

Q1  
2020

# Interim Report

January – March 2020



# REVENIO

ENABLING EASY & EFFICIENT DIAGNOSIS

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## **Revenio Group Corporation: Interim report January 1–March 31, 2020**

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

### **Reasonable quarter; effects of the COVID-19 pandemic began to appear towards the end of the quarter**

#### **January–March 2020**

- Net sales totaled EUR 11.9 (8.4) million, up 41.5%
- Operating profit was EUR 2.4 (2.6) million, down 5.8%
- EBITDA was EUR 3.1 (2.9) million, up 7.4%
- The currency-adjusted growth of net sales in January–March was 40.3 %, or 1.3 percentage points weaker than reported
- The quarter started off well, but the effects of the COVID-19 pandemic began to be felt towards the end of the quarter
- The comparability of the review period is impeded by major Brexit-related Icare deliveries to the United Kingdom in the first quarter last year, which would normally have occurred in the second quarter
- Sales of the DRSplus imaging device launched at the end of 2019 kicked off better than expected, as a result of which production has not fully been able to meet demand in the ramp-up phase, and several dozen devices are pending delivery to customers
- A significant number of CenterVue product deliveries have been postponed by customers to a later date due to the COVID-19 outbreak, which has affected the profitability and cash flow for the review period
- Product development projects have been continued according to plan throughout the quarter and their expenses corresponded to 10% of net sales
- Cash flow was affected by, also taxes and annual bonuses paid, as well as reduced payables
- CenterVue Inc. was merged with Icare USA Inc. As of April 1, 2020, Revenio Group's subsidiary in the United States is Icare USA Inc.
- Undiluted earnings per share came to EUR 0.075 (0.086)
- The Annual General Meeting had to be postponed to a later date due to the meeting restrictions caused by the COVID-19 pandemic
- Jouni Toijala, B.Sc., MBA, was appointed as Revenio's new President & CEO and will take up his position by September 30, 2020
- After the end of the review period, on April 2, 2020, Revenio withdrew its financial guidance for the current year due to the uncertainty caused by the coronavirus outbreak

#### **Key consolidated figures, EUR million**

1-3/ 2020	1-3/ 2019	Change %	1-12/ 2019
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Net sales	11.9	8.4	41.5	49.5
Operating profit, EBIT	2.4	2.6	-5.8	12.6
Operating profit-%, EBIT %	20.4	30.6	-10.2	25.5
EBITDA	3.1	2.9	7.4	14.6
EBITDA, %	25.8	34.0	-8.2	29.5
Return on investment (ROI), %	2.6	17.9		22.6
Return on equity (ROE), %	3.0	13.1		22.7
Earnings per share, undiluted	0.075	0.086		0.365
<b>Mar 31, 2020</b>				
Equity ratio, %	61.1			
Net leveraging, %	6.1			

## Financial guidance for 2020

On April 2, 2020, Revenio withdrew its financial guidance for 2020 due to the uncertainty caused by the coronavirus outbreak. Due to the uncertainty and general downward economic trend caused by the COVID-19 pandemic, market conditions have become very exceptional, resulting in a significant decline in the predictability of financial development. As it is not yet possible to assess the full impact of the situation towards the end of the year, Revenio Group Corporation withdrew the financial guidance for 2020 issued on February 20, 2020 and will not issue a new guidance for now.

The company's earlier financial guidance for 2020 was:

Revenio Group's reported net sales are estimated to grow very strongly from the previous year and profitability excluding non-recurring items is to remain at a healthy level.

## CEO Timo Hildén:

"Our performance in the first quarter of 2020 was as expected, but the effects of the COVID-19 pandemic began to show in Revenio's business as March progressed. This was partly due to the decrease in demand as customers temporarily closed down their activities and partly because the pandemic prevented customers from receiving the devices they had already ordered. Our net sales for the period amounted to EUR 11.9 million, which represented a growth of 41.5%. EBITDA was EUR 3.1 million, up 7.4%. It is good to note that CenterVue's figures have not been consolidated into the Group until 1 May 2019.

The COVID-19 pandemic has changed the world rapidly and unpredictably. In our industry, the focus of healthcare is currently on patient-critical tasks and non-urgent matters have been postponed. It is impossible to assess at this stage how long the situation will continue in our different geographic markets. Already in April, we have seen a slight recovery in the Asian market, especially for Icare's products, and we have received larger-than-usual orders from Japan, for example. There are still significant uncertainties in the U.S. market that we are closely monitoring. Sales of intraocular pressure measurement devices have continued to be reasonably good, but it is difficult to estimate the situation in the coming weeks or months. Sales of sterile probes have been brisk, boosted by the hygiene challenges of the competing air-puff technology reported in countries such as China and Ireland. The volume of

probe sales has been particularly high in our online store. In contrast, CenterVue's retinal imaging devices are capital goods, which face a more challenging situation due to the COVID-19 pandemic.

The supply chain situation remains good for now. In Italy, production volumes have decreased somewhat, mainly due to the practical arrangements required by government orders, such as maintaining a sufficient distance between employees' workstations. In Finland, the production volumes of devices for measuring intraocular pressure have remained at a normal level. No supply chain problems have been identified so far, and the availability of components from all subcontractors has been normal. At the moment, we are working to raise the stock levels of all our products to ensure that deliveries can be started quickly as soon as the situation normalizes.

This exceptional situation inevitably affects our distributors, as in many countries they cannot meet customers face to face neither install previously ordered CenterVue imaging devices. No orders have been cancelled, however; instead, installations have been postponed to a date when they can be carried out again.

For these reasons, the short-term predictability of the company's financial development has deteriorated significantly. However, it should be kept in mind that our business is highly scalable: variable costs are scaled according to production volumes. If the exceptional situation is prolonged, however, its financial impact would also grow for Revenio. When the crisis eases, I believe that we will be in a good position, as all our products are up-to-date and competitive, some of them have only recently been launched, and our cash position is solid. That is why we are confident that we will come out of this exceptional crisis strong. We will continue to focus on building growth and further strengthening our position in ophthalmology.

We are actively monitoring the progress of the situation and assessing the need for action with particular care. We will react and take corrective action as necessary.

The COVID-19 pandemic has also posed an unfortunate practical challenge for organizing the Annual General Meeting for 2020, and we have decided to postpone the meeting scheduled for March 19, 2020 to ensure the safety of the participants. A temporary amendment to the Companies Act concerning the organization of general meetings is currently before Parliament and the amendment is expected to enter into force shortly. We will hold an Annual General Meeting in accordance with the laws, instructions and official regulations in force, after Parliament has considered a proposal to amend the Companies Act. When we do organize the AGM, we will seek to ensure the safest possible means of participation for our shareholders, personnel, and Board of Directors. It is therefore likely that we will have to appeal to our shareholders not to attend the meeting in person and instead attend the event remotely via an online connection. We will come back to the invitation and further instructions once the situation has become clearer.

The health and wellbeing of our own personnel, customers, and partners is of paramount importance to us, and we are taking the prevention of the spread of COVID-19 seriously. We continue to work normally

despite the exceptional circumstances and favor remote working to the extent possible. The tools we use enable flexible and reliable remote working, and we seek to arrange customer meetings primarily virtually. We have also arranged several webinars on topics related to our products with our customers.

As part of the integration work for the CenterVue acquisition, on March 31, 2020, we completed the merger of CenterVue Inc. with Icare USA Inc. At the same time, CenterVue Inc ceased to exist and all assets and debt were transferred to Icare USA Inc.

Jouni Toijala has been appointed as my successor. We already know Jouni from his current position as CEO of Innokas Medical, a contract manufacturing partner for Icare. Jouni is a well-liked and respected team player with proven success in people management and organizational development. Jouni has experience in the health technology sector and prior knowledge of the regulatory and official requirements related to health technology. I am committed to supporting Jouni in taking on his new role and I warmly welcome him as my successor.

I also wish our customers, partners, shareholders and all Revenio employees' and other stakeholders strength and good health."

## Financial review

### INTERIM REPORT JANUARY 1–MARCH 31,2020, TABLE SECTION

#### Statement of accounting policies

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, presenting key information regarding the company's financial development. The financial information in the interim report is unaudited. The financial statement bulletin and interim report H1/2020 are prepared in compliance with IAS 34 Interim Financial Reporting.

The consolidated financial statements have been prepared on the same principles as in 2019, with the exception of the amendments to existing Standards, which the Group has applied as of January 1, 2020.

IAS 1 and IAS 8; changes to the definition of materiality. The change has no effect on the consolidated financial statements.

<b>Consolidated comprehensive income statement (EUR million)</b>	<b>1–3/ 2020</b>	<b>1–3/ 2019</b>	<b>1–12/ 2019</b>
NET SALES	11.9	8.4	49.5

Other operating income	0.1	0.0	1.3
Materials and services	-3.4	-2.1	-14.9
Employee benefits	-2.9	-1.5	-9.8
Depreciation, amortization, and impairment	-0.6	-0.3	-2.0
Other operating expenses	-2.7	-2.1	-11.5
NET PROFIT/LOSS	2.4	2.6	12.6
Financial income and expenses (net)	0.0	0.0	-0.3
PROFIT BEFORE TAXES	2.4	2.6	12.3
Income taxes	-0.4	-0.5	-2.9
NET PROFIT	2.0	2.1	9.3
Other comprehensive income items	0.0	0.1	0.0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2.0	2.1	9.4
Earnings per share, undiluted, EUR	0.075	0.086	0.365
Earnings per share, diluted, EUR	0.075	0.086	0.364

### **Consolidated balance sheet (EUR million)**

	Mar 31, 2020	Mar 31, 2019	Dec 31, 2019
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	1.8	0.9	1.8
Goodwill	50.4	1.2	50.4
Intangible assets	19.2	4.2	19.4
Right-of-use assets	0.9	0.9	0.8
Other receivables	0.1	0.1	0.1
TOTAL NON-CURRENT ASSETS	72.4	7.2	72.5
CURRENT ASSETS			
Inventories	3.8	1.5	3.5
Trade and other receivables	5.9	4.6	6.4
Deferred tax assets	1.0	0.3	0.8
Cash and cash equivalents	23.9	5.2	26.7
TOTAL CURRENT ASSETS	34.6	11.6	37.3
TOTAL ASSETS	107.0	18.8	109.8
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	5.3	5.3	5.3
Fair value reserve	0.3	0.3	0.3
Invested unrestricted capital reserve	49.3	7.1	50.4

Retained earnings	10.5	0.8	8.3
TOTAL SHAREHOLDERS' EQUITY	65.4	13.5	64.4
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax liabilities	4.1	0.0	4.1
Financial liabilities	25.4	0.2	25.4
Lease liabilities	0.5	0.4	0.4
TOTAL NON-CURRENT LIABILITIES	30.1	0.6	29.9
CURRENT LIABILITIES			
Trade and other payables	7.5	4.1	10.5
Provisions	0.4	0.0	0.4
Financial liabilities	3.2	0.1	4.3
Lease liabilities	0.4	0.5	0.4
TOTAL CURRENT LIABILITIES	11.5	4.8	15.5
TOTAL LIABILITIES	41.6	5.4	45.4
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	107.0	18.8	109.8

### Consolidated statement of changes in equity (EUR million)

	Share	Others	Retained	Total
	capital	reserves	earnings	
Equity Jan 1, 2020	5.3	50.7	8.3	64.4
Disposal and purchase of own shares	0.0	-1.6	0.0	-1.6
Other direct entries to retained earnings	0.0	0.0	0.1	0.1
Used option rights	0.0	0.5	0.0	0.5
Total comprehensive income	0.0	0.0	2.0	2.0
Equity Mar 31, 2020	5.3	49.6	10.5	65.4
	Share	Others	Retained	Total
	capital	reserves	earnings	
Equity Jan 1, 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

Equity Mar 31, 2019

5.3

7.4

0.8

13.5

<b>Consolidated cash flow statement (MEUR)</b>	<b>1-3/2020</b>	<b>1-3/2019</b>	<b>1-12/2019</b>
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit	2.0	2.1	9.3
Adjustments:			
Non-cash items	0.8	0.7	3.8
Interest and other financial expenses	0.1	0.0	0.4
Interest and other financial gains	0.0	0.0	-0.1
Taxes	0.4	0.5	3.1
Change in working capital:			
Change in trade and other receivables	0.5	-1.0	-0.4
Change in inventories	-0.4	0.0	-0.7
Changes in trade and payables	-2.3	-0.7	1.0
Change in working capital, total	-2.1	-1.8	-0.1
Interest paid	-0.1	0.0	-0.3
Interest received	0.0	0.0	0.0
Taxes paid	-1.3	-0.9	-3.7
CASH FLOW STATEMENT	-0.3	0.6	12.5
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries less cash and cash equivalents at acquisition time	0.0	0.0	-58.2
Purchase of tangible assets	-0.2	0.0	-0.8
Purchase of intangible assets	-0.1	-0.1	-0.7
CASH FLOW FROM INVESTING ACTIVITIES	-0.3	-0.1	-59.7
CASH FLOW FROM FINANCING ACTIVITIES			
Directed share issue	0.0	0.0	42.3
Share issue related transaction costs	0.0	0.0	-1.1
Short-term loans drawn	0.0	0.0	4.2
Long-term loans drawn	0.0	0.0	25.8
Repayments of loans	-1.1	0.0	-2.2
Dividends paid	0.0	-5.6	-6.7
Share subscription through exercised options	0.5	0.0	1.9
Acquisition of own shares	-1.6	0.0	0.0
Payments of lease agreement liabilities	-0.2	-0.1	-0.6
NET CASH FLOW FROM FINANCING ACTIVITIES	-2.3	-5.7	63.5
Net change in cash and credit accounts	-2.9	-5.3	16.3
Cash and cash equivalents at beginning of period	26.7	10.4	10.4
Effect of exchange rates	0.1	0.0	0.1
Cash and cash equivalents at end of period	23.9	5.2	26.7



## Key figures, EUR million

	1–3/ 2020	1–3/ 2019	1–12/ 2019
Net sales	11.9	8.4	49.5
EBITDA	3.1	2.9	14.6
EBITDA, %	25.8	34.0	29.5
Operating profit	2.4	2.6	12.6
Operating profit, %	20.4	30.6	25.5
Profit before taxes	2.4	2.6	12.3
Profit before taxes, %	20.0	30.7	24.8
Net result for the period	2.0	2.1	9.3
Net result for the period, %	16.6	24.6	18.9
Gross capital expenditure	0.6	0.2	68.2
Gross capital expenditure, % of net sales	4.7	2.0	137.8
R&D costs	1.2	0.8	4.2
R&D costs, % of net sales	10.0	9.3	8.5
Net leveraging, %	6.1	-35.8	3.4
Equity ratio, %	61.1	71.5	58.6
Return on investment (ROI)	2.6	17.9	22.6
Return on equity (ROE)	3.0	13.1	22.7
Undiluted earnings per share EUR	0.075	0.086	0.365
Diluted earnings per share EUR	0.075	0.086	0.364
Equity per share, EUR	2.46	0.56	2.42
Average no. of employees	126	53	88
Cash flow from operating activities	-0.3	0.6	12.4
Cash flow from investing activities	-0.3	-0.1	-59.7
Cash flow from financing activities	-2.3	-5.7	63.5
Total cash flow	-2.9	-5.3	16.2

## 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 income statement and balance sheet. The calculation of these figures is presented below. According to the company's view, these key figures supplement the income 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.

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. The acquisition of CenterVue has only had a minor impact on the Group's exchange rate adjustments in April–June.

There have been no changes in the acquisition cost calculation since the 2019 financial statements.

<b>Alternative growth indicator (EUR thousand)</b>	<b>1–3/2020</b>	<b>1–3/2019</b>
Reported net sales	11,903	8,410
Effect of exchange rates on net sales	-165	-293
Net sales adjusted with the effect of exchange rates	11,738	8,117
Growth in net sales, adjusted with the effect of exchange rates	40.3%	
Reported net sales growth	41.5%	
Difference, % points	-1.3%	

#### **Alternative profitability indicator EBITDA (EUR thousand)**

Operating margin (EBITDA) = Operating profit + depreciation + impairment

As an alternative growth indicator, the company will also present profitability as an operating margin (EBITDA) key figure.

#### **Alternative profitability indicator EBITDA (EUR thousand)**

	<b>1–3/20</b>	<b>1–3/19</b>	<b>1–12/19</b>
Operating profit, EBIT	2,423	2,571	12,593
Depreciation, amortization, and impairment	645	285	2,023
EBITDA	3,068	2,856	14,617

#### **Formulas**

EBITDA	=		Operating profit + amortization + impairments
Earnings per share	=		<u>Net profit for the period (share calculated for the parent company's shareholders)</u> Average number of shares during the period – own shares purchased
Operating profit (EBIT) before taxes	=		Operating profit + financial income – financial expenses
Equity ratio, %	=	100 x	<u>Shareholders' equity on balance sheet + Non-controlling interest</u> Balance sheet total – Advance payments received

Net leveraging, %	=	100 x	<u>Interest-bearing debt – cash &amp; equivalents</u> Total equity
Return on equity (ROE), %	=	100 x	<u>Profit for the period</u> Shareholders' equity + non-controlling interest
Return on investment (ROI), %	=	100 x	<u>Profit before taxes + interest and other financial expenses</u> Average capital invested
Average share price	=		<u>Total value of shares traded during the period, in euros</u> Total number of shares traded during the period
Leveraging %	=	100 x	<u>Interest-bearing net liabilities</u> Total equity
Equity per share	=		<u>Equity attributable to shareholders</u> Number of shares at end of period
Dividend payout ratio, %	=		<u>Dividend per share</u> Earnings per share
Effective dividend yield, %	=		<u>Dividend per share</u> Final share price at end of 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 health tech group operating on the international market and a global leader in ophthalmological devices.

The Revenio Group comprises Revenio Group Oyj, Icare Finland Oy, Icare USA Inc., Revenio Italy S. R. L, CenterVue SpA, Revenio Research Oy, Done Medical Oy and Oscare Medical Oy.

The common denominators of Revenio's business operations include patient-led screening, follow-up and the global need to make cost savings in health care via preventive measures. 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 goal is to create better quality of life through health technology solutions that enable more efficient diagnostics. The focus of the Group is on the early detection of glaucoma, diabetic retinopathy, and macular degeneration, and the monitoring of these during the treatment process. Revenio Research focuses on the commercialization of systems that support the diagnosis of skin cancer and asthma and planning their treatment.

In 2019, the Group's net sales totaled EUR 49.5 million, with its operating margin standing at 25.5%. Revenio Group Corporation is listed on Nasdaq Helsinki.