3
LIABILITIES AND SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	5.3	5.3	5.3
Fair value reserve	0.3	0.3	0.3
Invested unrestricted capital reserve	7.1	7.1	7.1
Retained earnings/loss	0.8	-1.3	5.4
TOTAL EQUITY	13.5	11.4	18.1
NON-CURRENT LIABILITIES			
Deferred tax liabilities	0.0	0.0	0.0
Financial liabilities	0.6	0.3	0.2
TOTAL LONG-TERM LIABILITIES	0.6	0.3	0.2
CURRENT LIABILITIES			
Trade and other payables	4.6	3.5	3.7
Financial liabilities	0.1	0.0	0.1
TOTAL SHORT-TERM LIABILITIES	4.8	3.5	3.8
TOTAL LIABILITIES	5.4	3.8	4.0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	18.8	15.2	22.1

Consolidated statement of change in equity (MEUR)

	Share capital	Other Reserves	Retained Earnings	Total Equity
Balance 1 Jan 2019	5.3	7.4	5.4	18.1
Dividend distribution	0.0	0.0	-6.7	-6.7
Other direct entries to retained earnings	0.0	0.0	0.0	0.0
Total comprehensive income	0.0	0.0	2.1	2.1
Balance 31 Mar 2019	5.3	7.4	0.8	13.5

	Share capital	Other Reserves	Retained Earnings	Total Equity
Balance 1 Jan 2018	5.3	7.4	3.3	16.0
Dividend distribution	0.0	0.0	-6.2	-6.2
Other direct entries to retained earnings	0.0	0.0	0.0	0.0
Total comprehensive income	0.0	0.0	1.6	1.6
Balance 31 Mar 2018	5.3	7.4	-1.3	11.4

Consolidated cash flow statement (MEUR)	1-3/2019	1-3/2018	1-12/2018
Net profit	2.1	1.6	8.1
Adjustments to net profit	0.7	0.2	0.8
Taxes	0.5	0.5	2.1
Change in working capital	-1.8	-0.1	0.8
Interest paid	0.0	0.0	-0.1
Interest received	0.0	0.0	0.0
Taxes paid	-0.9	-0.4	-1.4
CASH FLOW FROM OPERATING ACTIVITIES	0.6	1.8	10.4
Purchase of PPE	0.0	-0.1	-0.4
Purchase of Intangible assets	-0.1	-0.3	-1.4
NET CASH USED IN INVESTING ACTIVITIES	-0.1	-0.3	-1.8
Used options rights	0.0	0.0	0.6
Buyback of own shares	0.0	0.0	-0.7
Paid dividends and repayments of capital	-5.6	-5.2	-6.2
Repayments of long-term borrowings	0.0	0.0	0.0
Lease principal payment	-0.1	0.0	0.0
NET CASH USED IN FINANCING ACTIVITIES	-5.7	-5.2	-6.3
Net change in cash and equivalents	-5.3	-3.8	2.3
Cash and equivalents. period-start	10.4	8.0	8.0
Effect of exchange rates	0.0	0.0	0.1
Cash and equivalents. period-end	5.2	4.2	10.4

Major shareholders 31 March 2019

	No. of shares	%
1. Joensuun Kauppa ja Kone Oy	1,056,600	4 %
2. Gerako Oy	1,020,000	4 %
3. Sijoitusrahasto Evli Suomi Pienyhtiöt	584,769	2 %
4. Keskinäinen Vakuutusyhtiö Ilmarinen	558,264	2 %
5. Eyemakers Finland Oy	400,000	2 %
6. Siik Rauni Marjut	310,150	1 %
7. Keskinäinen Vakuutusyhtiö Fennia	269,466	1 %
8. Longhorn Capital Oy	197,760	1 %
9. Lombard International Assurance S.A.	160,000	1 %
10. Latva Sami	160,000	1 %

Alternative growth indicators used in financial reporting

Revenio has adopted the guidelines of the European Securities and Market Authority (ESMA) on Alternative Performance Measures. In addition to the IFRS-based key figures, the company will publish certain other generally used key figures that may, as a rule, be derived from the profit and loss statement and balance sheet. The calculation of these figures is presented below. According to the company’s view, these key figures supplement the profit and loss statement and balance sheet, providing a better picture of the company's financial performance and position.

Revenio Group's net sales are strongly affected by fluctuations in the exchange rate between the euro and the U.S. dollar. As an alternative growth indicator, we also present our net sales with the exchange rate effect eliminated.

Alternative growth indicator (EUR thousand)	**01–03 2019**	**01–03 2018**
Reported net sales	8 410	6 965
Effect of exchange rates on net sales	-293	59
Net sales adjusted with the effect of exchange rates	8 117	7 024
Growth in net sales, adjusted with the effect of exchange rates	15.6%	
Reported net sales growth	20.7%	
Difference, % points	-5.2%	

The purchase price allocation will potentially have a significant impact on the operating profit of the company. As a result, the company will present EBITDA as an alternative performance indicator. The purchase price allocation calculation will be prepared at a later time and it is estimated to be published as part of the 1H/2019 interim report.

Alternative performance indicator EBITDA (thousand)

(EBITDA) = operating profit + depreciation + amortization

Alternative performance indicator EBITDA (EUR thousand)

	1-3/2019	**1-3/2018**	**1-12/2018**
Operating profit, EBIT	2 571	2 128	10 205
Depreciation/amortization	285	117	545
EBITDA	2 856	2 245	10 750

Formulas

EBITDA	=		Operating margin (EBIT) + depreciation + amortization
Earnings / share	=		Net profit for the reporting period Average number of shares during the reporting period – repurchased own shares
Operating margin before taxes	=		Operating margin + financing income – financing expenses
Equity ratio, %	=	100 x	Balance sheet equity + non-controlling interest Balance sheet total - advance payments received
Net gearing, %	=	100 x	Interest-bearing debt – cash & equivalents Total equity
Return on equity, %	=	100 x	Profit for the financial period Shareholders' equity + non-controlling interest (average during period)
Return on investment, %	=	100 x	Profit before taxes + interest and other financial expenses Balance sheet total – non-interest-bearing debt (average during period)

Average share price	=		Total value of shares traded during the period, euros Total number of shares traded during financial period
Gearing, %	=	100 x	Interest bearing net debt Total equity
Equity / share	=		Equity attributable to shareholders Number of shares at end of the reporting period
Dividend payout ratio, %	=		Dividend per share Earnings per share
Effective dividend yield, %	=		Dividend per share Final share price at the end of the reporting period

General statement

This report contains certain statements that are estimates based on the management's best knowledge at the time they were made. For this reason, they involve a certain amount of inherent risk and uncertainty. The estimates may change in the event of significant changes in general economic conditions.

Revenio Group Corporation
Board of Directors

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The Revenio Group in brief

Revenio is a Finnish, globally operating health technology corporation whose worldwide success is based on a strongly patented intraocular pressure measurement technology.

The Revenio Group consists of Icare Finland Oy, Revenio Research Oy and Oscare Medical Oy. Revenio's core business is to develop and commercialize effective and easily adopted devices to assist in the diagnostics of glaucoma and its monitoring during treatment.

Revenio seeks vigorous growth in health technology. Revenio aims to develop even more efficient and easily adopted methods for the early-stage detection of diseases with significance for public health. The focus of Revenio's technology is on the early detection of glaucoma, skin cancer and asthma, and the monitoring of these during the treatment process.

In 2018, the Revenio Group's net sales totaled EUR 30.7 million, with its operating margin standing at 33.3%. Revenio Group Corporation is listed on Nasdaq Helsinki.