2018

Financial Statement Bulletin

REVENIO

ENABLING EASY & EFFICIENT DIAGNOSIS

Revenio Group Corporation

Stock Exchange Release February 14, 2019 Financial Statement Bulletin at 9.00 am

2018: Strong growth and profitability continued

October-December 2018 in brief

- Net sales totaled EUR 8.7 (7.6) million, showing an increase of 13.8%
- Operating profit was EUR 3.0 (1.7) million, representing 34.8% of net sales, an increase of 79.7%
- The currency-adjusted organic growth of net sales was 13.9%, being slightly stronger than reported
- Deliveries of ic200 tonometer started
- Earnings per share, diluted and undiluted EUR 0.100 (0.075)

January-December 2018 in brief

- Net sales amounted to EUR 30.7 (26.8) million, up 14.4% from the previous year
- Operating profit was EUR 10.2 (8.1) million, representing 33.3% (30.3) of net sales, an increase of 25.7%
- The currency-adjusted organic growth of net sales was 14.9%, being slightly stronger than reported
- Major successful product launches: Icare ic200, the asthma product Ventica, and the mHome mobile application
- Clear growth in sales in India and China's emerging markets
- Nearly 18.5 million probes were sold during the period, which was over 23% more than the previous year
- Earnings per share, undiluted EUR 0.339 (0.288)
- The Board of Directors will propose to the Annual General Meeting of March 20, 2019 a dividend of EUR 0.28 (0.26) per-share

Key figures, MEUR

	10–12/ 2018	10–12/ 2017	Change %	1–12/ 2018	1–12/ 2017	Change %
Net sales, Group	8.7	7.6	13.8	30.7	26.8	14.4
Operating profit, Group	3.0	1.7	79.7	10.2	8.1	25.7
Net sales, Health Tech	8.7	7.6	13.8	30.7	26.8	14.4
Operating profit, Health Tech	3.7	2.4	53.8	12.6	10.3	22.0
Earnings per share, undiluted	0.100	0.075		0.339	0.288	
Cash flow from operating activities				10.4	7.9	

	12/2018	12/2017	Change, % points
Equity ratio, %	81.8	84.0	-2.2
Net leveraging, %	-55.6	-47.6	-8.0

Financial guidance for 2019

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

Timo Hildén, CEO, on the year 2018:

“The year 2018 was a year of strong and profitable growth for us. Our net sales increased by 14.4%, totaling EUR 30.7 million. Our operating profit was 33.3 percent, which I consider an excellent achievement for a growth company. Sales increased in all key market areas, which we are very pleased with. In particular, the sales of emerging markets, such as India and China, developed well in line with our expectations.

During the review period, we invested heavily in product marketing that supports our growth, the launch of new products, and the development of our distributor network. It should be noted that all our current products are less than five years old, which indicates that our product portfolio is up-to-date. During 2018, we also strengthened our organization to support sales growth, especially in the Far East and the United States.

The Icare ic100, launched in 2018, has quickly become our number one product in terms of sales volume. The product has proven to be of very high quality, and the language versions have expanded its user base geographically.

We launched our new product Icare ic200 in September 2018 in Europe and at the end of the year in Australia and Canada. We will file a sales license application in the U.S. during 2019.

The TonoVET Plus for the measurement of intraocular pressure in animals has been well received by veterinarians around the world.

Interest in the Icare HOME tonometer device is gradually turning into demand. The cloud-based mHOME mobile app launched during the review period, which connects to the Icare HOME tonometer, facilitates the monitoring of daily fluctuations in intraocular pressure.

Our growth drivers are the asthma product Ventica and the Cutica hyperspectral camera, developed for the screening and monitoring of skin cancer. Ventica was launched in September; since that time, we have signed distribution agreements in 10 countries. The development of the hyperspectral camera Cutica for skin cancer detection is also progressing as planned. We aim to apply for the European CE marking for the product at the beginning of 2019, after which we will continue with the clinical trials. Oscare Medical’s business did not show any significant signs of picking up during the review period. We will continue to monitor the situation and assess the options in this regard.

During the review period, our probe sales nearly reached 18.5 million probes sold. We have concentrated the production of probes in Finland, where we opened the fourth production line at the end of 2018. Our flexible and scalable production model allows us to react rapidly to growth in demand.

We have updated our strategy with the goal of further strengthening our global position through strong growth. We want to strengthen our foothold in the growing market in Asia. We see significant new growth potential in China and India in particular. Our growth objectives are supported by global megatrends in health care, such as population growth and ageing. The importance of preventive health care is increasing throughout the world.

While strengthening our position in the market with existing products, our product development includes screening-related product concepts for new markets and target groups, which we are developing further to ensure organic growth.

Although uncertainty in the global economy has increased, we have entered the year 2019 with positive expectations and confidence: we have a strong market position, high-quality products, a strong brand, and high customer satisfaction. I believe that these factors lay the foundation for good long-term growth prospects."

BUSINESS REVIEW January 1–December 31, 2018

In addition to the parent company, the Revenio Group comprises Icare Finland Oy, which specializes in technology for the measurement of intraocular pressure, and its fully owned subsidiary, Icare USA Inc. and Revenio Research Oy, which focuses on research and development projects; and Oscare Medical Oy. The Revenio Health Tech segment includes Icare Finland Oy, Icare USA Inc., Revenio Research Oy, and Oscare Medical Oy.

The Revenio Group's net sales saw a marked growth of 14.4%, to EUR 30.7 (26.8) million in the period. The growth in net sales was particularly attributable to the growth of market shares in the Group's current markets, especially in the U.S., and the growth of volumes in new major markets such as China and India.

Revenio Group's operating profit improved significantly during the period, amounting to EUR 10.2 (8.1) million, an increase of 25.7%. Operating profit accounted for 33.3 percent of net sales. The corporate restructuring of Oscare Medical in 2017 and the related impairments had a one-off negative effect of around EUR 1.4 million on the operating result (EBIT) of the comparison period.

The United States is Revenio's single most important market area, accounting for over 40% of the Group's net sales. In terms of device volumes, the Group's net sales were more evenly distributed between the different markets. This was influenced by the fact that, in the United States, products are sold directly to end users, resulting in a higher price than in sales through distribution channels outside the U.S.

The Icare ic100 tonometer has become the Group's best-selling product. Major new products were successfully launched in 2018. The Icare ic200 for professional use replaces the IcarePRO previously on the market. It is expected that the sales license application for the product will be filed in the U.S. in 2019. mHome connects the HOME measurement device and a cloud service via a mobile application, which supports and facilitates the monitoring of daily fluctuations in intraocular pressure. In addition, the asthma product Ventica was launched after filing an application for CE marking and signing distributor agreements in Europe, and the first customer deliveries took place at the end of the period.

Nearly 18.5 million probes were sold during the period, which was over 23% more than the previous year. Thanks to the automation of probe production, the production costs of probes have been reduced considerably, and capacity can be increased quickly, if necessary.

The hyperspectral camera for skin cancer, Cutica®, is progressing as planned and our goal is to apply for a sales permit on the basis of the CE Mark in Europe in early 2019.

Financial review January 1– December 31, 2018

Net sales, profitability and profit

Revenio Group’s consolidated net sales from January 1–December 31, 2018 totaled EUR 30.7 (26.8) million. This represented net sales growth of 14.4%. Earnings before tax totaled EUR 10.2 (8.3) million, a growth of 23.5% from the preceding year. The currency-adjusted organic growth of net sales from January–December was 14.9%, or 0.5% percentage points greater than reported.

From January–December, consolidated operating profit totaled EUR 10.2 (8.1) million, up 25.7% from the previous year. Undiluted earnings per share came to EUR 0.339 (0.288) Equity per share was EUR 0.75 (0.67).

From January–December 2018, the net sales of the Revenio Health Tech segment totaled EUR 30.7 (26.8) million, an increase of 14.4%. In January–December 2018, the operating profit of the Revenio Health Tech segment totaled EUR 12.6 (10.3) million, up 22.0% from the previous year.

Net sales and segment margin (MEUR)

		Revenio Health Tech	Parent company	Group
Net sales 1–12/2018		30.7	0.0	30.7
Net sales 1–12/2017		26.8	0.0	26.8
	Change (%)	14.4	0.0	14.4

Segment's operating profit, 1–12/2018	12.6	-2.4	10.2
Segment's operating profit, 1–12/2017	10.3	-2.2	8.1
Change (%)	22.0	8.4	25.7

Balance sheet, financial position, and investments

The consolidated balance sheet total stood at EUR 22.1 (19.0) million on December 31, 2018. Consolidated shareholders' equity amounted to EUR 18.1 (16.0) million. At the end of the review period, net liabilities amounted to EUR -10.1 (-7.6) million and net gearing stood at -55.6 (-47.6) per cent. The consolidated equity ratio was 81.8% (84.0). The Group's liquid assets amounted to EUR 10.4 (8.0) million on December 31, 2018.

Despite dividend payment and 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, 2018 was EUR 1.2 (1.2) million.

Cash flow from operations totaled EUR 10.4 (7.9) million. The Group's purchases of PPE and intangible assets totaled EUR 1.9 (0.8) million. Investments focused mainly on product development.

Personnel, management, and administration

Heli Valtanen, M.Sc., Quality Manager of Icare Finland Oy, and Mika Salkola, M.Sc. (Eng.), R&D Director of Icare Finland Oy, were appointed members of Revenio Group Corporation's Management Team as of February 1, 2018. Ms. Valtanen was also appointed as the QA Director of Revenio Group Corporation and Mr. Salkola as the R&D Director of Icare Finland Oy, as the current holder of the position, Ari Kukkonen, M.Sc. (Eng.) had retired on a part-time pension. Ari Kukkonen will continue as Senior Advisor and a member of the Extended Management Team at Revenio Group Corporation.

As of February 1, 2018, the Management Team of Revenio Group includes Revenio Group Corporation's CEO Timo Hildén (chair), Revenio Group Corporation's CFO Robin Pulkkinen, Icare Finland Oy's Sales and Marketing Director Tomi Karvo, Icare Finland Oy's R&D Director and Revenio Research Oy's R&D Director Mika Salkola, Icare Finland Oy's Operations Director Ari Isomäki, responsible for production, and Icare Finland Oy's QA Director Heli Valtanen. Tiina Olkkonen will attend Management Team meetings as an external communication specialist and Management Team secretary. The Group's Extended Management Team includes, in addition to the Management Team members, Revenio Group Corporation's Senior Advisor Ari Kukkonen and Icare USA Inc.'s CEO John Floyd.

The annualized average number of personnel employed by the Group in continuing operations during the period amounted to 48 (41). The number of personnel grew by 11 during the period, and was 53 (42).

Number of personnel during the period by segment:

	Dec 31, 2018	Dec 31, 2017
Revenio Health Tech	47	36
Parent company	6	5
Total	53	41

During the review period, the total paid wages and fees have been EUR 3.6 (2.7) million.

Shares, share capital, and management and employee holdings

On December 31, 2018, the 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 24,016,476.

The Annual General Meeting of March 20, 2018 approved the Board's proposal for a free share issue. The new shares were issued to shareholders free of charge in relation to ownership, with two new shares being issued per share (a so-called share split). A total of 15,958,812 new shares were issued. The new shares were registered in the Trade Register on March 22, 2018.

During the reporting period, the number of shares increased by 78,258 following subscriptions made on the basis of the 2015A stock option scheme. Following these subscriptions, the number of shares of Revenio Group Corporation increased to 24,016 476.

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 June 31, 2018, the President & CEO, members of the Board of Directors and their related parties held 9.1% of the company’s shares, or 2,186,679 shares and 20.6% of the option rights.

The Annual General Meeting of Revenio Group Corporation held on March 20, 2018 decided that 40% of Board members' emoluments will be settled in the form of company shares. Accordingly, as announced on May 3, 2018, Revenio Group Corporation transferred a total of 4,164 to Board members shares as follows: A total of 1,388 shares were transferred to Board Chair Pekka Rönkä, as a result of which his ownership of instruments issued by the company amounts to 5,768 shares. A total of 694 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 1,028,251 shares. A total of 694 shares were transferred to Board member Pekka Tammela, as a result of which his ownership of instruments issued by the company amounts to 75,115 shares. A total of 694 shares were transferred to Board member Kyösti Kakkonen, as a result of which his personal and his related parties' ownership of instruments issued by the company amounts to 1,061,674 shares. A total of 694 shares was transferred to Board member Ann-Christine Sundell, as a result of which her ownership of instruments issued by the company amounts to 3,871 shares. As a result of these transfers, the share-based Board member fees have been settled in full. At the end of the year, the company held a total of 56,213 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.

Purchase of own shares

On March 20, 2018, the AGM authorized the Board to make the decision to buy back a maximum of 2,393,821 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, to finance and implement any corporate acquisitions or other transactions, and to implement share-based incentive plans or otherwise transfer or cancel them.

The Board of Directors of Revenio Group Corporation decided on November 6, 2018 to use the authorization given by the Annual General Meeting to buy back the company’s own shares by initiating a share buy-back program. The number of shares bought back was 50,000, which represents 0.2 percent of all shares in the Revenio Group Corporation. The shares were acquired to fulfil obligations related to the company’s share-based commitment and incentive schemes.

This authorization is valid until April 30, 2019.

Option schemes

Based on the share issue authorization granted by the Annual General Meeting of March 19, 2015, the Revenio Group Corporation's Board of Directors decided, on August 10, 2015, to implement a new option scheme comprising a maximum of 150,000 option rights. One option right entitles its holder to subscribe to three shares. New shares subscribed for via the option program entitle the holder to a dividend from the year of subscription onwards. 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 in accordance with the terms and conditions of the option scheme.

These 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 A options will be the trade-weighted average price of a Revenio share quoted on Nasdaq Helsinki Oy during the period September 1 – October 15, 2015 plus 15 percent, for Series B options the trade-weighted average price of Revenio share quoted on Nasdaq Helsinki Oy during the period September 1 – October 15, 2016 plus 15 percent, and for Series C options the trade-weighted average price of Revenio share quoted on Nasdaq Helsinki Oy during the period September 1 – October 15, 2017 plus 15 per cent. At the moment, the subscription prices for the options are as follows: Series A: EUR 8.23; Series B: EUR 10.12; and Series C: EUR 13.06. The subscription price of the share will be reduced by one-third (1/3) of the dividends to be paid after the end of the subscription price setting period and before the share subscription and the record date of March 22, 2018 or earlier.

Management incentive scheme

On March 20, 2018 the Board of Directors of the Revenio Group Corporation decided on two share-based long-term incentive schemes directed towards the Management Team of the Revenio Group. Long-term incentive schemes form part of the company's remuneration program for key personnel are set up to support the implementation of the company's strategy and harmonizing the objectives of key personnel and the company in order to increase the company's value.

Performance share plan 2018–2020

A program for the earning years 2018-2020 was launched as part of the long-term share-based incentive scheme.

The Board of Directors shall decide separately on the minimum, target and maximum bonus of each participant, as well as performance criteria and the related targets.

The amount of bonus payable to the participants depends on the achievement of the pre-set targets. No bonus will be paid if the targets are not met, or if the participant's work or employment relationship ends before the bonus is paid. The performance share plan shall cover a maximum of 10 persons and the objectives of the plan shall be related to the absolute total yield of the company's share and the cumulative operating result over a period of three years.

If the targets of the incentive scheme are met, the bonuses will be paid in the spring of 2021 in the year following the earning period. The total amount of share bonus to be paid on the basis of the program earning period shall not exceed around 50,000 shares in Revenio Group Corporation. The number of shares in question is gross earnings minus the amount of cash required to cover taxes due on the share bonus and any other tax-like payments, after which the remaining net bonus shall be paid in shares. However, in certain circumstances the company has the right to pay the entire bonus in cash.

Restricted share plan 2019–2021 for the President & CEO

The purpose of the restricted share plan is to secure the commitment of the President & CEO and complement his performance share plan. The limited share bonus scheme covers only the company's President & CEO and consists of a single, three-year restriction period.

The restricted share plan will begin from the beginning of the year 2019 and any share bonus payable under the plan shall be paid in three parts. The total number of shares to be paid under the restricted share plan in 2019–2021 shall not exceed 10,188 shares, 25% of which shall be payable in spring 2020, 25% in spring 2021 and 50% in spring 2022, provided that the President & CEO's employment relationship is valid at the time of each bonus payment. The number of shares in question is gross earnings minus the amount of cash required to cover taxes due on the share bonus and any other tax-like payments, after which the remaining net bonus shall be paid in shares.

Flagging notifications

On 21 March 2018, Revenio was notified of a change in shareholder ownership, in accordance with Chapter 9, Section 5 of the Securities Market Act, in which the number of shares and votes in Revenio Group Corporation held by Joensuu Kauppa and Kone Oy fell under the 5% limit to 4.41%.

On January 30, 2018, Revenio was notified of a change in shareholder ownership, in accordance with Chapter 9, Section 5 of the Securities Market Act, in which the number of shares and votes in the Revenio Group Corporation held by Evli Pankki Oyj fell below the 5% threshold to 4.75%.

Trading on Nasdaq Helsinki

During the period January 1–December 31, 2018, Revenio Group Corporation’s share turnover on the Nasdaq Helsinki exchange totaled EUR 90.9 (75.1) million, representing 6.5 (6.6) million shares or 27.2 (27.6) percent of all outstanding shares. The highest trading price was 16.60 (13.80) and the lowest was EUR 11.35 (9.78). At the end of the period, the closing price was EUR 12.56 (12.00), and the average share price for the period was EUR 13.93 (11.36). Revenio Group Corporation’s market value stood at EUR 302 (287) million on December 31, 2018.

Summary of trading on Nasdaq Helsinki January 1–December 31, 2018

January-December 2018	Turnover, number of shares	Value total, EUR	Highest, EUR	Lowest, EUR	Weighted average price, EUR	Latest, EUR
REG1V	6,521,878	90,880,781	16.60	11.35	13.93	12.56

	Dec 31, 2018	Dec 31, 2017
Market value, EUR	301,646,939	287,258,616
Number of shareholders	9,340	9,204

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 the name, Revenio Research Oy, and any failure in the commercialization of individual development projects may result in the depreciation of capitalized development expenses, with an impact on the result. 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 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. In the Revenio Health Tech segment especially, operational risks include factors related to expansion into new markets, such as various countries' regulation of sales licenses for medical instruments imposed at national level 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 requirements concerning quality.

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, which is used on an individual basis. 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.

Annual General Meeting and Board authorizations in effect

Decisions by the Annual General Meeting of Revenio Group Corporation on March 20, 2018

1. Financial statements, Board and auditors

The AGM confirmed the company's financial statements for the financial year January 1–December 31, 2017, and discharged the members of the Board of Directors and the Managing Director from liability.

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

The AGM decided that the Chair of the Board be entitled to an annual emolument of EUR 48,000 and the other Board members to an annual emolument of EUR 24,000.

A total of 40% of Board members' emoluments will be paid out in the form of company shares, while 60% will comprise a monetary payment.

The AGM appointed Deloitte Oy, Authorized Public Accountants, as the company's auditors, with Merja Itäniemi, Authorized Public Accountant, as the principal auditor. The AGM decided to compensate the auditors upon the presentation of a reasonable invoice.

2. Annual profit distribution and dividend distribution

The AGM decided to accept the Board's proposal on profit distribution, according to which the parent company's profit for the financial period, EUR 4,929,308.74, will be added to retained earnings, and a dividend of EUR 0.78 per share will be paid. The dividend payment date was March 29, 2018.

3. Bonus issue (stock split)

In accordance with the Board's proposal, the AGM decided on a bonus issue. On the basis of the total number of shares on the date of the notice (7,979,406), 15,958,812 new shares will be issued. The shares will be issued to those shareholders who, on the record date of the share issue, March 22, 2018, are entered as shareholders on the Company's shareholder register held by Euroclear Finland Ltd. The new shares do not entitle the holder to the dividend referred to above. The Board changed the terms of the company's option program 2015 to correspond to the bonus issue.

4. Authorizing the Board of Directors to decide to repurchase the Company's own shares

The AGM approved the Board's proposal that the Board be authorized to decide on the acquisition of up to 2,393,821 own shares and to cancel the authorization given by the AGM of March 22, 2017. This authorization will be valid until April 30, 2019.

5. Authorization to the Board of Directors to decide on a share issue and on the granting of stock options and other special rights giving entitlement to shares

The AGM approved the Board's proposal that the Board be authorized to decide on a share issue of up to 2,393,821 shares, and to grant special rights related to shares in one or more instalments and cancel the authorization previously granted by the AGM on March 22, 2017. This authorization is valid until April 30, 2019.

Board of Directors and Auditors

The members of the Board of Directors from January 1 to December 31, 2018 were Ari Kohonen, Kyösti Kakkonen, Pekka Tammela, Ann-Christine Sundell, and Pekka Rönkä, who serves as chairperson.

Deloitte Oy, Authorized Public Accountants, acts as the company's auditors, with Merja Itäniemi, Authorized Public Accountant, as the principal auditor.

Major events after the review period

On January 24, 2019, Revenio was notified of a change in shareholder ownership, in accordance with Chapter 9, Section 5 of the Securities Market Act, in which the number of shares and votes in Revenio Group Corporation held by SMALLCAP World Fund, Inc. rose above 5%.

The Board's Proposal to the Annual General Meeting

The consolidated net profit for the year totaled EUR 8,102,828.66, and the consolidated net profit of the parent company was EUR 5,430,430.59. The parent company's distributable earnings on December 31, 2018 totaled EUR 14,355,323.16. The Board of Directors will propose to the Annual General Meeting on March 20, 2019 that the parent company's distributable earnings be distributed by paying a per-share dividend of EUR 0.28 (0.26), or a total of EUR 6,724,613.20, against the total number of shares at the close of the reporting period. The remainder of the distributable earnings will be retained in equity.

In the Board's opinion, the proposed distribution of earnings does not endanger the parent company's or Group's liquidity.

Financial reporting in 2019

The financial reporting schedule for Revenio Group Oyj in 2019 is as follows:

The Financial Statement Bulletin for the year 2018 will be published on Thursday, February 14, 2019, the Interim Report Q3/2019 on Wednesday, April 17, 2019, the Half-year Financial Report H1/2019 on Monday, August 5, 2019 and the Interim Report Q3/2019 on Thursday, October 24, 2019.

The Annual General Meeting is scheduled to be held on Wednesday, March 20, 2019. The meeting will be convened by the Board of Revenio Group Corporation.

Conference call

A conference call will be held in English for analysts, investors, and the media on the same day starting at 11.00 a.m. There will be an opportunity to present questions during the conference call. Participants can dial in through one of the following numbers using the participant code 11537216#

Finland: +358 981 710 310
Sweden: +46 856 642 651
United Kingdom: +44 333 300 08 04
United States: + 1 631 913 14 22

Audiocast

CEO Timo Hildén and CFO Robin Pulkkinen’s presentation can also be followed through a live audiocast at https://reveniogroup.fi/sijoittajille/inderes-raportit, beginning at 11.00 a.m. A recording of the presentation will be available at the same address by 4.00 p.m.

TABLE SECTION JANUARY 1–DECEMBER 31, 2018

Statement of accounting policies

The financial statement bulletin or interim report has been prepared in compliance with IAS 34 Interim Financial Reporting.

The financial statement bulletin or interim report has been prepared on the same principles as in 2017, with the exception of the following new standards, interpretations, and amendments to existing standards, which the Group has applied as of January 1, 2018.

The Group has adopted the amendments to IAS 40 investment Property and the IFRS 2 amendments to the classification and measurement of share-based transactions. The amendments have not had an impact on the consolidated financial statements.

The new standard IFRS 9 (January 1, 2018) includes revised guidance on the classification and measurement of financial assets, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. IFRS 9 includes extended notes and presentation requirements. The Group will not apply the standard retroactively. Consequently, reference information is presented and continues to be determined in accordance with the Group's previous accounting principle. The impact of adopting IFRS 9 is reflected in the application of the expected credit loss model. The Group uses a simplified model, as sales receivables do not contain a significant financing component. The expected credit loss is determined on the basis of historical credit losses, taking into account estimates for individual receivables. The application of IFRS 9 resulted in a EUR 13,000 decrease in sales receivables and net profit for the period.

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.

New standards to be adopted later

IFRS 16 Leases (applicable as of January 1, 2019) 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's off-balance-sheet rent liabilities amounted to EUR 953,000 on December 31, 2018. According to preliminary estimation, most of these will be recognized in the balance sheet after the adoption of IFRS 16. Liabilities not recognized in the balance sheet include short-term or low-value lease agreements. In connection with the adoption of IFRS 16, a fixed asset item and the corresponding lease liability will be entered in the opening balance. 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 leasing liabilities and fixed asset depreciation in the income statement. As a result of this change, the reported operating profit, EBITDA, and net financial expenses will increase. The IFRS 16 standard will be adopted so that the impact of the transition will be recognized on January 1, 2019 and comparison periods will not be adjusted.

The figures of the financial statement bulletin are unaudited.

Group key figures and ratios (MEUR)	**10-12/2018**	**10-12/2017**	**1-12/2018**	**1-12/2017**
Net sales	8.7	7.6	30.7	26.8
EBITDA	3.2	3.2	10.8	10.2

EBITDA-%	36.6	42.0	35.1	38.2
Operating profit	3.0	1.7	10.2	8.1
Operating profit-%	34.8	22.0	33.3	30.3
Profit before taxes	3.0	2.0	10.2	8.3
Profit before taxes, %	34.9	26.5	33.4	30.9
Net result for the period	2.4	1.9	8.1	6.8
Net result for the period, %	27.4	25.2	26.4	25.6
Gross capital expenditure	0.7	0.2	1.9	0.8
Gross capital expenditure-%	7.7	3.2	6.2	3.0
R&D costs	1.1	0.7	3.5	2.4
R&D costs,% of net sales	12.2	9.8	11.3	8.9
Net leveraging%	-55.6	-47.6	-55.6	-47.6
Equity ratio-%	81.8	84.0	81.8	84.0
Return on investment-% (ROI)	70.4	51.4	59.5	53.2
Return on equity-% (ROE)	55.8	49.7	47.6	44.3
Undiluted earnings per share, EUR	0.10	0.075	0.339	0.288
Diluted Earnings per share, EUR	0.10	0.075	0.388	0.287
Equity per share, EUR	0.75	0.67	0.75	0.67
Average no. of employees	48	41	48	41
Cash flow from operating activities	3.5	2.5	10.4	7.9
Cash flow from investing activities	-0.6	-0.2	-1.8	-0.8
Cash flow financing activities	-0.2	-0.3	-6.3	-6.1
Total cash flow	2.7	2.0	2.3	1.0

Consolidated comprehensive income statement (MEUR)	**1–12/2018**	**1–12/2017**
NET SALES	30.7	26.8
Other operating income	0.2	0.2
Materials and services	-7.8	-6.9
Employee benefits	-5.2	-4.2
Depreciation, amortization, and impairment	-0.5	-2.1
Other operating expenses	-7.1	-5.6
NET PROFIT/LOSS	10.2	8.1
Financial income and expenses (net)	0.0	0.2
PROFIT BEFORE TAXES, %	10.2	8.3
Income taxes	-2.1	-1.4
NET PROFIT	8.1	6.8
Other comprehensive income items	0.0	0.0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	8.1	6.8
Net profit attributable to:		
Parent company shareholders	8.1	7.0
Non-controlling interests	0.0	-0.2
Total comprehensive income attributable to:		
Parent company shareholders	8.1	7.0

Non-controlling interests	0.0	-0.2
Earnings per share, undiluted, EUR	0.339	0.288
Earnings per share, diluted, EUR	0.338	0.287

Consolidated comprehensive income statement (MEUR)	**10–12/2018**	**10–12/2017**
NET SALES	8.7	7.6
Other operating income	0.1	0.1
Materials and services	-2.2	-1.9
Employee benefits	-1.3	-1.0
Depreciation, amortization, and impairment	-0.2	-1.5
Other operating expenses	-2.1	-1.6
NET PROFIT/LOSS	3.0	1.7
Financial income and expenses (net)	0.0	0.3
PROFIT BEFORE TAXES, %	3.0	2.0
Income taxes	-0.7	-0.1
NET PROFIT	2.4	1.9
Other comprehensive income items	0.0	0.0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2.4	1.9
Net profit attributable to:		
Parent company shareholders	2.4	1.8
Non-controlling interests	0.0	0.2
Total comprehensive income attributable to:		
Parent company shareholders	2.4	1.8
Non-controlling interests	0.0	0.2
Earnings per share, undiluted, EUR	0.100	0.075
Earnings per share, diluted, EUR	0.100	0.075

Consolidated balance sheet (MEUR)	**Dec 31, 2018**	**Dec 31, 2017**
ASSETS		
NON-CURRENT ASSETS		
Tangible assets	0.9	0.8
Goodwill	1.2	1.2
Intangible assets	4.2	3.0
Other receivables	0.1	0.0
Deferred tax assets	0.1	0.7
TOTAL NON-CURRENT ASSETS	6.6	5.9
CURRENT ASSETS		
Inventories	1.5	2.0
Trade and other receivables	3.6	3.2

Deferred tax assets	0.2	0.1
Cash and cash equivalents	10.4	8.0
TOTAL CURRENT ASSETS	15.5	13.2
TOTAL ASSETS	22.1	19.0
SHAREHOLDERS’ EQUITY AND LIABILITIES		
SHAREHOLDERS’ EQUITY		
Share capital	5.3	5.3
Fair value reserve	0.3	0.3
Invested unrestricted capital reserve	7.1	7.1
Retained earnings	5.4	3.3
TOTAL EQUITY, attributable to holders of parent company equity	18.1	16.0
TOTAL SHAREHOLDERS’ EQUITY	18.1	16.0
LIABILITIES		
NON-CURRENT LIABILITIES		
Deferred tax liabilities	0.0	0.0
Financial liabilities	0.2	0.3
TOTAL NON-CURRENT LIABILITIES	0.2	0.3
CURRENT LIABILITIES		
Trade and other payables	3.7	2.7
Financial liabilities	0.1	0.0
TOTAL CURRENT LIABILITIES	3.8	2.7
TOTAL LIABILITIES	4.0	3.1
TOTAL SHAREHOLDERS' EQUITY AND TOTAL LIABILITIES	22.1	19.0

Consolidated statement of changes in equity (MEUR)

	Share capital	Share premium reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total total
Balance, Jan 1, 2018	5.3	0.0	7.4	3.3	16.0	0.0	16.0
Dividend distribution	0.0	0.0	0.0	-6.2	-6.2	0.0	-6.2
Disposal and purchase of own shares	0.0	0.0	-0.7	0.0	-0.7	0.0	-0.7
Other direct entries to retained earnings	0.0	0.0	0.0	0.2	0.2	0.0	0.2
Used option rights	0.0	0.0	0.6	0.0	0.6	0.0	0.6

Total comprehensive income	0.0	0.0	0.0	8.1	8.1	0.0	8.1
Balance, Dec 31, 2018	5.3	0.0	7.4	5.4	18.1	0.0	18.1

	Share capital	Share premium reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total total
Balance, Jan 1, 2017	5.3	2.4	4.9	3.1	15.7	-0.8	15.0
Dividend distribution	0.0	0.0	0.0	-5.9	-5.9	0.0	-5.9
Disposal and purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other direct entries to retained earnings	0.0	0.0	0.1	0.0	0.1	0.0	0.1
Used option rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfers between accounts	0.0	-2.4	2.4	-0.8	-0.8	0.8	0.0
Total comprehensive income	0.0	0.0	0.0	6.8	6.8	0.0	6.8
Balance, Dec 31, 2017	5.3	0.0	7.4	3.3	16.0	0.0	16.0

Consolidated cash flow statement (MEUR)	**1–12/2018**	**1–12/2017**
Net profit	8.1	6.8
Adjustments to net profit	0.8	2.1
Taxes	2.1	1.4
Change in working capital	0.8	0.2
Interest paid	-0.1	0.0
Interest received	0.0	0.0
Taxes paid	-1.4	-2.3
CASH FLOW FROM OPERATING ACTIVITIES	10.4	7.9
Purchase of tangible assets	-0.4	-0.2
Purchase of intangible assets	-1.4	-0.6
CASH FLOW FROM INVESTING ACTIVITIES	-1.8	-0.8
Share subscription through exercised options	0.6	0.0
Acquisition of own shares	-0.7	0.0
Dividends paid and capital repayment	-6.2	-5.9
Repayments of loans	0.0	-0.1
CASH FLOW FROM FINANCING ACTIVITIES	-6.3	-6.1
Total cash flow	2.3	1.0

Cash and cash equivalents at beginning of period	8.0	7.1
Effect of exchange rates	0.1	-0.1
Cash and cash equivalents at end of period	10.4	8.0

Net sales, margin and profit by segment and quarter

	Q4/18	Q3/18	Q2/18	Q1/18	Q4/17	Q3/17	Q2/17	Q1/17
Net sales								
Revenio Health Tech	8.7	7.4	7.6	7.0	7.6	6.4	6.7	6.0
Total	8.7	7.4	7.6	7.0	7.6	6.4	6.7	6.0
Operating profit								
Revenio Health Tech	3.7	3.0	3.2	2.7	2.4	2.9	2.8	2.3
Total	3.7	3.0	3.2	2.7	2.4	2.9	2.8	2.3
Parent company's expenses	-0.7	-0.5	-0.7	-0.6	-0.7	-0.4	-0.5	-0.6
Operating profit	3.0	2.5	2.5	2.1	1.7	2.5	2.3	1.7
Operating profit, %	35	34	33	31	22	38	34	28

Major shareholders on December 31, 2018

	No. of shares	%
1. Joensuun Kauppa ja Kone Oy	1,056,600	4.40%
2. Gerako Oy	1,020,000	4.25%
3. Evli Finnish Small Cap investment fund	623,691	2.60%
4. Ilmarinen Mutual Pension Insurance Company	554,001	2.31%
5. Eyemaker's Finland Oy	420,000	1.75%
6. Siik Rauni Marjut	309,500	1.29%
7. Fennia Mutual Insurance Company	269,466	1.12%
8. Alpisalo Mia Elisa	257,524	1.07%
9. Longhorn Capital Oy	197,760	0.82%
10. Latva Sami	160,000	0.67%

Alternative performance measures 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.

Alternative growth indicator (EUR thousand)	**2018**	**2017**
Reported net sales	30,658	26,791
Effect of exchange rates on net sales	495	313
Net sales adjusted with the effect of exchange rates	31,154	27,104
Growth in net sales, adjusted with the effect of exchange rates	14.9%	
Reported net sales growth	14.4%	
Difference, % points	0.5%	

Formulas

EBITDA = Operating profit (EBIT) + depreciation + amortization

Earnings / share = $\frac{\text{Net profit for the reporting period}}{\text{Average number of shares during the reporting period}}$

Profit before taxes = Operating profit + financing income – financing expenses

Equity ratio, % = 100 x $\frac{\text{Balance sheet equity + non-controlling interest}}{\text{Balance sheet total - advance payments received}}$

Net gearing, % = 100 x $\frac{\text{Interest-bearing debt – cash \& equivalents}}{\text{Total equity}}$

Return on equity, % = 100 x $\frac{\text{Profit for the financial period}}{\text{Shareholders' equity + non-controlling interest (average during period)}}$

Return on investment, % = 100 x $\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Balance sheet total – non-interest-bearing debt (average during period)}}$

Average share price = $\frac{\text{Total value of shares traded during the period, euros}}{\text{Total number of shares traded during financial period}}$

Gearing, % = 100 x $\frac{\text{Interest bearing net debt}}{\text{Total equity}}$

Equity / share = $\frac{\text{Equity attributable to shareholders}}{\text{Number of shares at end of the reporting period}}$

Dividend payout ratio, % = $\frac{\text{Dividend per share}}{\text{Earnings per share}}$

Effective dividend yield, % = $\frac{\text{Dividend per share}}{\text{Final share price at the end of the reporting period}}$

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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Revenio Group in brief

The Revenio Group is a globally successful Finnish health technology company. We develop and commercialize effective and easy-to-use health tech-related screening devices for the detection of diseases of significance to public health.

We are currently focusing on the detection and measurement of glaucoma, skin cancer and asthma. Our markets are global and our products are sold in more than 100 countries.

The Revenio Group consists of Icare Finland Oy, Revenio Research Oy and Oscare Medical Oy. The common denominators of Revenio's business operations include screening, follow-up and the global need to make cost savings in health care via preventive measures.

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.